LAIQON AG
Wealth. Next Generation.

Annual Report
2023

Hamburg
Berlin
Frankfurt
Munich

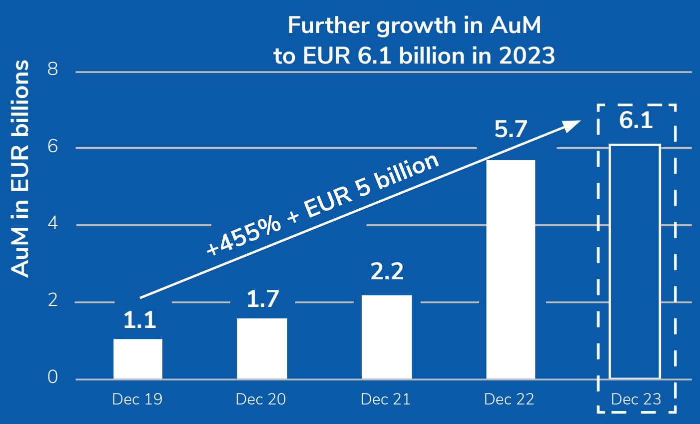
	2023	2022	2021	2020
Assets under management	6.1	5.7	2.2	1.7

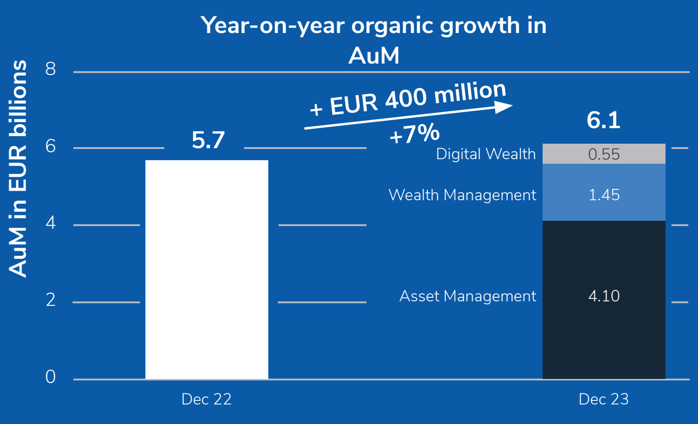
Group figures
EUR million

Sales (gross)	30.7	21.6	26.1	27.7
EBITDA	-4.7	-9.9	4.6	7.0
Total assets	144.6	139.8	116.9	113.7
Equity	54.7	72.1	48.4	42.7
Equity ratio (%)	37.8	51.5	41.3	37.6
Employees (as of December 31)	195*	185*	80**	69**

Percentages based on figures expressed as EUR thousands.
* Including employees of Bayerische Vermögen Group/growney GmbH (including Management Board, employees on maternity or parental leave, trainees and temporary staff).
** Excluding Management Board, employees on maternity or parental leave, trainees and temporary staff.

Assets managed by the LAIQON Group:
Clients and assets under management continued to grow in 2023. The assets managed by the LAIQON Group widened to EUR 6.1 billion as of December 31, 2023 in the LAIQON Asset Management, LAIQON Wealth Management and LAIQON Digital Wealth business segments (2022: EUR 5.7 billion). LAIQON Asset Management manages assets worth around EUR 4.10 billion, LAIQON Wealth Management around 1.45 billion and LAIQON Digital Wealth around EUR 0.55 billion on behalf of their clients. The assets managed by the LAIQON Group have thus grown by 455% since December 2019. This corresponds to a compound annual growth rate of 53% in this period for assets under management.





About LAIQON AG

LAIQON AG (LQAG) is a fast-growing asset manager specializing in sustainable investments with assets under management valued at around EUR 6.1 billion (as of December 31, 2023). With offices in Hamburg, Frankfurt, Munich and Berlin, the company offers institutional and private investors a portfolio of actively managed and AI-driven funds as well as individual asset management. To this end, LAIQON AG has positioned itself in three business segments, namely Asset Management, Wealth Management and Digital Wealth.

Established in 1995, the bank-independent company has been listed on the stock exchange since 2005. LAIQON AG has been included in Deutsche Börse's "Scale" segment (ISIN: DE000A12UP29) since March 2017.

With its AI subsidiary LAIC and its self-developed LAIC-ADVISOR®, LAIQON is one of the pioneers in artificial intelligence for asset management. As a digital fund company, LAIQON also relies on state-of-the-art platform technology for its processes and data management. Thanks to its fully integrated Digital Asset Platform (DAP 4.0), LAIQON can map and scale its service fully digitally, from onboarding to reporting, and offer its products and services to sales partners both directly and via white-label partnerships.

GROWTH 25 is to act as the main driver of the continued anticipated growth in assets under management and of future earnings. Assets under management in the three operating business segments are expected to increase to between EUR 8 billion and EUR 10 billion by the end of 2025(e). At the same time, LAIQON AG is targeting an EBITDA margin of over 45% on the basis of average performance fees relative to net sales by the end of 2025(e). In addition, the assets managed by the LAIC subgroup are to increase organically to around EUR 5.5 – 6.5 billion by 2028(e).

LAIQON AG
Wealth. Next Generation.

Group

AG as a technological and sales enabler

- Strategy including sustainability/finance
- Marketing/sales
- Compliance/Legal
- DAP 4.0

4.10
Assets under management EUR bn

Asset Management

IQ specialist in active alpha strategies

- More than 1,000 client relationships
- Roughly 25 retail funds
- Roughly 50 special mandates

1.45
Assets under management EUR bn

Wealth Management

IQ implementation of individual wealth targets

- 2,500 clients
- 360° individualized solutions

0.55
Assets under management EUR bn

Digital Wealth

AI-based individualized investment solutions and ETF savings plans

- 15,000 clients
- 100% personalized AI solutions

As of December 31, 2023

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Michael van Riesen, Head of Group Sales


Niklas Bentlage, Junior Fund Manager


Office building at “An der Alster 42”, LAIQON AG’s head office

LAIQON AG
Facts / data / figures

6.1 billion EUR
Assets under management

>50
Wealth products and solutions

7
Locations

Lars Kammann, Senior Sales Manager

Susanne Stammberger, Financial Controller Franz Höhn, IT System Administrator

Dip.- Ing. Achim Plate, CEO LAIQON AG

Prestigious interior, Hamburg

Management Board

Dipl.-Ing. Achim Plate
Management Board
Chief Executive Officer (CEO)

Nationality: German
Born in 1959, married, 2 children

- Studied at the University of the Federal Armed Forces in Hamburg, graduating with a Dipl.-Ing. degree in mechanical engineering
- From 1990 onwards, he established his own medium-sized group of companies and was awarded the German Job Investor Prize in 2001
- 2002: Integration of the largest single company of the group into D+S europe AG
- From 2003 to 2009: Chief Executive Officer (CEO) of D+S europe AG (Prime Standard and listed in the SDAX)
- Transformation of the D+S europe Group from a call center company with 1,500 employees and sales of approximately EUR 42 million into a service group for multimedia customer contact management with over 7,000 employees and sales of around EUR 300 million in 2009
- 2010: SPS Investments GmbH incorporated
- 2015: Management of WHC Global Discovery commenced and Mr. Markus Wedel added as a further partner of SPSW Capital GmbH
- From September 2014 until June 2023: Member of the Supervisory Board of mVise AG, thereof as Chairman until 12/2022
- From June 2017 until December 2019: Chairman of the Supervisory Board of DEWB AG
- From April 2018 until December 2019: Member of the Supervisory Board of LAIQON AG, Chairman from August 2018
- Since January 2020: Member of the Management Board and Chief Executive Officer (CEO) of LAIQON AG

Stefan Mayerhofer
Management Board
Chief Wealth Officer (CWO)

Nationality: German
Born in 1965, married, 1 child

- 1982 – 1984: Trainee bank management assistant at Commerzbank AG
- 1985 – 1986: National service
- 1986 – 1989: Securities specialist at Commerzbank AG
- 1990 – 1994: Head of Strategy and Info in the Asset Management Unit at Bayerische Hypotheken und -Wechsel Bank AG
- 1994 – 1998: Branch Manager Asset Management, Munich Northwest at Bayerische Hypotheken und -Wechsel Bank AG
- 1998 – 1999: Manager Wealth Management Munich at Bayerische Hypotheken und -Wechsel Bank AG
- 1999 – 2000: Incorporation and management of PEH & Mayerhofer GmbH
- 2000 – 2011: Member of the Management Board of PEH Wertpapier AG
- 2011 – 2016: Managing Director of Bayerische Vermögen Asset Management GmbH
- 2014 – 2022: Member of the Management Board of Bayerische Vermögen AG
- Since 2020: Managing Director of BV Bayerische Vermögen GmbH
- 2021 – 2022: Member of the Management Board of BV Holding AG
- Since 2011: Member of the Supervisory Board of Regio AG
- Since April 2022: Member of the Management Board and Chief Wealth Officer (CWO) of LAIQON AG

**Dear shareholders,
ladies and gentlemen,**

In a volatile and challenging capital market environment in 2023 characterized by sharp interest rate hikes and record inflation, our assets under management increased organically by a further EUR 400 million across the Group (2022: EUR 5.7 billion). The assets managed by the LAIQON Group have thus grown by 455 % since December 2019. This translates into an annual growth rate of 53 percent, making us one of the fastest growing asset managers in Germany during this period. We were also able to deliver in terms of our strategic milestones.

In 2023, we forged further sales partnerships, in particular with the cooperative banks' financial services network (Genossenschaftliche FinanzGruppe). In our view, the most significant milestone in the LAIQON Group's ongoing development was the establishment of a partnership with renowned fund company Union Investment, Germany's third-largest asset manager, for the use of our WealthTech LAIC's AI. The partnership agreement with Union Investment covers the joint initiation of a new type of fund-based individual asset management (known as "iFVV") for high-net-worth customers of the cooperative banks' financial services network. With this product, we are thus offering sophisticated clients fully AI-driven asset management through LAIC via the affiliated partner banks of Union Investment. This year, it will be important to deliver outstanding performance for Union Investment in the execution of this partnership. This fund-based individual asset management product is to be launched step by step in the fourth quarter of 2024 via Union Investment's existing sales partnerships with the partner banks.

Also based on our platform, but entailing a fundamentally different service, our new asset management company "meine Bayerische Vermögen" (mbV), which went live in November 2023, is another milestone in our Group's development. To this end, we have pooled in a joint venture the expertise of our asset manager BV Bayerische Vermögen GmbH with the eighth largest cooperative bank in Germany, meine Volksbank Raiffeisenbank eG (mVBRB Rosenheim), which has over 350,000 customers. This state-of-the-art asset service is aimed at high-net-worth wealth management clients, addressing all aspects of asset management for liquid and non-liquid investments with a focus on sustainable investments. It uses our fully labeled cloud-based digital asset platform LAIQON DAP 4.0. As a result, both partnerships will boost the LAIQON Group's growth.

To finance the further growth of the LAIQON Group, we issued two convertible bonds in 2023, generating gross proceeds of around EUR 25 million. Both convertible bonds were placed with existing shareholders as well as with new investors.

At the 2023 annual general meeting on August 23, 2023, we also presented six innovation-driven strategy elements, outlining the progress made in implementing them as drivers for GROWTH 25. Our focus is on sustainable investing and AI in portfolio management.

Via GROWTH 25, we as a premium quality provider are targeting both private and institutional clients with over 50 wealth products and solutions.

DAP 4.0 is a reflection of our digitalization expertise as well as being the Group-wide enabler of our business model at LAIQON. What makes this platform unique is that it allows us to serve almost all customer needs with our products and solutions and to scale them accordingly. This is bringing us ever closer to our goal of "mass customization" through our established asset management factory. With its data, DAP 4.0 also particularly serves as the basis for the AI used by the LAIC ADVISOR® of the WealthTech company LAIC.

In operational terms, the long-term growth momentum and the associated further expansion of the Group were satisfactory. Gross sales climbed by over 40 % to EUR 30.7 million. The growth initiatives introduced with GROWTH 25 and the associated scaling effects led to a significant improvement in operating earnings despite, for example, increased personnel expenses due to the progress made in the ongoing development of the IT infrastructure. EBITDA improved to EUR -4.7 million, compared with EUR -9.9 million in the previous year.

GROWTH 25 is to continue this year. In our day-to-day activities, we are primarily focusing on our organic sales and partnership strategy as well as the goal of consistently and efficiently aligning the organization of our Group with our clients' needs and requirements. One of the core elements of the sales and growth strategy is the further development of the digital investment platform with an emphasis on AI user centricity. This is because we believe that AI-driven asset management will quickly establish itself as a new segment alongside active and passive asset management strategies as we move forward. The expected disproportionately strong demand from investors will open up growth opportunities and thus spur the Group's profitable growth. A high degree of user centricity means customized products and solutions, which we firmly believe are possible only with AI. With our WealthTech LAIC and the proprietary LAIC-ADVISOR®, the Company stands for "Next Generation AI Asset Management 4.0" and can now address the entire technological value chain from asset management to the necessary UX for all sales partners. LAIC will thus become LAIQON AG's growth and valuation driver in the coming years.

To finance the LAIC subgroup's continued growth, we decided in February 2024 to issue LAIC Token 24, which is expected to generate proceeds of up to EUR 6.8 million for the LAIQON Group. The LAIC subgroup and, related to it LAIC Token 24, are based on a valuation of around EUR 65 million. This equals around 72% of LAIQON AG's current market capitalization and thus reflects the organically created value of our WealthTech LAIC.

We are also continuing to work systematically on scaling up our previous product initiative in our business segments that are largely managed by IQ, namely active asset management in retail funds and institutional mandates as well as wealth management. Our central concern is to constantly enhance the competitiveness of our products via our comprehensive approach and thus to ensure that we are also able to address future challenges.

In active asset management, for example, the joint focus of our activities is on ongoing quality optimization to secure the long-term performance of our product portfolio. Some of our actively managed funds are currently back above their hurdle rates, meaning that performance fees can be expected to be invoiced again in 2024, assuming that the capital market remains stable.

Our LAIQON Asset Management business segment, with assets under management of around EUR 4.10 billion, as well as our LAIQON Wealth Management business segment, with assets under management of around EUR 1.45 billion, are strong and innovative operating pillars of our Group, acting as important sources of earnings for our future investments and thus providing the underpinnings for our enterprise value.

Another core thrust of LAIQON AG's GROWTH 25 strategy is sustainability. Having aligned our product portfolio to Article 8/9 of the Disclosure Regulation in 2023 as far as possible, we are concentrating this year on company dialogs, among other things. Other priorities include the Group-wide standardization of ESG data utilization and the planned implementation of our LAIQON internal platform for sustainability analysis, the future Impact Module.

The foundations for further organic expansion of the Company have thus been laid. Under GROWTH 25, the platform strategy is to be additionally scaled up. Accordingly, assets under management are to be increased to EUR 8 – 10 billion by 2025(e). At the same time, the LAIQON Group is targeting an EBITDA margin of over 45% relative to net sales by the end of 2025. This takes account of the average performance fees generated in the past by the LAIQON Group's product range.

With respect to the LAIC subgroup, assets under management are to increase to around EUR 5.5 – 6.5 billion by 2028(e). In the years from 2025 to 2028(e), organic growth of EUR 5.0 - 6.0 billion is therefore expected in the assets managed by the LAIC subgroup, after an estimated EUR 0.5 billion in 2024(e).

Of the LAIQON Group's current target of EUR 8.0 – 10.0 billion by 2025(e) under GROWTH 25, the LAIC subgroup is expected to contribute EUR 1.5 billion in 2025(e).

We would like to thank our shareholders for their confidence in our Company. We also wish to express our gratitude to all of our business partners, clients and fund investors for the trust they have placed in us.

In particular, we would like to thank our employees, without whose commitment our Company's success would be unthinkable. This annual report includes several interviews with selected specialists and managers from the Group to give you a better insight into the expertise we have acquired in our three business segments. A Group like LAIQON depends on the wealth of knowledge and experience of its employees at all levels, which is why we would also like to introduce you to some of our staff.

Yours sincerely

Dipl.-Ing. Achim Plate
Chief Executive Officer

Stefan Mayerhofer
Chief Wealth Officer

Interview

6 questions for Michael van Riesen on sales positioning and strategy

Michael van Riesen
Head of Group Sales at LAIQON AG

Mr. van Riesen, you come from H&A Global Investment Management GmbH and have been the new Head of Group Sales since January 1, 2024. What are your impressions after almost three months?

Michael van Riesen: My impressions after almost 90 days at LAIQON AG are entirely positive. The employees' entrepreneurial energy and their great passion for the product and client partnerships are extremely ambitious and match my own professional approach perfectly. The combination of expertise and strong enthusiasm for our products and services forms the basis for long-term, successful client relationships. The expansion of market and client activities is a motivating challenge that I have been addressing with great commitment and passion since January 1 of this year. With the merger of the Group-wide sales activities at LAIQON Solutions GmbH, my management colleague Manuel Woelki and I, together with the now 11-strong team, are entering the next phase in order to provide our investors and clients with the best possible service and top investment results from the LAIQON strategies.

How does LAIQON's range of products and solutions differ from that of other financial service companies?

Michael van Riesen: Since 2018, we have built up a portfolio of actively and AI-managed funds as well as individual asset management. We currently offer private and institutional investors more than 50 wealth products and solutions. This puts us in a position to address almost all customer needs, from offensive to defensive investment strategies. We can also serve those who rely on experience or who prefer a digital AI-based approach. With our AI subsidiary, our WealthTech LAIC and the proprietary LAIC-ADVISOR®, we are one of the pioneers of artificial intelligence in asset management. We rely on state-of-the-art platform technology for our processes and data management. With DAP 4.0, our fully integrated digital asset platform, we can map and scale our services on a fully digital basis, covering all aspects from on-boarding to reporting, and make our products and services available to third parties as a white-label partner.

What sets your Company's active funds apart and what is the focus of your sales activities this year?

Michael van Riesen: With the 11 funds that we have at the moment, we have positioned ourselves as a specialist in non-benchmark equity, bond and mixed funds with a clear focus on active alpha strategies. All fund managers share a clear conviction in their strategies. The funds only consider issuers whose long-term performance the fund managers are convinced of on the basis of thorough analysis and management contacts. To give an example of our sales focus this year: With our two bond funds LF – Sustainable Yield Opportunities (SYO) and LF – Assets Defensive Opportunities (ADO), we are seeking to leverage opportunities on the bond market. This includes bonds with a particularly attractive risk/reward profile in the light of the investment objectives of the respective fund. We are convinced that a bottom-up approach driven by fundamentals promises long-term success. There are currently still attractive investment opportunities in the bond segments in particular.

You also mentioned the AI-managed funds in the LAIQON product range. Can you elaborate on that?

Michael van Riesen: With pleasure. Our WealthTech LAIC has developed and currently manages five funds driven by artificial intelligence (AI), including two equity funds and three mixed funds. These funds are automatically managed by the LAIC ADVISOR®, which makes decisions based on AI algorithms, free from human bias, experience and preconceptions. In doing so, we have built up what we believe to be a unique AI technology in asset management in Germany and can leverage it on the market in the interests of our investors. In particular, we use Bayesian neural networks, which systematically factor in uncertainties and thus ensure forecasting resilience. In addition, sustainability criteria are incorporated in the investment decisions, resulting in the classification of the two AI-managed equity funds in accordance with Article 9 of the Sustainable Finance Disclosure Regulation (SFDR).

Your product and solution portfolio also focuses on sustainability. How do you set yourself apart from the competition in this respect?

Michael van Riesen: Our 16 actively and AI-managed retail funds aim to achieve an optimum risk/return profile, with sustainability playing a central role. All our fund managers and investment specialists and their funds are guided by sustainability and impact criteria in terms of environmental, social and/or governance factors and metrics. Sustainability forms an essential part of our securities analysis and stock selection, with the aim of increasing the level of sustainability depending on the investment strategy without adversely affecting the risk/return ratio. We take a variety of sustainability approaches that fit the investment philosophy, asset class and fund positioning and emphasize transparency and the ability of our sales team to communicate these approaches. This sets us apart from the competition in many respects.

What priorities are you setting in your sales and communication strategy this year?

Michael van Riesen: Our involvement in the investment cycle focuses on four central points: Listening, communicating, making decisions and implementing them in line with and within the framework of the strategic asset allocation or investment defined by the investor. We are a potent, flexible partner pursing a long-term approach that is firmly entrenched in our convictions and DNA.

In 2023, we reached a significant milestone when we signed a partnership agreement with Union Investment providing for the use of LAIC-AI as an infrastructure and product partner for customers of the cooperative banks' financial services network Genossenschaftliche FinanzGruppe. This partnership illustrates impressively how joint results can be achieved. Our "meine Bayerische Vermögen" joint venture, which is a joint asset management company for high-net-worth clients with the largest Bavarian cooperative bank in Rosenheim, also underlines our clear commitment to our home market. We are striving to offer our clients and local partners the most modern approach to wealth management.

In addition to our outstanding products focusing on small/mid cap equities, special bonds and special multi-asset investments, we will continue to scale up and further our unique AI expertise for asset and investment solutions via partnership models. Our commitment to top-quality and first-class products "made in Germany" will continue in Hamburg, Frankfurt and Munich for our customers and partners in the German-speaking region. Together, we will be driving forward developments and, in doing so, showcasing LAIQON and our teams, technologies and expertise more visibly and more broadly.

As we see it, this is the circular economy in asset management, bringing us back to the core issues of listening, communication, decision-making and implementation in clients' strategic asset and allocation planning.

Supervisory Board

Dr. Stefan Rindfleisch
Chairman

Nationality: German
Born in 1967, married, 2 children

- Attorney at law 2nd state examination in 1996. Admission to the bar in Germany
- Doctorate on the "Hot Pursuit at Sea" principle of international maritime law in 2000
- Joined law firm EHLERMANN RINDFLEISCH GADOW Rechtsanwälte Partnerschaft mbB (formerly Ehlermann & Jeschonnek) in 1998
- Since 2001: Partner in the law firm EHLERMANN RINDFLEISCH GADOW Rechtsanwälte Partnerschaft mbB (formerly Ehlermann & Jeschonnek)
- Main areas of expertise: Maritime commercial law, structured maritime finance, corporate law
- Admitted to the bar as attorney in law in the Republic of the Marshall Islands in 2005
- Member of the German Association of International Law of the Sea and the German Maritime Arbitration Association
- Since February 2021: Chairman of the Supervisory Board of Salamon AG
- Since January 2024: Chairman of the Management Board of IOS AG for consulting and corporate investments
- Since May 2017: Member of the Supervisory Board of LAIQON AG

Jörg Ohlsen
Deputy Chairman

Nationality: German
Born in 1955, married, 5 children

- Holder of degree in business studies, tax consultant and accountant
- From 1982 until 1994: with Peat Marwick Mitchell & Co. Hamburg (KPMG)
- From 1987 until 1989: with Peat Marwick California, United States
- From 1990 until 1994: Partner and Managing Director at KPMG Peat Marwick Germany
- From 1994 until 2004: Founder and Managing Partner of the OLP Group
- The OLP Group was sold to Deloitte in 2004
- From 2004 until 2019: Partner at Deloitte:
    - From 2004 until 2010: Lead partner responsible for the audit of three SDAX and TecDAX companies
    - 2007 to 2014: Partner responsible in Hamburg for corporate finance in Northern Germany (Hamburg, Berlin and Hannover) for transaction advisory, IPOs and corporate valuations
    - 2014 to 2019: Managing partner of Deloitte Corporate Finance Germany (M&A/Investment Banking division)
    - 2011 to 2019: Member of the Deloitte Global Executive Committee for Corporate Finance Advisory/M&A
- From 1995 to 2004: Chairman and member of supervisory boards of start-ups, management buy-outs, investment funds and IPO candidates
- Since 2007: Member of the Board of Trustees of the Institute for Corporate and Capital Markets Law at Bucerius Law School-Corporate Finance, Corporate Governance & Compliance
- Since January 2020: Chairman of the Supervisory Board of Deutsche Effecten- und Wechsel-Beteiligungsgesellschaft AG
- Since January 2020: Member of the Supervisory Board of LAIQON AG, Deputy Chairman since July 2022

Oliver Heine
Supervisory Board

Nationality: German
Born in 1962

- Studied law in Hamburg from 1984 until 1990
- Admitted to the bar in 1995
- Partner at law firm Heine und Partner GbR
- Founding shareholder of Lange Assets & Consulting GmbH
- Since April 2005: Member of the Supervisory Board of Axel Springer SE
- Since June 2019: Member of the Supervisory Board of LAIQON AG

Prof. Wolfgang Henseler
Supervisory Board

Nationality: German
Born in 1961, married

- Graduate designer and Master of HCID (Human Computer Interaction and Design)
- From 1994 until 2000: Founder and managing director of Pixel-Factory GmbH, a multimedia start-up
- From 2000 to 2005: Managing director, Design Director International at GFT Technologies AG. The Group is a publicly listed information technology service provider for banks. The products offered primarily solutions for the implementation of regulatory requirements and the digitalization of business processes
- From 2005 to 2009: Managing Director, Creative Managing Director at Syzygy Deutschland GmbH, an internationally active, listed agency group for digital marketing
- Since 2009: Creative Managing Director at Sensory Minds GmbH, a design studio for innovative technologies and smart media
- Since 1999: Professor of digital media and master of creative directions at the Pforzheim University of Applied Sciences - Faculty of Design. He teaches the subjects of digital transformation, customer centricity, user centricity, usability, user experience, innovation thinking, smart ecosystem platforms and service design using AI-based systems
- Since August 2018: Member of the Supervisory Board of LAIQON AG

Helmut Paulus
Supervisory Board

Nationality: German
Born in 1968, married, 1 child

- 1995: Degree in industrial engineering from the Karlsruhe Institute of Technology (KIT)
- 1995 to 1996: Dresdner Bank Investment Group: Quantitative Research
- 1997: Author of “Style-Investing auf europäischen Aktienmärkten”, also 1st university prize awarded by Deutsches Aktieninstitut e.V.
- 1996 to 1999: DZ BANK AG (formerly DG BANK): Founding team for an asset management joint venture with PanAgora Asset Management Inc. (Boston, United States)
- 1999: Establishment of the joint venture DG PanAgora Asset Management GmbH, later renamed Quoniam Asset Management GmbH following a change in shareholders.
- 1999-2019 Quoniam Asset Management GmbH
  - Portfolio management
  - Managing Partner
  - Chief Investment Officer (CIO)
  - Chief Executive Officer (CEO)
- Since 2020: Managing partner of BlueVentus GmbH
- Since 2022: Managing partner of SPT Scientific Pension Technology GmbH
- 2022: Massachusetts Institute of Technology (MIT): Advanced Certificate for Executives in Management, Innovation and Technology (Boston)
- Since August 2023: Member of the Supervisory Board of LAIQON AG

Last revised March 2024

Report of the Supervisory Board

**Dear LAIQON shareholders,
ladies and gentlemen,**

The Supervisory Board reports on the 2023 financial year as follows:

The Supervisory Board of LAIQON AG performed its duties in accordance with the applicable statutory provisions, the Company's articles of incorporation and the rules of procedure, advising and monitoring the Management Board in 2023. The Management Board reported to the Supervisory Board on all matters pertaining to the Company's strategy, forecasts, business performance, risk exposure and management as well as its condition and outlook on a regular, timely and comprehensive basis at all times both in writing and orally.

The Company's fundamental business transactions were discussed in detail with the Management Board, which obtained the approval of the Supervisory Board where necessary.

Meetings

All business transactions of the Company requiring the approval of the Supervisory Board in accordance with the law, the articles of incorporation or the rules of procedure were duly submitted by the Management Board to the Supervisory Board for approval.

The Supervisory Board was convened for a total of 15 meetings in 2023, most of which were held in person, some in the form of video conferences and some by telephone.

The members of the Supervisory Board attended the meetings in person, over the telephone or by video conference. In addition, the Chairman and other members of the Supervisory Board maintained regular contact with the Management Board. As well as this, the members of the Supervisory Board discussed individual matters among each other.

Main aspects of the Supervisory Board's deliberations

In the year under review, the Supervisory Board of LAIQON AG dealt with and passed resolutions on the following main matters among other things:

January 2023

At the first meeting of the year held on January 24, 2023, the Management Board reported to the Supervisory Board on the progress made in changing the Company's name to LAIQON AG. Subsequently, it presented the preliminary figures for 2022 and the Company's budget and funding strategy for the current year. In addition, it gave the Supervisory Board an outlook of the Company's medium-term planning until 2027. The Management Board also reported on the performance of the Bayerische Vermögen Group in 2022 and provided an update on the progress made in various projects, including, for example, a report on possible partnerships in digital asset management. Finally, the Supervisory Board dealt with personnel matters relating to the Management Board and other employees of the Company. In addition, the Supervisory Board approved an adjustment to the Company's share capital as stated in its articles of incorporation due to the issue of subscription shares as a result of conversion transactions under convertible bond 2020/2024 as well as the letters of comfort issued by LAIQON AG in favor of LAIQON Financial Service GmbH for submission to several insurance companies.

February

At the second meeting of the year held on February 9, 2023, the Management Board explained to the Supervisory Board in detail the necessity of the planned issue of convertible bond 2023/27 for the systematic continuation and implementation of the Company's Growth Strategy 23/25 2.0. The Supervisory Board then approved the issue of convertible bond 2023/27 with a term of four years in a total nominal amount of up to EUR 5,000,000.00, excluding shareholders' subscription rights, and the mandate agreement with futurum bank AG as the underwriting bank.

At the third meeting on February 15, 2023, the Management Board set out its deliberations regarding the determination of the conditions of convertible bond 2023/27, particularly in the light of the requirements under the authorization granted at the annual general meeting on August 31, 2020. The Supervisory Board then approved the Management Board's resolution concerning the terms of convertible bond 2023/27.

At the fourth meeting of the Supervisory Board on February 20, 2023, the Management Board reported on the progress made in placing convertible bond 2023/27, stating that there was considerable excess demand on the part of investors, forcing the Management Board to make an active decision on the selection of investors, in addition to giving preference to existing shareholders. The Management Board then explained how it had selected the investors. The Supervisory Board subsequently approved the Management Board's resolution concerning the allocation of convertible bond 2023/27.

At a subsequent fifth meeting on February 20, 2023, the Supervisory Board approved a further amendment to the agreement governing the transfer of SPSW Capital GmbH to the Company following detailed explanations by the Management Board.

March 2023

At its sixth meeting for the year on March 29, 2023, the Supervisory Board approved the Company's annual financial statements for 2022, which had been audited by the independent auditors Baker Tilly GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, and which had issued an unqualified audit opinion. The annual financial statements were thus duly adopted. The Supervisory Board also approved the consolidated financial statements, for which the independent auditors Baker Tilly GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, had issued an unqualified audit opinion, and adopted the Supervisory Board's report to the annual general meeting for 2022 in accordance with Section 171 of the German Stock Corporation Act. Representatives of the auditor were present in person at the meeting for the discussion of this item of the agenda. The Management Board subsequently outlined the Company's current performance. Among other things, it reported on the progress of the joint venture with meine Volksbank Raiffeisenbank eG, "meine Bayerische Vermögen" GmbH, and the Company's planned product and solution portfolio, which is to take greater account of sustainability aspects in particular. As well as this, the Management Board outlined the progress made on the planned partnership with Union Investment. Several managing directors of LAIQON AG's LAIC subgroup, who attended the Supervisory Board meeting to comment on this item of the agenda, then explained the current situation at LAIC. This included developments in the years from 2020 to 2023, the milestones reached in the development of the strategy, LAIC ADVISOR® as well as the progress made in developing customer onboarding and the planned LAIC app. Other key topics included a report on the progress made in connection with the planned convertible bond 2023/28, the planned acquisition of shares in QC Partners GmbH and an update on the performance of the Bayerische Vermögen Group. Subsequently, the Supervisory Board dealt with personnel matters relating to the Management Board and the Company's employees. Among other things, the Supervisory Board discussed the targets for the Management Board members for 2023 and passed a corresponding resolution. As well as this, it passed a resolution to prematurely renew Achim Plate's mandate as Chief Executive Officer (CEO) for a further three years from January 1, 2024 until December 31, 2026.

April 2023

At the seventh meeting of the year held on April 24, 2023, the Management Board explained in detail the necessity of the planned issue of convertible bond 2023/28 for the systematic continuation and implementation of the Company's Growth Strategy 23/25 2.0. The Supervisory Board then approved the issue of convertible bond 2023/28 with a term of five years and a total nominal amount of up to EUR 20 million, with shareholders' subscription rights, and the mandate agreement with mwb fairtrade Wertpapierhandelsbank AG as the underwriting bank.

At the eighth meeting of the Supervisory Board on April 27, 2024, the Management Board set out its deliberations regarding the determination of the conditions of convertible bond 2023/28, particularly in the light of the requirements under the authorization granted at the annual general meeting on August 31, 2020 as well as the expected placement period. The Supervisory Board then approved the Management Board's resolution concerning the terms of convertible bond 2023/28.

May 2023

At the ninth meeting on May 2, 2023, the Management Board explained in detail its resolution concerning the acquisition of an initial 30 % stake in investment boutique QC Partners GmbH and the underlying considerations. In this connection, it outlined the QCP transaction, the background and the course of the negotiations on the purchase agreement, the shareholders' agreement, the (residual) risks of the transaction and the rationale for this transaction. The Supervisory Board then approved the Management Board resolution on the completion of the QCP transaction, the QCP purchase agreement and the QCP shareholders' agreement.

At the tenth meeting on May 22, 2023, the Management Board reported on the progress made in placing convertible bond 2023/28, particularly the course of the placement process and the insight gained from discussions with the investors. The Supervisory Board subsequently approved the Management Board's resolution concerning the allocation of convertible bond 2023/28 and the residual placement in the form of a private placement.

July 2023

At the Supervisory Board's eleventh meeting on July 5, 2023, the Management Board reported on the Company's ongoing development. In addition to an overview of the Company's business planning, it also presented the key aspects of a package of measures to increase Group-wide sales activities. It also reported on the progress made with regard to sustainability positioning and the positioning of the active retail funds in terms of expected returns and the performance/risk ratio with the aim of aligning the funds as a family of funds subject to uniform guidelines. The Management Board also gave the Supervisory Board an update on the Company's two flagship projects, the "meine Bayerische Vermögen" GmbH joint venture with meine Volksbank Raiffeisenbank eG and the planned partnership with Union Investment, before going on to report on the continuing progress in scaling up and enhancing LAIQON DAP 4.0. As well as this, the Management Board explained the planned amendments to the share transfer agreement between the Company and Lange Assets & Consulting GmbH, which the Supervisory Board subsequently approved. Following an update on developments at the Bayerische Vermögen Group, the Supervisory Board then discussed the Company's annual general meeting for 2023 and, in particular, approved the proposed resolutions on the items for the agenda for the annual general meeting.

August 2023

Following the Company's annual general meeting on August 23, 2023, the Supervisory Board welcomed Mr. Helmut Paulus, who had been elected by the shareholders for the first time, at its twelfth meeting of the year. The Supervisory Board also thanked the former member of the Supervisory Board, Mr. Peter Zahn, who had stepped down for personal reasons, for his loyalty to the Company and his exemplary reliability and commitment, wishing him all the best for the future on behalf of the Management Board and the Supervisory Board. It also re-elected Mr. Jörg Ohlsen, who, like Prof. Wolfgang Henseler, had been re-elected as a member of the Supervisory Board at the annual general meeting, as Deputy Chairman of the Supervisory Board. The Management Board then updated the Supervisory Board on the Company's recent development, particularly the financial statements for the first half of 2023, the progress made with the planned partnership with Union Investment and a possible sale of the LAIQON Group's legacy business (formerly the LLOYD FONDS Real Assets business segment). The Supervisory Board also dealt with personnel matters relating to the Management Board and employees of the Company and, among other things, gave its final approval to a further letter of comfort issued by LAIQON AG in favor of LAIQON Financial Service GmbH for a broker pool.

September 2023

At its thirteenth meeting on September 26, 2023, the Management Board updated the Supervisory Board on the progress of talks regarding a possible partnership involving LAIQON AG, LAIC Vermögensverwaltung GmbH, Union Asset Management Holding AG and Union Investment Privatfonds GmbH. In this context, the Management Board reported on the current status of the partnership with the Union Investment Group, the background and course of the negotiations for a memorandum of understanding (MoU) and, in particular, the rationale for such memorandum of understanding and the partnership. The Management Board also explained the expected effects of this partnership on the further development of the LAIC subgroup and, in particular, the expected growth in assets under management and the increased earnings opportunities for the LAIC subgroup. The Supervisory Board then approved the Management Board resolutions, particularly the memorandum of understanding and the continuation of negotiations for the planned partnership with the Union Investment Group. The object of the planned partnership is the joint initiation of a new type of fund-based investment product (known as the "iFVV product") aimed at clients of the German co-operative banks.

December 2023

At the fourteenth meeting of the Supervisory Board held on December 1, 2023, the Management Board reported on the Company's current performance, particularly the breakdown of the growth in assets under management in the second half of 2023, among other things. The Management Board also took the Supervisory Board through the preliminary business plan for 2024/25. As well as this, it outlined the current status of the partnership and the draft partnership agreement with Union Investment. Subsequently, the Supervisory Board approved the continuation of negotiations for the planned partnership with the Union Investment Group and the signing of the partnership agreement. The Management Board then updated the Supervisory Board on the status of other projects, including the "meine Bayerische Vermögen" GmbH joint venture, the progress of negotiations on the sale of the Company's legacy business and planned further token projects, providing an overview of the performance of the Bayerische Vermögen Group and the planned merger of Lange Assets & Consulting GmbH with BV Bayerische Vermögen GmbH. This was followed by deliberations by the Supervisory Board on personnel matters, among other things.

At the fifteenth meeting on December 12, 2023, the Management Board explained in detail its decision to transfer the majority of the fund entities held by the former LLOYD FONDS Real Assets business segment to the managing director under a purchase and transfer agreement. Among other things, the Management Board explained the structure and the advantages of the transaction. The Supervisory Board then approved the Management Board resolution and, thus, the conclusion of the purchase and transfer agreement.

Audit of the annual and consolidated financial statements

In the annual general meeting held on August 23, 2023, the shareholders passed a resolution appointing Baker Tilly GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, as independent auditors for the annual financial statements and the consolidated financial statements for the period from January 1, 2023 until December 31, 2023. Thereupon, the Supervisory Board negotiated the audit engagement and duly placed the engagement. In this connection, the audit priorities were jointly discussed.

The independent auditor was asked to report to the Supervisory Board without delay on all main findings and occurrences of relevance for its duties of which he became aware in the performance of the audit.

The consolidated financial statements as of December 31, 2023 prepared by LAIQON AG in accordance with the International Financial Reporting Standards (IFRS), the Group management report for 2023, the annual financial statements as of December 31, 2023 prepared in accordance with German GAAP and the management report of LAIQON AG for 2023 were duly audited. The annual and the consolidated financial statements as well as the management reports were issued with an unqualified auditor's report. In addition, the independent auditor reviewed the risk early detection system operated by LAIQON AG in accordance with the Corporate Control and Transparency Act. The audit confirmed that the Company complies in full with all statutory requirements.

The members of the Supervisory Board specifically examined the annual and consolidated financial statements, the management report and the Group management report and the independent auditor's reports for 2023. All documents were made available to the Supervisory Board in good time. The Supervisory Board discussed and evaluated in detail the annual and consolidated financial statements, the management report, the Group management report and the independent auditor's reports. The independent auditor took part in the meeting, explaining the annual and consolidated financial statements and presenting the results of the audits. All questions asked by those attending the meeting were duly answered. The Supervisory Board approved the results of the audit following deliberations held at its meeting.

On the basis of the final results of its examination, the Supervisory Board did not raise any objections and duly adopted the annual financial statements and management report prepared by the Management Board at its meeting on March 27, 2024. The annual financial statements for 2023 are thus final. Similarly, on the basis of the final results of its examination, the Supervisory Board did not raise any objections and adopted the consolidated financial statements and the Group management report prepared by the Management Board. It also examined and approved the Management Board's proposal for the utilization of the Company's unappropriated surplus.

Vote of thanks

The Supervisory Board wishes to thank the Management Board and all employees of the LAIQON Group for their personal contributions and work performed.

Dear shareholders, the Supervisory Board would like to thank you for your trust and invites you to continue to accompany our Company on its promising path.

Hamburg, March 27, 2024

For the Supervisory Board
Dr. Stefan Rindfleisch
Chairman of the Supervisory Board

Interview


6 questions for Markus Wedel and Dr. Tobias Spies on their view of the market and fund approach

Markus Wedel (left)
CEFA, SPSW Capital GmbH
Dr. Tobias Spies (right)
CESGA, SPSW Capital GmbH

Mr. Wedel, many market participants expect moderately positive returns in all asset classes, i.e. equities, bonds, commodities and cash, in 2024. Do you agree with this assessment? What general market scenario do you see for this year?

Markus Wedel: We are upbeat about the investment universe for our mixed funds for 2024 and also for the coming years. Small caps in particular are likely to be rediscovered and achieve higher valuations again in view of their strong earnings growth.

Many of our fund positions have achieved double-digit gains in recent months, but earnings per share have also risen sharply, meaning that valuation multiples have remained very low. Overall, we expect a soft landing or, indeed, no landing at all, as we have not seen any major exaggerations on either the supply or the demand side since the second financial crisis. We anticipate an initial interest rate cut in the United States in the summer and then also in Europe. Given interest rate cuts of between two and four percent, depending on the region, multiples will rise again. At the same time, demand by companies for additional products and services will grow as they will be able to fund investments at lower cost. Wage cost increases are likely to peak in 2024 and, with borrowing costs now lower, companies' profit margins will also widen again.

On the other hand, falling interest rates should, of course, have a positive effect on bond prices. We are positioned in both asset classes to make the most of these developments and will continue to reduce our cash component in the meantime, as this outlook will obviously not have a favorable effect on conditions in the money market. As for commodities, we are very optimistic about copper from the second half of 2024 and are also upbeat about aluminum.

We expect European small and midcaps in particular to perform well thanks to their attractive global sales split at what in some cases are absurdly low valuations due to geopolitics and particularly the political situation in Europe together with the large discount on the multiples of small and midcaps with large market capitalizations.

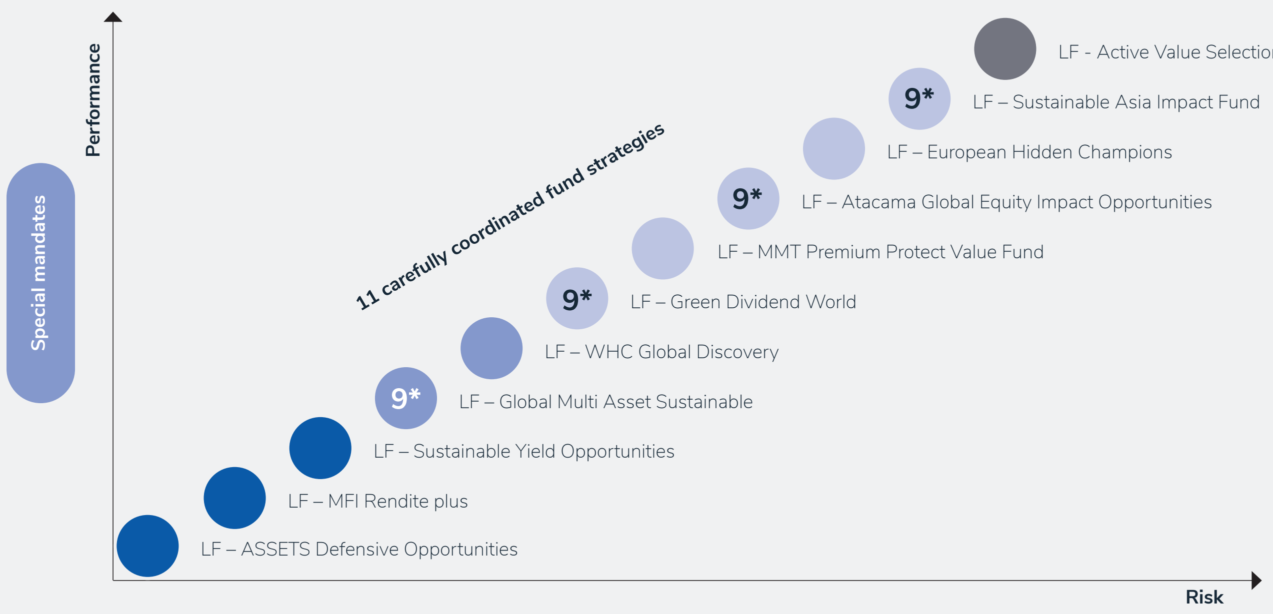
You and your team are managing LF – WHC Global Discovery (WHC), the largest fund in the LAIQON Group by investment volume. How is your portfolio currently positioned and in what segment do you see particular opportunities or perhaps even potential for catching up?

Markus Wedel: We have dedicated the largest part of the WHC portfolio to cyclicals, particularly the truck sector and early cyclicals such as Kion. The technology sector is also heavily weighted in view of the many structural growth trends and is supplemented by a promising weighting of companies from the healthcare sector, particularly medical technology. We mainly invest in mid-caps in order to benefit substantially from the aforementioned renaissance of this segment. In addition, we have invested in some interesting large-cap ideas in the light of value considerations and, in order to balance out the fluctuations in the equity portfolio, we have invested around 30% in promising bonds that should benefit accordingly even when interest rates fall.

Together with your team, you are responsible for analyzing and selecting individual names as key components of WHC's fund composition. This process is clearly dynamic – how do you go about it in concrete terms?

Markus Wedel: It is always a very individual process that requires a lot of time and hard work, and unfortunately there is no one-size-fits-all solution. Similarly, regular company visits and board meetings are necessary for the shares and for bond analyses. In order to gain a better understanding of business models, we like to visit industry trade fairs or gather information from customers and competitors. In addition to examining the business model, our analyses always focus on management quality and reliability, the quality of the balance sheet and exposure to crises. As value orientation plays a central role in our investment approach when we select securities for our portfolio, we always look at our global competitors. An attractive risk/reward ratio and our focus make it easy to maintain an overview in times of crisis, which is why we weathered the Covid-19 pandemic well and even had the best year in terms of performance since the WHC fund was launched in 2010. We often have our own models and earnings estimates for our core positions and this gives us an even better understanding of our investment decision, while also allowing us to talk more intensively with company managements.

The LAIQON Group currently offers 11 fund solutions.



Disclaimer: The above information on returns and risks has been carefully compiled to the best of the Company's knowledge and belief based on knowledge, estimates and assumptions believed to be correct as of March 2024. It reflects the estimates of LAIQON AG as of March 2024 and may change at any time without prior notice. No liability is assumed for any errors, omissions or obsolescence in the data presented herein or any failure of the forecasts to be reached.
* Article 9 Disclosure Regulation SFDR: Sustainable Finance Disclosure Regulation; EU Regulation of the European Parliament and of the Council of November 27, 2019 on sustainability-related disclosure requirements in the financial sector.

Thank you very much, Mr. Wedel. Dr. Spies, in 2023 you recorded significant inflows into LF – Sustainable Yield Opportunities (SYO), for which you and your team are responsible. That is nice confirmation for investors. What is your baseline scenario for growth and inflation in 2024 in your core market of Europe?

Dr. Tobias Spies: In contrast to the United States, we continue to expect muted economic growth in Europe. Germany in particular is suffering disproportionately from the war in Ukraine and its far-reaching consequences. For example, the high cost of energy and food is not only placing a noticeable damper on consumer spending, but also on all-important exports and capital spending many industrial companies. With regard to inflation, we see a continuing downward trend.

What are the specific ramifications for your investment approach for SYO?

Dr. Tobias Spies: Future macroeconomic and inflation trends play a subordinate role in our bottom-up investment approach. Our focus is on the fundamentals of individual companies, some of which we have been tracking for years. Even in a difficult environment, there are companies that can hold their own and benefit from a robust global macroeconomic situation. We mainly look at whether companies will be able to pay their interest and reduce their debt loads moving forward. If this is likely and the corresponding bonds have an above-average yield, we invest in such companies.

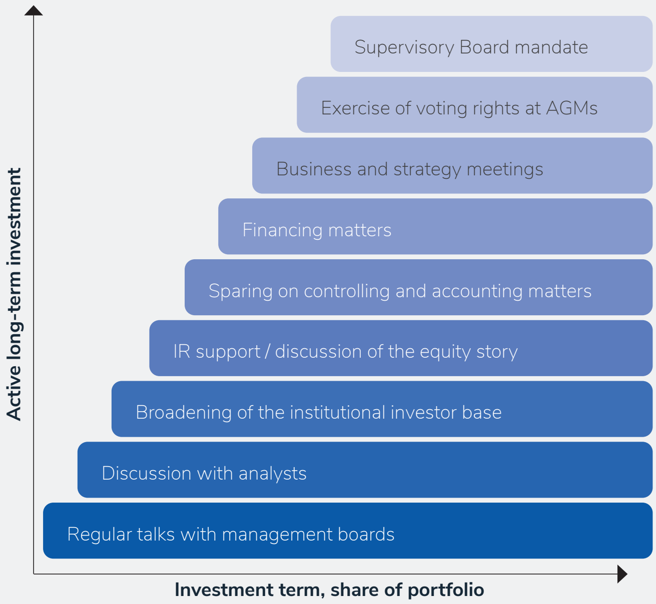
With respect to equity funds, a diverse market focusing on sustainability has already emerged. Sustainable investing is now becoming increasingly important on the bond markets. What sustainability strategy have you developed for your fund?

Dr. Tobias Spies: One key focus of our sustainability strategy is the active contribution made by the issuers in which we invest towards achieving the environment-relevant sustainable development goals (SDGs). In addition, we engage in controversy management to achieve an adequate risk profile and a positive sustainable net effect. The aim of risk management with regard to sustainability is to make a positive contribution to returns if, in an ideal situation, the improvement in governance is accompanied by declining risk premiums. Our fund promotes environmental and social factors within the meaning of Article 8 of the Disclosure Regulation. It has a minimum sustainable investment quota of 20%. Among other things, this can be achieved by means of allocations in favor of green bonds.

Active alpha strategies

- Excellent track record
- Bond, mixed, equity and hedge funds
- Mandates for institutional clients in equities & bonds
- Wide range of options for promoting sustainability in accordance with Article 8/9 of the Disclosure Regulation

Active support for portfolio companies



Commitment as a potential driver of transformation and performance

Team

- Investment team with many years of experience
- 8 equity fund managers
- 4 bond fund managers
- 5 mixed fund managers
- 6 analysts

Growth potential

- High competitiveness as a basis for future growth
- No capacity constraints to achieve the long-term targets for assets under management
- Additional growth due to differentiated niche products and sales scaling

Corporate governance

The term "corporate governance" refers to the responsible management and supervision of companies. LAIQON AG attaches great importance to good corporate governance.

Orientation to the German Corporate Governance Code

The German Corporate Governance Code (GCGC) enshrines internationally and nationally acknowledged standards of good and responsible corporate governance. Corporate governance encompasses the entire system of managing and supervising a company. In addition to the organization of the company, this also includes the principle and values underlying its business policies, guidelines and internal and external control and monitoring mechanisms. Good corporate governance seeks to make a significant contribution to responsible corporate management and control. It calls for efficient relations between the Management Board and the Supervisory Board, observance of the shareholders' interests, open and transparent communications and an awareness of the impact of the business model on the environment and society. It also seeks to promote the confidence of shareholders, investors, business partners and employees as well as the general public in the Company.

Implementation of individual elements of the German Corporate Governance Code

As it is listed on the regulated unofficial market ("Scale" segment of the Frankfurt Stock Exchange), LAIQON AG is not a listed company as defined by Section 161 (1) of the German Stock Corporation Act. The Management Board and the Supervisory Board are therefore currently not under any legal obligation to declare annually that the Code has been or is being complied with and to state which recommendations of the Code have not been or are not being applied including the reasons for this. Nonetheless, the Management Board had decided with the approval of the Supervisory Board to successively observe selected recommendations of the Code. In a resolution dated March 26, 2021, the Management Board and the Supervisory Board approved the profile of objectives and competencies for the composition of the Supervisory Board of LAIQON AG as well as a code of conduct binding on the Company and all of its employees. Moreover, the Supervisory Board approved the Management Board's proposal to publish the rules of procedure of the Supervisory Board and the Management Board in the Investor Relations/Corporate Governance section of the LAIQON AG website at www.laiqon.ag in addition to the Supervisory Board's profile of objectives and competencies and the code of conduct. In addition, the Company's articles of incorporation are also published.

Responsible investment & engagement policy

LAIQON AG puts engagement into practice as an active and sustainable investor. In its capacity as a trustee for its investors, it has an interest in the long-term success of the companies in which it invests. This approach thus goes hand in hand with a commitment to ensuring long-term growth in the value of the investments. Accordingly, fund management actively seeks to invest in companies with transformative business models and tries to use its influence as an active shareholder to move these companies towards more sustainable and responsible business practices. The Sustainability Implementation Policy and the Engagement Policy were updated and created in June 2023. In addition, further guidelines were published, including on international standards and specifications and on investment policy. These can also be viewed on the LAIQON AG website at www.laiqon.ag in the Investor Relations section under Corporate Governance.

Hamburg, March 2024

Dr. Stefan Rindfleisch	Dipl.-Ing. Achim Plate	Stefan Mayerhofer
Chairman of the Supervisory Board	Chief Executive Officer	Chief Wealth Officer

Markus Wedel, CEFA, Senior Fund Manager Multi Asset

Natalie Pinckernelle, Office Manager

Christopher Pewsdorf, Management Trainee to CEO

Prestigious interior, Munich

Interview

6 questions for Stefan Mayerhofer and Thomas Lange on wealth management

Stefan Mayerhofer (left)
Chief Wealth Officer of LAIQON AG / Managing Director of BV Bayerische Vermögen GmbH
Thomas Lange (right)
Managing partner of Lange Assets & Consulting GmbH

Mr. Mayerhofer, you manage around EUR 1.45 billion for wealth management clients across the Group. In what ways do the two asset management approaches pursued by BV Bayerische Vermögen GmbH and Lange Assets & Consulting GmbH differ?

Stefan Mayerhofer: First of all, our clients' needs are obviously paramount in the actions at both companies. In day-to-day work, this means that both companies provide their clients with personalized and highly individualized service. Our credo is to be individual, personal, transparent and independent. The difference between the two units clearly lies to some extent in the scale and scope of the clients served. Lange Assets & Consulting GmbH, for example, has around 50–60 clients under management, whereas BV Bayerische Vermögen GmbH actively manages over 2,000 clients. The lower number of clients at Lange Assets & Consulting GmbH must be seen in the light of the successful expansion of the family office service in recent years. This goes hand in hand with close 360-degree support, which often extends beyond the traditional management of liquid assets. In this context, we are, of course, proud that we can now also offer this service to our Bavarian customers.

Mr. Lange, merging independent units is clearly a challenge. Have you been able to leverage any synergistic effects and are there any shared solutions that you can offer your customers and clients?

Thomas Lange: Any merger of independent units always involves the convergence of different companies and their DNA, management styles and perspectives. As always in life, finding common ground to achieve meaningful additions and to find compromises with foresight is the predominant goal.

After the experience of the last few years, however, I feel I can say that what we have is more than the sum of its parts. We are benefiting in terms of quality and quantity from simplified procedures for ensuring compliance with regulatory requirements and streamlining administrative processes, access to a very good IT department, which has yielded considerable gains in efficiency, security and scalability, the reduction in redundancies through joint activities with Group subsidiaries and, not least of all, access to a powerful AI system via the Wealth Tech LAIC for strategic and tactical allocation and in the pre-selection of collective products. I still see huge potential for development, especially when it comes to AI, and I am delighted to be part of it.

Is there a flip side to the coin? Of course. My team and I have also had to learn that being part of the Group comes at a price. But unlike other takeovers in the sector, we still have sufficient decision-making scope to retain the entrepreneurial spirit of a smaller unit.

At the product level, I expect a possible merger with Bayerische Vermögen to unleash considerable synergistic effects in 360-degree services, in connection with foundations and also for our family office services. In addition to a strong boost from pooling different types of expertise and experiences, I also anticipate a considerable broadening of the target client universe.

The question of young talent is also important. A joint asset management unit has the critical mass needed to develop customized training and further-education models and does not need to stand in the shadow of the “big” banks as a potential employer and partner.

As you have mentioned several times, you have built up and broadened expertise in supporting family office clients at Lange Assets und Consulting GmbH. Where do you see the greatest potential for differentiation from your competitors?

Thomas Lange: In the real estate sector, as the saying goes, three things are decisive: location, location and location. Since our asset management company was established in October 2005, we have been pursuing a similar focus, namely: client, client and client. With our independence, it has always been our ambition to engage on a long journey with the client, to understand their needs and wishes and to respond to new life circumstances to develop a tailor-made solution to the best of our skills and capabilities. What did this mean in concrete terms? Even before the ruling of the Germany Federal Finance Court in November 2007, Lange Assets & Consulting did not receive any finder fees, acquisition commission or other sales proceeds from third parties. For us, the interests of the client have always been and always will be of paramount importance as we are committed to pursuing a partnership of equals.

Recent developments at many multi-family offices show that a large number of market participants are using information on and knowledge of their clients to sell what in some cases are expensive and opaque collective private equity, private debt and closed-end real estate products in order to tap into additional sources of income.

We have never pursued this approach in our family office business and have no plans to do so in the future. We see ourselves as a sparring partner for our clients, integrating existing client networks where possible and supplementing them with our own networks where necessary. We have a clear and transparent scale of fees on our website, coupled with efficient, transparent and independent reporting.

The Group’s wealth management business also includes allocation specialist m+c Asset Allocation GmbH. What core competencies has it amassed?

Stefan Mayerhofer: m+c Asset Allocation GmbH’s core competence entails a structured and proven investment process that is composed of a strategic and a tactical component. This wealth of experience built up over many years, combined with clearly defined processes, supports us across the Group as a potential signpost and is incorporated in the allocation processes of both internal and external partners. On top of this, it supports us with the objective and detailed selection of managers and products so that they can be used on our platform. In summary, I would like to emphasize at this point that our extensive experience and stringent selection process make a decisive contribution to the quality of our portfolios for our clients, enabling them to benefit from above-average returns.

Via your subsidiary LAIC, you have unique AI expertise. Is this expertise already being translated into solutions for your clients?

Stefan Mayerhofer: There is no shadow of a doubt that data is the raw material of the 21st century. Successful and future-oriented asset management can no longer avoid processing vast amounts of data. Our in-house AI helps us to evaluate data on a daily basis, yielding a positive impact on the decision-making process in many respects. Take sustainability, for example. Here, data is the decisive starting point for an objective assessment of companies in the light of ESG criteria. It is also clear that we have only just begun. With this in mind, we are very happy that we are already able to leverage this expertise within the Group and learn from each other.

Take LF-Premium asset management, for example. This pools all of our expertise from the various specialists and our in-house AI. Initially, of course, the focus is on the client’s individual investment objectives. However, this is followed by a rules-based and structured investment process that combines the Company’s own analyses derived from active asset management with the data-based suggestions produced by AI. On this basis, our investment committee pools all available information and analyses as a basis for making corresponding decisions, taking risk management into account. This robust process ensures attractive returns for our clients and is already showing how the two worlds of IQ and AI can interact with each other.

With “meine bayerische Vermögen GmbH”, you are also contributing your expertise as a strong Bavarian brand to an asset management company that you have established together with meine Volksbank Raiffeisenbank eG (mVBRB Rosenheim). What was the rationale behind this step and how has the project gone so far?

Stefan Mayerhofer: We are very proud to be able to break new ground in asset management jointly with the largest cooperative bank in Bavaria and one of the largest in Germany. As I see it, this provides further proof of the future viability of our innovative approaches. Both partners are pooling their respective skills in “meine Bayerische Vermögen GmbH” (mBV), thus providing the bank’s clients with an extremely attractive service for their cash assets.

MBV’s product portfolio offers a comprehensive range of services addressing all aspects of asset management for liquid and non-liquid investments. Asset management will be offering the LAIQON Group’s wealth products and solutions. In other words, both standardized and AI-driven strategies. In order to ensure that advice is independent, products and solutions from the Volksbanken/Raiffeisenbank cooperative financial network as well as third-party products are also being offered.

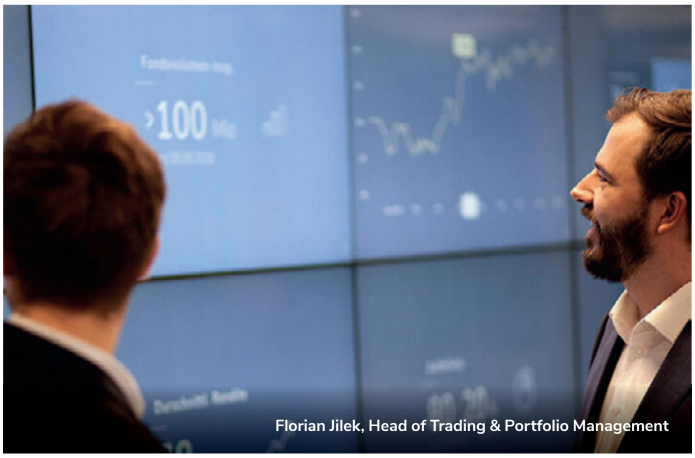
Special attention will be paid to sustainable investing. In addition to sustainable liquid securities strategies, customers also have the opportunity of investing directly in sustainability projects. They will also gain access to an impact network in Bavaria.

Another focus of mBV’s product portfolio is on Bavaria as a business location, for example. For example, a new retail fund known as mBV – Bayern Fokus Multi Asset is being jointly initiated with a portfolio concentrating on companies in Bavaria and the rest of the German-speaking region.

To sum up, I think it is fair to say that we are very satisfied with the start. However, the main thing is that our clients are satisfied, and this can be seen in the significant increase in demand.


Hauke Witt, Head of Data Engineering


Caroline Eesmann, HR Generalist   Hagen Baumann, working student


Florian Jilek, Head of Trading & Portfolio Management


Conference room on the 6th floor, Hamburg

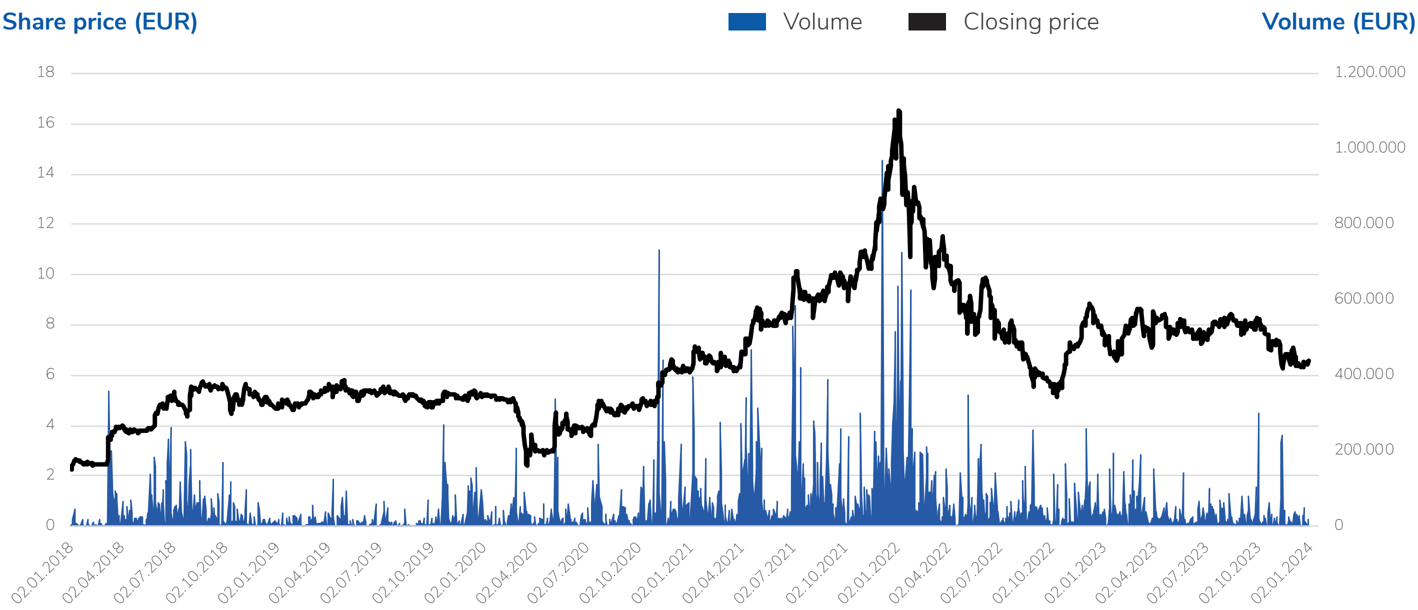
LAIQON share

Performance of the LAIQON share

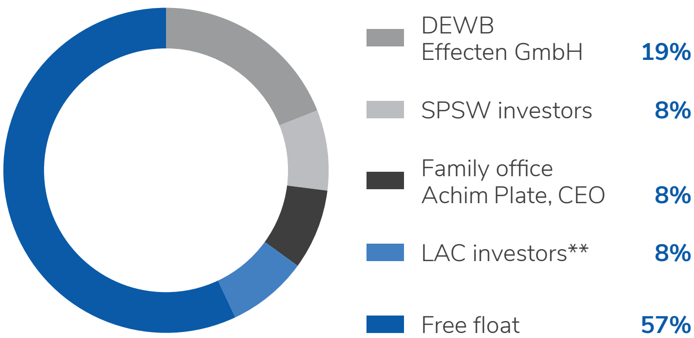
In a volatile capital market environment characterized by sharp interest rate hikes and record inflation, the LAIQON AG share closed 2023 at a price(XETRA) of EUR 6.60. Market capitalization stood at roughly EUR 115.4 million as of December 31, 2023.

Average daily trading volumes in selected German stock exchanges and via Tradegate reached a cumulative figure of roughly 11,400 shares.

Performance of the LAIQON share since 2018



Shareholder structure*



* Figures approximate Shareholders in companies listed in the Scale segment (open market) of the Frankfurt stock exchange are not required to disclose any changes in their voting rights in accordance with the German Securities Trading Act. Accordingly, the description of the shareholder structure is provided on the basis of the Company's best knowledge with no liability for any errors or omissions. Last revised March 2024

** Lange Assets & Consulting GmbH

Adoption of new LAIQON AG name

With the entry in the commercial register taking effect on January 2, 2023, the Company officially changed its name from Lloyd Fonds AG to LAIQON AG. This also involved a change in the stock market ticker to LQAG (previously: L1OA). There has been no change to the previous international securities identification number (ISIN) DE000A12UP29 and the national securities identification number (WKN) A12UP2.

Convertible bond 2023/27 and 2023/28

In February and May 2023, LAIQON AG issued convertible bond 2023/27 and convertible bond 2023/28.

Convertible bond 2023/27 was subscribed to solely by investors in Germany and Luxembourg in a prospectus-free private placement subject to the exclusion of the shareholders' pre-emptive subscription rights. It is subject to a coupon of 6.50% p.a. and was admitted to trading on the open market of the Frankfurt stock exchange under the security identification number ISIN DE000A30V885.

Convertible bond 2023/28 was issued under a public offer and a simultaneous private placement with a coupon of 7.00% p.a. It was admitted to trading on the open market of the Frankfurt stock exchange under the security identification number ISIN DE000A351P38.

Annual general meeting 2023

At LAIQON AG's annual general meeting on August 23, 2023, at which roughly 50% of the Company's share capital was represented, all resolutions on the nine items of the agenda were passed with majorities of up to 99.94 percent. This particularly included item 8 of the agenda concerning the re-election of Mr. Jörg Ohlsen and Prof. Wolfgang Henseler to the Supervisory Board for a period expiring at the end of the annual general meeting at which resolutions are passed to ratify the actions of the members of the Supervisory Board for the 2027 financial year. Both gentlemen accepted re-election. At the subsequent Supervisory Board meeting of LAIQON AG, Mr. Ohlsen was re-elected Deputy Chairman of the Supervisory Board.

In addition, under agenda item 8, Mr. Helmut Paulus was elected as a new member of the Supervisory Board for a period expiring at the end of the annual general meeting at which resolutions are passed to ratify the actions of the members of the Supervisory Board for the 2027 financial year. He also accepted the election.

The previous member Mr. Peter Zahn had stepped down from the Supervisory Board of LAIQON AG for personal reasons at the end of this year's annual general meeting.

Investor relations

LAIQON AG operates in the capital market with transparent and continuous financial communications. Its publications can be viewed in the Investor Relations and Newsroom section of the LAIQON AG website at www.laiqon.ag. The visibility of the LAIQON brand is to be further enhanced by intensifying IR and PR activities.

Analysts

The following banks, research companies and investment firms regularly produce analyses, (brief) studies and updates on LAIQON AG.

Nu Ways (by Hauck Aufhäuser Lampe) Analysts	Updated February 28, 2024; Buy (unchanged), target price: EUR 10.00
SMC Research	Updated February 8, 2024 Buy (unchanged), target price: EUR 12.50
Alster Research	Updated February 7, 2024 Buy (unchanged), target price: EUR 10.50
M.M. Warburg Research	Updated January 3, 2024 Buy (unchanged), target price: EUR 13.00
Baader Europe	Updated December 19, 2023 Buy (unchanged), target price: EUR 10.00

Basic data on the LAIQON share (LQAG)

Ticker symbol	WKN: A12UP2 ISIN: DE000A12UP29
Trading places	Open market Frankfurt (Scale), Xetra, Open market in Berlin, Düsseldorf, Hamburg, München, Stuttgart and Tradegate
Market segment	Scale
Number of shares*	17,493,698
Designated sponsors	Baader Bank Aktiengesellschaft, mwb fairtrade Wertpapierhandelsbank AG
Capital market partner	Baader Bank Aktiengesellschaft
First day of trading	October 28, 2005
Class	Bearer shares with a notional share of EUR 1.00 per share in the Company's share capital
Share price (December 29, 2023)**	EUR 6.60
Trading volumes in 2023 (average***)	11,400 shares
Market capitalization (December 29, 2023)****	Roughly EUR 115.4 million

*As of January 31, 2024.
**Xetra closing price December 29, 2023.
** Own calculations of cumulative, selected trading venues based on Bloomberg data.
****Number of shares: 17,483,396.

Interview

6 questions for Christian Sievers and Lasse Linzer on the AI system of WealthTech LAIC

Christian Sievers (left)
M. Sc. Managing Director of LAIC Vermögensverwaltung GmbH
Dipl. economist, Lasse Linzer (right)
Managing Director of LAIC Vermögensverwaltung GmbH

Mr. Linzer, can you explain to a layperson what your AI does at LAIC and what benefits it provides?

Lasse Linzer: The use of AI models at our Company is not simply following the current trend, but has been deeply rooted in our philosophy since it was founded. The aim is to make the investment process more efficient and client-oriented. We integrate this technology in all areas, from our funds and asset management to our partnerships, always with a clear focus on the users and their individual needs. Our approach goes far beyond the usual definition and management of 10–20 standard strategies. We take a variety of factors into account to ensure truly client-focused portfolio management. Our AI is based on objective data and makes decisions every day in the interests of our customers, regardless of external influences, in order to achieve the best possible benefit for them. This approach ensures an investment strategy that is individually tailored to the wishes and needs of each client, driven by a technology that works tirelessly and without prejudice in the background.

What have been the main milestones in setting up LAIC since 2018?

Lasse Linzer: We have made significant progress at LAIC every year since 2018. We initially concentrated on assembling the team and installing the basic infrastructure in order to establish a solid database and links with trading systems. In 2019, we developed and launched DAP 4.0 in partnership with LAIQON AG and completed the first test trades, while preparing for BaFin licensing at the same time. In April 2020, we finally received BaFin approval and launched our first multi-asset fund. 2021 saw the launch of our LAIC Token 21 and the introduction of the first white label solutions in partnerships. In the same year, we began developing our own applications to expand our white-label capabilities and client focus not only in private client business, but also for our partners.

In 2022, we expanded our sustainability products not only in asset management but also by adopting sustainability in our range of investment funds. Our strengths in handling data also played a decisive role here, as sustainability is primarily data-driven. In 2023, we initiated Paris-aligned equity funds and our funds received Morningstar Performance awards. We improved our applications by switching from external solutions to our own customer portals and our own LAIC iOS app for our end clients. The highlight of the year was the crucial partnership forged with Union Investment to develop an innovative asset management solution.

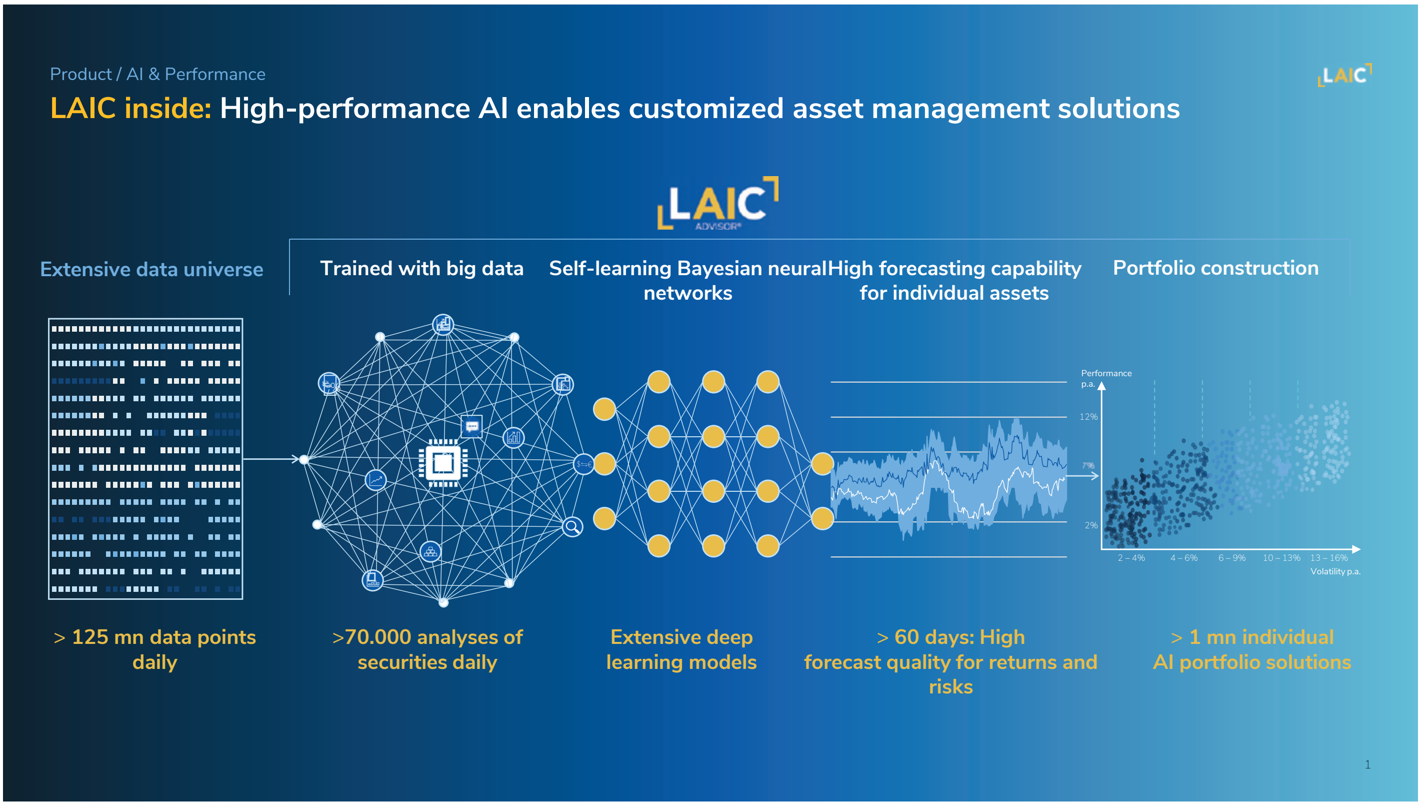
Let's return to AI. You are now using Bayesian neural networks in your AI model to forecast returns. How would you rate the progress made in developing your AI model compared to your peers?

Christian Sievers: I believe that our AI has now reached a top level compared to our German peers. We are the only provider to offer an end-to-end value chain for asset management solutions. While some of our competitors use AI in the investment process, we stand apart by using Bayesian neural networks. This enables us to forecast both individual stocks and markets.

Another significant difference is that we also rely exclusively on AI in the investment process and not just as a supporting tool like many of our competitors. This technology enables us to factor in forecasting uncertainty and thus manage our portfolio decisions more effectively.

We particularly stand out in terms of mass customization. As far as we know, LAIC is the only provider of highly individualized solutions. We can do this by connecting established asset management companies with our artificial intelligence via scalable software. Our models enable us to create individual AI portfolio solutions for clients.

Our unique selling points also include our comprehensive white-label capabilities, ranging from on-boarding and partner services to the individually designed customer app and reporting. We not only offer technology solutions, but also act as portfolio managers for highly individualized mandates and optimize them using self-learning models, taking into account aspects such as sustainability and the significant reduction of carbon emissions in our solutions.



Your AI portfolio management has a modular structure and accommodates individual client preferences for the purpose of mass customization. What exactly does this mean for the investor?

Christian Sievers: As just explained, investors can view our mass customization as a highly personalized investment solution. Our AI-driven modular portfolio management forms the basis for factoring in individual client preferences.

Our AI goes beyond a mere analysis of current market data and actively integrates the investor's individual preferences. This results in extremely flexible and customizable wealth management. The high degree of customizability is reflected, for example, in the free choice of factor styles as well as country and sector allocation. In addition, we include ESG factors and sustainability standards to create highly personalized mandate solutions.

Investors also have the option of choosing from various risk classes and defining individual investment guidelines. Our AI forecasts take into account not only the return, but also the risk. By integrating risk overlay options such as VAR management or volatility targeting, investors can define their risk preferences precisely according to their needs.

Put another way, this means that investors have the freedom to shape their investment strategy in a highly individualized, AI-driven way in accordance with their own needs. We are setting new standards by using AI efficiently, in particular through optimized deep learning models. Through targeted training of our AI using self-learning Bayesian neural networks, we achieve high forecasting capabilities for individual issues and create over 1,000,000 customized investment strategies for our investors.

The cornerstone of your platform strategy is a strong UX. How are you positioned here and why is this a decisive competitive differentiator for clients and sales partners?

Lasse Linzer: User experience (UX) plays a key role in our strategy in order to build a bridge between our clients and the underlying AI technology at the backend. By leveraging intuitive design and user-friendly applications, we create proximity and understanding for the complex processes that run in the background. From the first contact to a detailed evaluation in a dedicated app, our aim is to strengthen trust in our technology through transparency and an accessible design. The degree of individualization that our LAIC ADVISOR® permits can only be achieved with a UX that makes it easy for investors to incorporate their needs in a positive and uncomplicated way. Our reports show the decisions that have been made and the impact they have on investors' financial goals. Using our own applications, we not only offer this experience directly to our clients, but also enable partners to benefit from this proximity and transparency to their advantage via extensive white labeling options.

In December 2023, you announced a partnership agreement with Union Investment for the use of LAIC-AI. What do you think was the main rationale for Union Investment to enter into this landmark partnership with LAIC?

Christian Sievers: We see ourselves as next-gen AI asset managers and technology enablers. Union Investment's decision to work with LAIC is due to the fact that, as pioneers in AI asset management for B2B2C solutions, we build on end-to-end technology. Our scalable software makes it possible to link established asset management companies with our artificial intelligence and thus create highly individualized AI portfolio solutions for customers.
In this way, Union Investment can not only maximize client-specific investment performance but also access a new path towards individual, forward-looking investments.

Our shared vision is that investing of the future will be characterized by data-driven decision-making and responsible investing. The individualization options we offer are the result of the efficient use of extensive data, training this data via self-learning Bayesian neural networks to achieve high forecasting reliability for individual assets and, ultimately, the optimized portfolio construction to implement these individual preferences. This end-to-end technology also maximizes the user experience via digital onboarding, extensive partner services and our app. We think that it is these innovative approaches that prompted Union Investment to forge this pioneering partnership with us.


Pablo Hebestreit, Head of Quantitative Analysis
Jan Wöltjen, Senior AI Research Scientist


Zeynep Ceylan, Senior Customer Service Advisor
Fritz Fröhlich, Marketing Manager
Laura Norden, Business Development Manager


Lasse Linzer, Geschäftsführer
Christian Sievers, Geschäftsführer


Prestigious interior, Munich

Interview

6 questions for Dr. Robin Braun on the further development of the sustainability strategy

Dr. Robin Braun
Head of Sustainability LAIQON AG

Dr Braun, what priorities are you pursuing this year in your sustainability strategy 2.0?

Dr. Robin Braun: Having already made great progress in converting our retail funds in 2023, we will be concentrating on corporate dialogues this year, among other things. This, of course, is part of our active strategy, in which we want to support our portfolio companies closely, but also follows from the regulatory requirements. Our quarterly PAI[1] analysis with the fund managers identified direct points of contact with companies in order to work towards improving individual indicators. We see this as part of our holistic assessment of companies and can also provide real added value here. We want to strategically expand LF – Global Multi Asset Sustainable and make it a flagship product that pools our expertise across the Group. As an Article 9 fund, this obviously also includes sustainability aspects. Other priorities include the Group-wide standardization of ESG data usage and the implementation of our LAIQON internal platform for sustainability analysis, the Impact Module. The latter is a complex project not least of all because of the complexity and breadth of ESG data.

Last year, you aligned your product portfolio as far as possible with Article 8/9 of the Disclosure Regulation SFDR. How "green" are these funds really?

Dr. Robin Braun: Obviously, it has to be said that after SFDR[2] there is still a lot of variation on the market as to the true nature of "green" funds. This cannot be answered objectively and there are, of course, strict funds with far-reaching exclusion criteria. However, we believe in a performance-oriented approach with a forward-looking perspective. Nevertheless, our funds apply certain exclusion criteria that we consider to be strategically necessary for our fund range.

That said, the question can already be answered clearly in the case of our Article 9 funds. These funds invest solely in sustainable assets with the exception of assets that are necessary for efficient portfolio management. In the second half of 2023, our product range "grew" with the addition of a further four Article 9 funds, while three other funds became "greener" in terms of compliance with the minimum quota for sustainable investments.

Obviously, the answer to the question of what makes an investment "green" or "sustainable" remains subjective. It is no coincidence that the European ESG Template (EET), which is intended to facilitate the sale of investment products with sustainability components in particular, includes up to 600 individual data fields for documenting sustainability. This is an enormous challenge for clients. The FNG seal even regards Article 8 as a "catch-all". This makes it all the more important for us to be able to set ourselves apart more effectively with our approach. This is first and foremost a question of performance, of course, but also of intuitive and understandable approaches to sustainability. Yet, these should never overburden the fiduciary aspect.

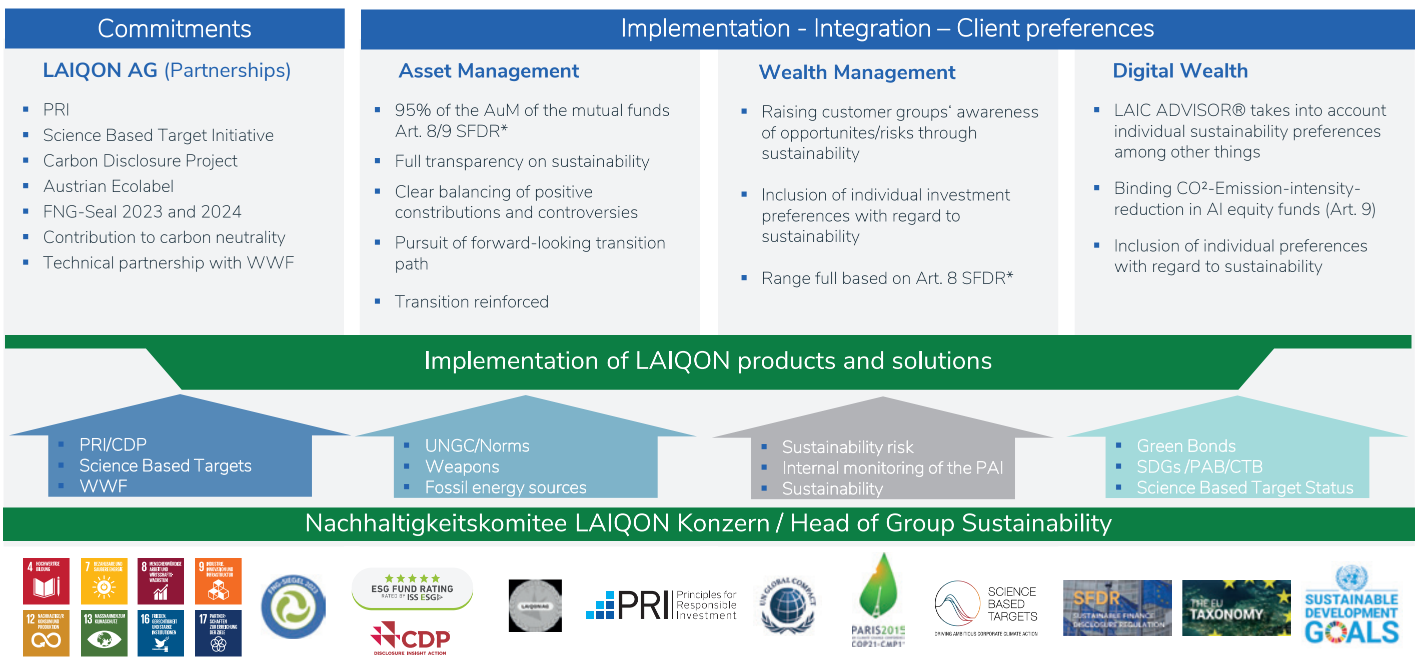
To be more specific, how do you determine which parts of the retail funds are classified as sustainable investments in accordance with the Disclosure Regulation and how do you document this?

Dr. Robin Braun: Unfortunately, this kind of question is rather complex for many of our readers. However, we have come up with several approaches, depending on the fund strategy for which the approach is used. The simplest and most intuitive approach is, for example, to purchase green bonds that meet the requirements of the Green Bond Principles for a bond or mixed fund portfolio. These bonds are used exclusively to finance the sustainability-related projects of individual companies or for sustainable financing purposes. Further opportunities arise from buying shares in an index aligned to the Paris Climate Agreement, i.e. companies that are committed to ongoing carbon reduction. Last but not least, we have for years been applying an approach that has particularly proven itself through qualitative securities analysis to determine and document sustainable investments via significant contributions to the Sustainable Development Goals, such as in LF – Green Dividend World, for example.. A detailed sustainability KPI[3] sheet is prepared and completed by the fund managers for each investment. Our funds report annually on the proportion of sustainable investments via the respective capital management companies. To date, they are well above the respective minimum thresholds and, looking forward, we want to continue exceeding the minimum regulatory requirements as far as possible. For example, many of our funds have completed the rigorous review process for the FNG seal[4] for 2024.

Have you already reached your goal for the product portfolio or do you have further ambitions?

Dr. Robin Braun: Given the momentum with which sustainability has developed in recent years and will continue to do so, I do not think that there is any goal or final stage. Approaches are continuing to evolve and external conditions are changing, while regulatory requirements often force us to reassess our product range, strategy and the market. At this stage, what we can say is that we have already positioned ourselves well ahead of the upcoming regulatory changes, such as those resulting from the ESMA guidelines on fund names[5], and expect few effects on our product range. Despite all the complex discussions on sustainability, we are convinced that it remains of fundamental importance and will increasingly become the norm for financial service companies such as LAIQON. This can also be seen in the fact that major competitors are becoming more restrained in their efforts or strategic progress. As I see it, that's because they now simply see it as a matter of course.

Sustainability: Integration - Transformation - Impact



* SFDR: Sustainable Finance Disclosure Regulation; Regulation EU 2019/2088 of the EUROPEAN PARLIAMENT and of the COUNCIL of November 27, 2019 on sustainability-related disclosure requirements in the financial services sector.

So much for Asset Management. How is the implementation of the sustainability strategy progressing in your other business segments, Wealth Management and Digital Wealth?

Dr. Robin Braun: In wealth management in particular, there are some special features that make the implementation of our sustainability ambitions somewhat more challenging. On the one hand, there is the direct contact with the end client, i.e. B2C business, if you like. This is in contrast to retail fund business, where we mainly work with sales partners, i.e. more B2B2C. On the other hand, client needs in wealth management are much more heterogeneous. Individual high-net-worth clients often have their own ideas when it comes to sustainability. We then also have to allow this to a certain extent. We had already been able to formalize a certain degree of sustainability in our standardized asset management at the end of 2022. We have initiated important measures for BV Bayerische Vermögen GmbH's investment advice and individual asset management in which we can factor in sustainability risks and the impact on sustainability factors more systematically. This applies to direct investments in equities and bonds, but also to third-party funds. These are also monitored at regular intervals. We do not do this to unnecessarily restrict our investment universe, but rather see it as a 360-degree analysis for our clients.

In the Digital Wealth business segment, we can implement the sustainability features for our investment strategies efficiently in the algorithm thanks to our flexible and data-driven IT infrastructure. We work closely with the team at LAIC to find the best possible solution.

The credibility of a financial market player does not end with a sustainable product and solution portfolio, but is an overall strategic task. Can you give us an idea of how LAIQON AG is currently positioned and what objectives are being pursued?

Dr. Robin Braun: At LAIQON, we are involved in various industry initiatives. In particular, our PRI[6] and CDP[7] memberships offer us many opportunities for taking part in effective campaigns and for presenting ourselves effectively to the outside world. We involve our employees in our sustainability strategy as best we can, for example through training courses or regular committee meetings at which both strategic and operational issues are discussed.

At the Group level, our sustainability agenda forms part of LAIQON's overall GROWTH 25 strategy and should never overburden it. We emphasize that as a young company in this form with a young brand name, we need to grow together and expand, while always relying on a sustainable business model that is future-proof and resilient. Our main focus at LAIQON is on investing capital as a trustee for our clients.

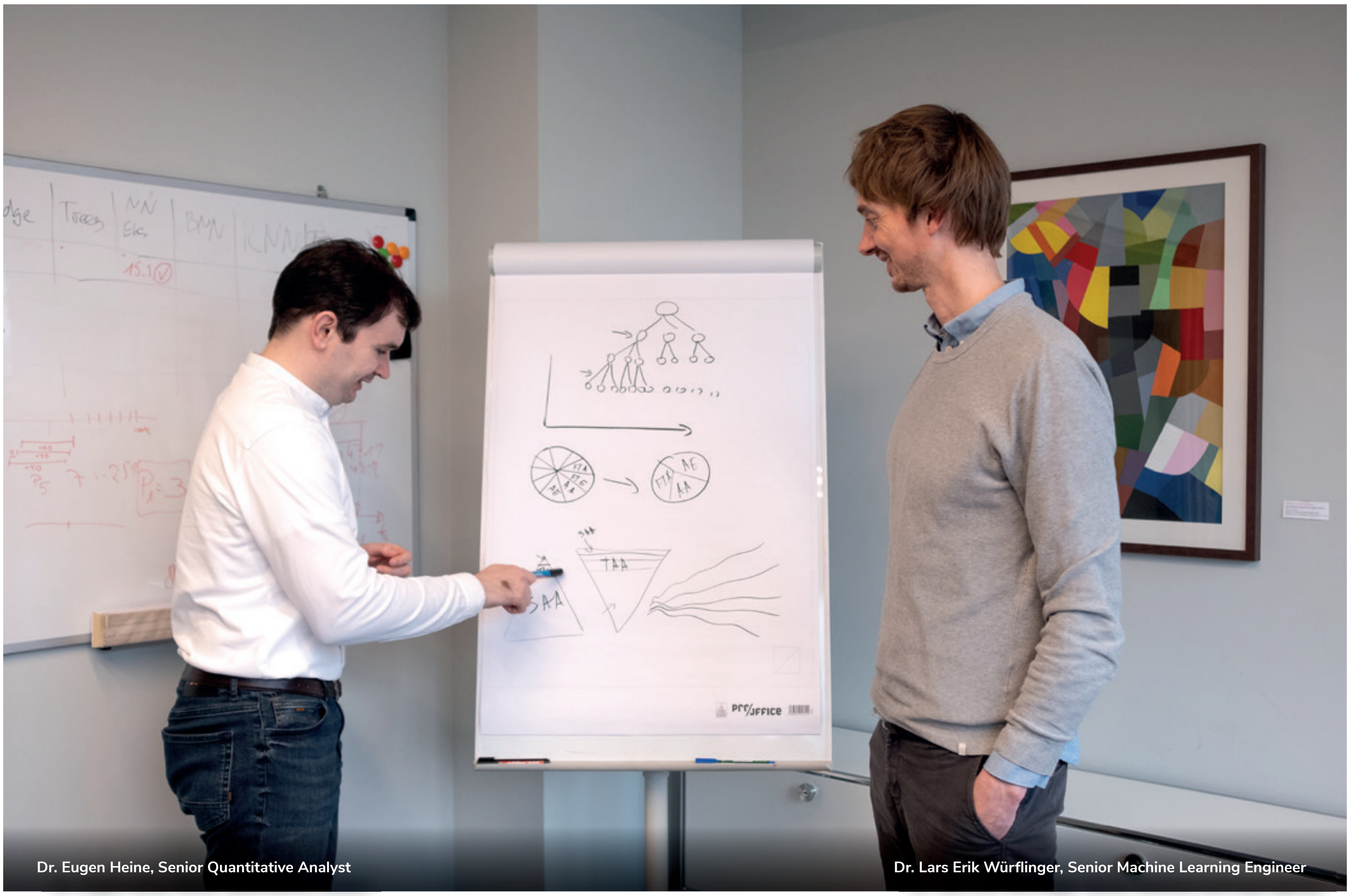
We believe that further progress, such as the adaptation of the company travel policy with regard to sustainable means of transportation, our subsidy for employees for the Germany-wide discounted public transport ticket, but also the mobile working policy, which is still in force, are necessary for the credibility of a modern financial services company like LAIQON. However, we have not yet reached the end of the road and are constantly analyzing opportunities for cooperation and setting stricter targets for ourselves. At the same time, we are of course keeping a close eye on the upcoming disclosure duties under the Corporate Sustainability Reporting Directive CSRD[8]. We expect this to result in major changes for us and for the real economy.

[1]PAIs (short for "Principal Adverse Impact Indicators") reflect the negative effects on sustainability factors and measure the extent to which investments may have a negative impact on environmental, social and employee concerns or human rights. [2] SFDR: Sustainable Finance Disclosure Regulation. EU rules on sustainability-related disclosure requirements in the financial services sector. [3] KPI: Key performance Indicators. [4] The FNG seal for sustainable investment funds has been developed by FNG together with financial experts and representatives from civil society. One of the core tasks of the FNG is to develop and continuously improve quality standards for sustainable investment products in order to ensure the quality of sustainable investments. [5] The European Securities and Markets Authority (ESMA) has proposed new guidelines for fund names, in particular for funds that use ESG or sustainability terms. These changes are aimed at minimizing the risk of "greenwashing" and at ensuring that fund names reflect the investment objectives and strategies of the respective fund. [6] PRI is an investor initiative founded in 2006 in partnership with the financial initiative of the UN Environment Program UNEP and the UN Global Compact. Its aim is to understand the impact of sustainability for investors and to support the signatories in integrating these issues in their decision-making processes. In this way, they contribute to a more sustainable global financial system. [7] The Carbon Disclosure Project (CPD) is a non-profit organization founded in London in 2000 with the aim of ensuring that companies and municipalities publish their environmental data, such as climate-adverse greenhouse gas emissions and water consumption. [8] The Corporate Sustainability Reporting Directive (CSRD) adopted by the EU Parliament in November 2022 radically changes the scope and nature of sustainability reporting by companies. The CSRD significantly expands existing rules on non-financial reporting.

Group management report


Oliver Wünsch, Legal Counsel Xenia Krouptchenkova, Junior Credit Analyst


Alexandr Yaroshevskyy, IT System Administrator


Dr. Eugen Heine, Senior Quantitative Analyst Dr. Lars Erik Würflinger, Senior Machine Learning Engineer

1 Basic information on the Group

1.1 Business activities

The LAIQON Group is an innovative asset management factory specializing in sustainable investments with assets under management valued at around EUR 6.1 billion. Offering a full range of sustainable wealth products and solutions, the LAIQON Group addresses both private and institutional clients. As of December 31, 2023, the LAIQON Group is primarily composed of four segments: LAIQON Asset Management, LAIQON Wealth Management, LAIQON Digital Wealth and LAIQON Group.

The LAIQON Group currently offers its clients more than 50 wealth products and solutions. The cloud-based Digital Asset Platform 4.0 forms its digital heart and is a central component of the asset management factory. The approach adopted by the Group serves firstly as a basis for ensuring the quality of its wealth products and solutions and secondly as the foundations for internal and external scalability. This is done through an internally managed “best-in-class direct” sales approach and by means of “inside white label partnerships”.

1.2 Organization and governance structure

As a listed company, LAIQON AG has a Management Board that is monitored by the Supervisory Board. In accordance with its articles of incorporation, the Supervisory Board consists of five members. As of December 31, 2023, these are Dr. Stefan Rindfleisch (Chairman of the Supervisory Board), Jörg Ohlsen (Deputy Chairman), Oliver Heine, Prof. Wolfgang Henseler and Helmut Paulus.

The Management Board of LAIQON AG is composed of Dipl. -Ing. Achim Plate as Chief Executive Officer (CEO) and Stefan Mayerhofer as Chief Wealth Officer (CWO) as of December 31, 2023. In his capacity as CEO, Achim Plate is responsible for the development of the GROWTH 25 corporate strategy as well as for the LAIQON Asset Management and LAIQON Digital Wealth business segments. He also oversees the LAIQON Group business segment, which essentially comprises the administrative processes of the LAIQON Group and the sales activities, including Finance, Human Resources, Legal & Compliance, IT, IR and PR. As CWO, Stefan Mayerhofer is responsible for the LAIQON Wealth Management business segment.

Beneath the Management Board, a management committee has been established and is composed of highly qualified and experienced managers from the individual Group companies within LAIQON AG’s individual business segments as well as from selected corporate units such as Finance and Human Resources. It consults with the Management Board on a regular basis. In addition, there is an extended management committee, which includes selected other employees and discusses the Company’s current performance with the Management Board and the management committee at least once a year.

LAIQON AG’s corporate culture is characterized by flat hierarchies, cross-departmental team and project work and short decision-making paths. As of December 31, 2023, the LAIQON Group had 160 (previous year: 154) employees (see also Section 4 of the Management Report, Employees and Remuneration Report).

1.3 Legal structure

As of December 31, 2023, the LAIQON Group comprised 20 (previous year: 25) affiliated subsidiaries which are fully consolidated in accordance with IFRS. It also includes 8 (previous year: 46) associates. In addition, the Group holds 76 (previous year: 125) investments.

Collective financial portfolio management in the LAIQON Asset Management business segment is handled by SPSW Capital GmbH, Hamburg, and MFI Asset Management GmbH, Munich. Both companies are investment services companies holding a license in accordance with Section 15 of the German Securities Institution Act.

The funds are distributed in Germany by the sales company, LAIQON Solutions GmbH, Hamburg, which holds a license as a financial investment broker in accordance with Section 34f of the Trade Code. In Austria, investment funds are distributed under the EU passport held by LAIC Vermögensverwaltung GmbH, Hamburg, another investment services company within the LAIQON Group, that holds a license issued in accordance with Section 15 of the German Securities Institution Act.

Asset management companies Lange Assets & Consulting GmbH, Hamburg, and BV Bayerische Vermögen GmbH, Munich, form part of the LAIQON Wealth Management business segment. Both companies provide individual financial portfolio management services and hold a license in accordance with Section 15 of the German Securities Institution Act. In addition, m+c Asset Allocation GmbH provides independent, specialized asset allocation advice for institutional investors.

The LAIQON Digital Wealth business segment includes the services provided by WealthTech LAIC, the investment in robo-advisor company growney and the asset-tokenization activities of LAIQON Token GmbH, Hamburg.

Shareholder structure of LAIQON Group (as of December 31, 2023)

LAIQON AG, HAMBURG

100%
- BV Bayerische Vermögen GmbH, Munich
- MFI Asset Management GmbH, Munich
- m+c Asset Allocation GmbH, Munich
- LAIC AIF GmbH, Hamburg
- LAIC AIF Token Mitarbeiter GmbH & Co. KG, Hamburg
- LAIC AIF KVG GmbH, Hamburg
- LAIQON Solutions GmbH, Hamburg
- LAIQON Token GmbH, Hamburg
- 53.10. Real Assets Treuhand GmbH, Hamburg
- 53.10. Real Estate Management GmbH, Hamburg
- TradeOn GmbH, Hamburg

90%
- Lange Assets & Consulting GmbH, Hamburg
- SPSW Capital GmbH, Hamburg

90.25%
- LAIC Capital GmbH, Hamburg
- LAIC Vermögensverwaltung GmbH, Hamburg

75%
- growney GmbH, Berlin
- growney Technology & Service GmbH, Berlin

80%
- LAIC Intelligence GmbH, Hamburg

82.36%
- LAIC AIF Token GmbH & Co. KG, Hamburg

60%
- LAIQON Financial Service GmbH, Hamburg

Associated companies:

70%
- V:KI GmbH, Hamburg

25%
- meine Bayerische Vermögen GmbH, Rosenheim

- Other associates

76 investments measured at fair value through profit or loss

WealthTech LAIC is organized as a subgroup within LAIQON AG. The LAIC subgroup consists of LAIC Capital GmbH, Hamburg, as an intermediate holding company and its subsidiaries, LAIC Intelligence GmbH, Hamburg, LAIC Vermögensverwaltung GmbH, Hamburg, and V:KI GmbH, Hamburg. In its role as an asset manager, LAIC Vermögensverwaltung GmbH engages in financial portfolio management and also has permission to provide investment services in accordance with Section 15 of the German Securities Institution Act. The purpose of LAIC Intelligence GmbH is to provide, operate, maintain, manage and license IT and software products. FinTech growney GmbH, Berlin, also engages in financial portfolio management and is licensed to provide investment services in accordance with Section 15 of the German Securities Institution Act.

LAIQON Token GmbH, Hamburg, is also assigned to the LAIQON Digital Wealth business segment. Its purpose is to advise and support companies in connection with the issuance of (tokenized) financial instruments. The services particularly include consulting on the structure and marketing of (tokenized) financial instruments as well as support with investor relations.

Another of the 20 fully consolidated companies in the LAIQON Group is 53.10. Real Assets Treuhand GmbH, which handles investor relations for the legacy portfolio funds in the LAIQON Group business segment (see Section 2.2.2, LAIQON Group).

The shareholder structure of the LAIQON Group is presented on the previous page. In addition, Note 6.9.5.2 to the Consolidated Financial Statements sets out the reporting entity structure and the Group's shareholdings in accordance with Section 313 (2) of the German Commercial Code (HGB).

1.4 Planning and management process systems

The LAIQON Group has an internal planning and control system that allows it to respond to changes in the markets and its operating environment in a timely and efficient manner. Deviations from strategic and operational objectives are thus detected and appropriate adjustments initiated. One key aspect of the internal control system entails the extensive reporting and information facilities.

Short-term liquidity management is based on a rolling liquidity preview, which covers a forward range of one year, supplemented by medium-term forecasts. Both short-term liquidity forecasts and the medium-term model are based on the current business forecasts of the LAIQON Group and aligned with each other. LAIQON AG's Management Board is kept informed of all key performance indicators in reports submitted in monthly or even shorter intervals. The Management Board reports to the Supervisory Board on all matters pertaining to the Company's strategy, forecasts, business performance, risk exposure and management as well as its outlook on a regular, timely and comprehensive basis both in writing and orally. The Management Board requests the Supervisory Board's approval for all transactions of fundamental importance for the Company.

A total of 15 Supervisory Board meetings were held in 2023 (see also Report of the Supervisory Board).

In addition to assets under management, the LAIQON Group's key performance indicators are sales and consolidated operating earnings before interest, taxes, depreciation and amortization (EBITDA).

Clients and assets under management continued to grow in 2023. The assets managed by the LAIQON Group widened to EUR 6.1 billion as of December 31, 2023 in the LAIQON Asset Management, LAIQON Wealth Management and LAIQON Digital Wealth business segments (previous year: EUR 5.7 billion). The LAIQON Group's sales increased significantly to EUR 30.7 million (previous year: EUR 21.6 million). The growth initiatives introduced with GROWTH 25 and the associated scaling effects led to a significant improvement in operating earnings. EBITDA improved to EUR -4.7 million, compared with EUR -9.9 million in the previous year.

LAIQON AG has installed a risk management system for detecting threats to its business performance at an early stage and allowing it to take appropriate precautions. The Company produces a semi-annual risk report, which is prepared and verified for plausibility by the responsible risk manager. The risk report is submitted to the Management Board for inspection and approval (see also Section 5 Risk report).

2 Report on economic position

2.1 Macroeconomic and sector environment

2.1.1 Developments in the global economy

According to the German Council of Economic Experts, high inflation rates and monetary tightening by central banks exerted pressure on the global economy in 2023. Global economic momentum slowed over the course of the year compared to the spring. International commerce was subdued. The generally muted volume of trade is presumably largely due to the absence of post-pandemic catch-up effects, which had temporarily led to higher consumption of services but subsided over the course of 2023. In addition, global demand for goods was retarded by muted economic conditions, particularly in Europe and Asia. The global economy was supported solely by strong domestic demand in the United States. Weak domestic demand and the fragile real estate sector in China also dampened growth in the emerging markets and developing countries. In many other regions of the world, such as Japan, the Eurozone and the UK, high inflation rates exerted a drag on consumer spending. Compared to the United States, consumer price inflation in Europe is higher and took its toll on consumer demand, as consumers' real disposable incomes shrank significantly. In addition, the delayed effects of monetary policy on capital spending, particularly in the construction industry, are evident in both Europe and the United States. As inflation rates are now falling worldwide, monetary tightening by the central banks in the United States, the Eurozone and the UK can be assumed to have more or less peaked. Even so, consumer confidence is picking up only slowly in many advanced economies. Accordingly, the global economic outlook remains subdued. The German Council of Economic Experts expects global gross domestic product (GDP) to grow by 2.7% in 2023.

In 2023, the German economy continued to feel the effects of the 2022 energy crisis and higher inflation. Although there has not been a sharp decline in economic output so far, the German economy as a whole has not yet returned to a growth trajectory. In view of the subdued global economy and monetary tightening in the advanced economies, foreign trade and capital spending failed to generate any real expansionary impetus. The German Council of Economic Experts therefore expects global gross domestic product (GDP) in Germany to expand by 0.4% in 2023.

2.1.2 Conditions in the capital market

According to the LAIQON Group's assessment, 2023 as a whole was characterized by the persistently restrictive monetary policies pursued by Western central banks with the aim of bringing the previous year's high inflation rates back down to the long-term target of 2%. This was accompanied by a significant slowdown in real economic growth worldwide. The United States exhibited resilience relative to the Eurozone thanks to its expansionary fiscal policy, which alleviated the effects of the tight monetary policies pursued by the US Federal Reserve.

Inflation rates also declined significantly compared to 2022. The easing of the price situation is largely due to the fact that supply-driven inflation has subsided in the wake of the coronavirus pandemic, while the central banks were also able to keep medium to long-term inflation expectations in check with their delayed but then significant interest rate hikes.

In the United States, the initial adverse effects of the restrictive monetary policy became apparent in March 2023 with the bankruptcy of Silicon Valley Bank and other regional banks, which faced a combination of markdowns on their bond holdings and heavy outflows (bank run). The (regional) banking crisis, which in Europe culminated in the takeover of Credit Suisse by UBS, was alleviated by the Fed's "Bank Term Funding Program", which provided liquidity against high collateral at nominal values, meaning that distressed banks were no longer forced to realize market value losses.

After it became increasingly evident towards the end of 2023 that inflation in the United States was steadily heading towards its target corridor, the Fed hinted at an interest rate cut in 2024 at its December meeting.

Europe and the Eurozone are under particular geopolitical pressure as a result of the war in Ukraine. The associated adjustment processes, particularly in the energy sector, are producing stagflationary tendencies, particularly in Germany, and may result in stagnation. At the same time, there is a risk of "re-globalization" in combination with the Inflation Reduction Act in the United States, leading to a shift in industrial production and direct investment out of Europe (and Germany) to the United States.

China, the world's second-largest economy, disappointed expectations in 2023 following its post-pandemic "opening", failing to produce any significant positive impetus for demand, as consumers in particular remain nervous and the problems on the real estate market continued to place a damper on growth.

Surprisingly, many emerging markets performed well despite the restrictive US monetary policy. There was no flight of capital out of this region of the type seen in the 1990s.

A deterioration of the geopolitical situation was averted at the end of 2023 despite the terrorist attack by Hamas in Israel and Israel's subsequent military intervention in the Gaza Strip.

All told, the main equity indices closed the year higher amidst significant fluctuation. Specifically, the globally oriented MSCI World benchmark index (in USD) achieved substantial gains, advancing by 21.77% (previous year: down 19.6%), while the EURO STOXX50 climbed by 19.19% (previous year: down 11.9%), the DAX by

20.31% (previous year: down 12.3%), the MDAX by 8.04% (previous year: down 28.5%) and the SDAX by 17.06% (previous year: down 27.3%).

Even though pessimism was still strong at the start of 2023 and the majority of market participants anticipated a difficult capital market environment, with expectations of a significant US recession being very pronounced, both the equity and bond markets were less volatile than in the previous year. Nevertheless, the year saw heavy fluctuations at times, largely triggered by sharp movements in the bond market.

In March 2023, the banking crisis in the United States (and Europe) unleashed temporary turmoil, which was quickly resolved by central bank and political intervention.

There were clear distortions on the real estate market – particularly in the commercial real estate sector in the United States, but also in the financing market in Germany – and these were still being felt at the end of 2023.

However, there was no major shock event, thus keeping the VIX (the S&P 500 volatility index) consistently below the 20 mark from the second quarter of 2023.

After the Fed's last interest rate hike in July, the markets were already discounting an imminent turnaround in interest rates. Accordingly, yields on 10-year US Treasuries tested the 5% mark in October 2023 before going into reverse and closing the year at 3.88%. Yields on 10-year Bunds showed a similar pattern, peaking at just under 3% in October 2023 and ending the year at 2.02%.

The equity markets performed well over the course of the year despite a protracted correction between August and October. With yields on the bond market falling, driven by hopes of an imminent turnaround in interest rates and the absence of any new inflationary shocks, an impressive year-end rally emerged.

The "Magnificent 7" stocks in the United States (formerly "US BIG TECH"), which contributed a large part of the S&P 500's gains, were the main driver of the upbeat performance of equities in 2023. NVIDIA in particular benefited from developments in artificial intelligence. The European stock markets particularly performed well during the year-end rally.

The S&P 500 closed the year 22% higher (in EUR terms), with the DAX slightly behind with gains of 20.31%.

The credit markets were also generally favorable, as spreads narrowed significantly in 2023, providing support for the decline in yields on sovereign bonds from a duration perspective at the end of the year. Despite the noticeable increase in default rates since the end of 2022, there were no major distortions in the credit markets. Euro investment grade bonds achieved gains of over 8% and euro high-yields 12%. Accordingly, they substantially outperformed German government bonds (1–10 years), which posted gains of 4.5%.

From a multi-asset perspective, it is worth mentioning that all asset classes closed higher. Thus, gold was up almost 10% at the end of 2023. The commodity markets were the only disappointment, ending the year down roughly 10% (hedged in EUR).

2.1.3 Sustainability legislation

The LAIQON Group believes that, thanks to its allocation and multiplier function, the capital market has an important role to play in mobilizing the capital flows needed for achieving the comprehensive sustainability goals defined by the United Nations and the goals of the Paris Climate Agreement. To this end, a number of sustainable finance measures have been taken at a European and national level in order to enhance transparency and to establish minimum standards among other things. In 2023, clarity grew in some areas of the current sustainability legislation, while new points of reference emerged in other areas.

As far as participants in the financial markets are concerned, LAIQON AG assumes that the Disclosure Regulation (SFDR: Sustainable Finance Disclosure Regulation; EU Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector) in particular was an important step forward in terms of ESG transparency. This is because it provides investors with initial guidance regarding the sustainability profiles of financial products. The technical regulatory standards (Level 2) of the Disclosure Regulation took effect on January 1, 2023 and define the specific content, the methodology to be used and the manner in which the information to be disclosed is presented. The preliminary disclosure duties for financial market participants, including the "PAI statement" required under Article 4 (1) (a) or Article 4 (3) or (4) of Regulation (EU) 2019/2088, also came into effect.

The European Commission wants to additionally enhance transparency on sustainability in the financial market. Even in its second stage of implementation, the Disclosure Regulation is not the sole indicator of what financial products are considered sustainable in terms of financial advice and asset management. However, a further step towards achieving clarity on the implementation of financial products with a sustainable investment objective ("Article 9 products") was taken in April 2023 with the publication issued by the European Securities and Markets Authority ESMA. It answered a number of questions of interpretation of the European supervisory authorities regarding the implementation of the Disclosure Regulation. Specifically, the question was whether a company can be considered as a whole ("entity approach") in order to assess its ecological, social or economic impact, as opposed to an approach based on individual economic activities ("activity-based approach"). For example, companies are considered sustainable within the meaning of Article 2 No. 17 of the Disclosure Regulation if they meet the requirements for inclusion in a Paris-aligned benchmark (in accordance with the minimum standards for EU benchmarks for climate-related change and for Paris-aligned EU benchmarks in accordance with Delegated Regulation 2020/1818). Furthermore, additional clarity has been provided on how the material adverse effects of investment decisions on sustainability factors can be taken into account.

The target market concept for sustainable financial products, which has since been recognized by BaFin and was jointly developed by the main financial associations ("association concept"), continues to be of material importance for the design of the sustainability features of suitable financial products in Germany. In addition, BaFin's administrative practices, which emerged from the consultation version of the BaFin Guideline for Sustainable Investment Funds, apply. In 2023, a series of ongoing consultations (including the Naming Guidelines announced by ESMA in 2022) provided some insight into possible regulatory adjustments. The ESMA Naming Guidelines are already being applied by Luxembourg's CSSF. In addition, the regulation of ESG data providers (providers of "ESG ratings") was tightened up in the second half of 2023.

As before, financial market participants will increasingly require relevant data from companies for the selection of securities. LAIQON AG believes that the data reported in the European ESG Template (EET) on the investment strategy or securities selection process for financial products will also be of central importance. When the Corporate Sustainability Reporting Directive (CSRD) enters into force, it will increasingly be possible to use data in accordance with the EU taxonomy (EU Regulation 2020/852). However, this still affects only a small part of the economic activities financed. The European Union has set itself the ambitious goal of extending the taxonomy to include the entire EU economy. Other plans include an ESG/sustainability scale for financial products. For this purpose, the economic activities are now to be categorized in a traffic light system that contains an additional transforming category (yellow) in addition to environmentally harmful (red) and environmentally friendly activities (green). It is hoped that this traffic light system will render companies' transition processes more transparent and specifically support them.

2.2 Business performance and economic situation

2.2.1 Material events in 2023

Adoption of new LAIQON AG name
With the entry in the commercial register taking effect on January 2, 2023, the Company officially changed its name from Lloyd Fonds AG to LAIQON AG. The Company thus implemented the resolution passed at the 2022 annual general meeting to change its name and to effect the corresponding amendments to its articles of incorporation. This also involved a change in the stock market ticker to LQAG (previously: L1OA). There has been no change to the previous international securities identification number (ISIN) DE000A12UP29 and the national securities identification number (WKN) A12UP2.

Convertible bond 2023/27 placed
In February 2023, LAIQON AG issued convertible bond 2023/27 with a nominal amount of EUR 5.0 million and a term of four years.

Convertible bond 2023/27 was subscribed to solely by investors in Germany and Luxembourg in a prospectus-free private placement subject to the exclusion of the shareholders' pre-emptive subscription rights.

It is subject to a coupon of 6.50% p.a. payable semi-annually, for the first time on August 21, 2023. The conversion price was set at EUR 10.00 and will be subject to the customary market adjustment mechanisms from 2024 in accordance with the issuance conditions for the convertible bonds (however, dilution protection is excluded for 2023).

The convertible bond was admitted to trading on the open market of the Frankfurt stock exchange under the security identification number ISIN DE000A30V885.

Achim Plate's mandate as CEO renewed
On March 29, 2023, the Supervisory Board of LAIQON AG passed a resolution to prematurely renew Dipl. -Ing. Achim Plate's mandate as Chief Executive Officer (CEO) for a further three years from January 1, 2024 until December 31, 2026.

Interest in QC Partners GmbH acquired
In May 2023, LAIQON AG, together with other parties, acquired a total interest of 80% in the investment boutique QC Partners GmbH, Frankfurt am Main. LAIQON AG initially acquired 30% of the shares and – subject to the approval of the German Federal Financial Supervisory Authority and the successful completion of the owner control proceedings – will thus become the largest shareholder of QC Partners GmbH (see "Material events occurring after the reporting date").

The investment in QC Partners GmbH will provide reinforcement for the further development of solutions for institutional clients and widen the LAIQON Group's capabilities in the Asset Management, Wealth Management and Digital Wealth business segments.

Convertible bond 2023/28 placed

In May 2023, LAIQON AG issued convertible bond 2023/28 with a nominal amount of EUR 20 million and a term of five years under a public offer and a simultaneous private placement, subject to a coupon of 7.00% p.a, payable semi-annually, for the first time on November 24, 2023. The initial conversion price was set at EUR 10.50 and is subject to the customary market adjustment mechanisms from 2024 in accordance with the issuance conditions for convertible bond 2023/28 (however, dilution protection is excluded for 2023).

The convertible bond was admitted to trading on the open market of the Frankfurt stock exchange under the security identification number ISIN DE000A351P38.

Annual general meeting 2023

At LAIQON AG's annual general meeting on August 23, 2023, at which roughly 50% of the Company's share capital was represented, all resolutions on the nine items of the agenda were passed with majorities of up to 99.94%. This particularly included item 8 of the agenda concerning the re-election of Mr. Jörg Ohlsen and Prof. Wolfgang Henseler to the Supervisory Board for a period expiring at the end of the annual general meeting at which resolutions are passed to ratify the actions of the members of the Supervisory Board for the 2027 financial year. Both gentlemen accepted re-election. At the subsequent Supervisory Board meeting of LAIQON AG, Mr. Ohlsen was re-elected Deputy Chairman of the Supervisory Board.

In addition, under agenda item 8, Mr. Helmut Paulus was elected as a new member of the Supervisory Board for a period expiring at the end of the annual general meeting at which resolutions are passed to ratify the actions of the members of the Supervisory Board for the 2027 financial year. He also accepted the election.

The previous Supervisory Board member Mr. Peter Zahn had stepped down from the Supervisory Board of LAIQON AG for personal reasons at the end of this year's annual general meeting.

"meine Bayerische Vermögen" asset management joint venture launched

Asset management company "meine Bayerische Vermögen" GmbH (mBV), Rosenheim, commenced operations in December 2023 after successfully completing the procedure for obtaining a license from the German Federal Financial Supervisory Authority under Section 15 of the German Securities Institution Act on September 21, 2023.

mBV is a joint venture between asset manager BV Bayerische Vermögen GmbH, Munich, a wholly owned subsidiary of LAIQON AG, and meine Volksbank Raiffeisenbank eG (mVBRB Rosenheim). BV Bayerische Vermögen GmbH holds a 25% stake in mBV. Accordingly, 75% of the shares in the joint venture are held by mVBRB Rosenheim.

The aim of both partners is to position mBV as a full-service provider in the rapidly growing asset management market for high-net-worth clients. As a major independent asset manager and strong brand in Bavaria, BV Bayerische Vermögen GmbH is contributing its expertise and the platform strategy developed for the LAIQON Group's existing wealth products and solutions to the joint venture.

Partnership agreement signed between LAIQON and Union Investment on the use of LAIC-AI

On December 18, 2023, LAIC Vermögensverwaltung GmbH, Hamburg, an indirect subsidiary of LAIQON AG, signed a partnership agreement with Union Investment Privatfonds GmbH, Frankfurt am Main, and Union Investment Service Bank AG, Frankfurt am Main.

As announced in the ad-hoc bulletins of April 20, 2023 and September 27, 2023, the partnership agreement with Union Investment provides for the joint initiation of a new type of fund-based individual asset management for high-net-worth clients of the cooperative banks' financial services network "Genossenschaftliche FinanzGruppe". This product leverages the technical possibilities of LAIQON's DAP 4.0 in the form of digital closing routes and the AI of LAIC ADVISOR® to provide outsourced financial portfolio management and reporting support.

2.2.2 Main business segments

Segment reporting has been realigned under the new group name LAIQON in 2023. As of June 30, 2023, the LAIQON Group is composed of four business segments: LAIQON Asset Management (previously: LLOYD FONDS), LAIQON Wealth Management (previously: LLOYD VERMÖGEN), LAIQON Digital Wealth (previously: LLOYD DIGITAL) and LAIQON Group (previously: LLOYD FONDS GROUP), which are described below.

LAIQON Asset Management

The LAIQON Asset Management business segment offers clients actively managed equity, fixed-income, mixed and single-hedge funds with a clear focus on active alpha strategies. In addition, it manages and supervises special mandates selected for institutional investors.

The assets under management allocated to the LAIQON Asset Management business segment were valued at roughly EUR 4.10 billion as of December 31, 2023. A total of around 30 retail funds are offered and around 40 special mandates managed.

Collective financial portfolio management in the LAIQON Asset Management business segment is handled by SPSW Capital GmbH, Hamburg, and MFI Asset Management GmbH, Munich. Both are investment services companies with a license in accordance with Section 15 of the German Securities Institution Act. The object of SPSW Capital GmbH in accordance with its articles of incorporation is to provide investment advice, investment brokerage and financial portfolio management services pursuant to Section 2 (2) of the German Securities Institution Act. Universal-Investment-Gesellschaft mbH, Frankfurt am Main, is the capital management company for the funds managed by SPSW Capital GmbH.

Via MFI Asset Management GmbH, Munich, the traditional management of institutional funds primarily takes the form of highly individualized special mandates. This investment boutique specializes in asymmetric investment strategies, entailing a risk-optimized bond strategy, tactical asset allocation, quantitative asset allocation and a modular combined approach. Sustainability risks can be factored in via established ESG data providers, for example in the form of exclusions depending on client preferences. Further capital management companies are involved in the special mandates managed by MFI Asset Management GmbH.

Active fund management is a key feature of the LAIQON retail funds. Active value creation is particularly achieved through the active monitoring of fund positions by the responsible fund managers. Such active management, which requires more time, is effectively only possible within the framework of concentrated portfolios. To this end, the fund managers focus on a manageable number of issuers in the LAIQON funds, something which allows for in-depth analysis of the target companies and offers potential for generating significant added value. The long-term value of a company is at the core of fund management. This value is made up of a company's profitability and corresponding growth opportunities. The funds only consider those issuers of whose merits the fund managers are convinced following thorough analysis with accompanying management contacts and which are permissible within the framework of the fund's specific sustainability structure. All fund managers have been pursuing their fund strategies for years, receiving regular awards for their achievements.

The LAIQON Group believes that it is essential for funds to be aligned to sustainability requirements. The strategies pursued by individual funds are therefore to be expanded as far as possible to take full account of sustainable investments in accordance with Article 8 and 9 of the Disclosure Regulation. Four of the eleven IQ-based mutual funds actively on offer already comply with Article 9 of the Disclosure Regulation. A further three retail funds also comply with Article 8U in accordance with the association concept of the German target market for sustainability preferences. This means that they have a defined minimum quota of sustainable investments, which can take the form of green bonds, SBTIs or SDGs.

In addition to the further expansion of sustainability elements in the LAIQON funds, the active component and commitment are to be strengthened as a core competence of the LAIQON Asset Management business segment.

LAIQON Wealth Management

The LAIQON Wealth Management business segment provides holistic and personal asset management for wealthy and institutional clients as well as for foundations and family offices.

The assets under management allocated to the LAIQON Asset Management business segment stood at around EUR 1.45 billion as of December 31, 2023.

Asset management companies Lange Assets & Consulting GmbH, Hamburg, and BV Bayerische Vermögen GmbH, Munich, form part of the LAIQON Wealth Management business segment. Both companies provide individual financial portfolio management services and are licensed to offer investment services in accordance with Section 15 of the German Securities Institution Act. In addition, they are members of VuV – Association of Independent Asset Managers in Germany. As well as this, m+c Asset Allocation GmbH provides independent, specialized asset allocation advice for institutional investors.

Lange Assets & Consulting GmbH and BV Bayerische Vermögen GmbH develop and implement holistic and comprehensive asset management strategies as a basis for providing broad personal management and advisory services. In doing so, they offer their clients standardized defensive, balanced and dynamic strategies as well as completely individual strategies.

In standardized asset management, defensive, balanced and dynamic strategies are offered to clients for a minimum investment amount of EUR 500,000. The investment approach of the investment strategies covers a broad range of asset classes. A large number of sub-segments within equities, bonds, alternative investments and liquidity are used to ensure the broadest possible diversification. The strategic allocation of the portfolio is derived from the characteristics and the diversification potential of the individual asset classes. Another key component is tactical asset allocation. Here, indicators are used to react to various market conditions. Among other things, the market is valued on the basis of trend indicators, sector rotation as well as sentiment.

In addition to standardized asset management, BV Bayerische Vermögen GmbH, Munich, and Lange Assets & Consulting GmbH, Hamburg, develop and implement individual, comprehensive asset concepts by means of fully comprehensive personal support and advice. Lange Assets & Consulting GmbH has amassed additional expertise in managing family office mandates. The aim here is to offer high-net-worth individuals and institutions end-to-end asset management based on high-performance reporting, which structures the entire assets across various asset managers and different asset classes and optimizes them in line with the client's objectives.

As well as this, m+c Asset Allocation GmbH, Munich, offers institutional investors, family offices, banks and asset managers customized advisory concepts for managing their investments. As a specialist in allocation consultancy, its core competence lies in strategic and tactical asset allocation, as well as individual manager selection tied to specific market phases and targeted monitoring.

With respect to wealth management, the LAIQON Group also attaches importance to raising clients' awareness of sustainability issues and to discussing the potential opportunities and risks at the mandate level. LAIQON Wealth Management's target for 2025 is to fully cover the range of services in accordance with Articles 8 and 9 of the Disclosure Regulation.

LAIQON Digital Wealth
The LAIQON Digital Wealth business segment offers digital and risk-optimized investment solutions for retail investors and institutional clients via WealthTech company LAIC and FinTech company growney. On top of this, it engages in activities relating to the tokenization of assets via LAIQON Token GmbH, Hamburg.

WealthTech company LAIC is organized as a subgroup within the LAIQON Group. The LAIC subgroup consists of LAIC Capital GmbH, Hamburg, as an intermediate holding company and its subsidiaries, LAIC Intelligence GmbH, Hamburg, LAIC Vermögensverwaltung GmbH, Hamburg, and V:KI GmbH, Hamburg. As an asset manager, LAIC Vermögensverwaltung GmbH provides financial portfolio management and has permission to provide investment services in accordance with Section 15 of the German Securities Institution Act. It is also a member of VuV – Association of Independent Asset Managers in Germany.

FinTech company growney GmbH, Berlin, in which LAIQON AG holds a 75% stake as of December 31, 2023, also engages in financial portfolio management and holds a license to provide investment services in accordance with Section 15 of the German Securities Institution Act.

LAIQON Token GmbH, Hamburg, a wholly owned subsidiary of LAIQON AG, is also assigned to the LAIQON Digital Wealth business segment. Its purpose is to advise and support companies in connection with the issuance of (tokenized) financial instruments.

The assets under management allocated to LAIQON Digital Wealth were valued at around EUR 0.55 billion as of December 31, 2023.

WealthTech company LAIC offers digital and risk-optimized investment solutions for portfolio optimization for retail investors and institutional clients with a special focus on risk management on the basis of its proprietary, artificial intelligence-based system (LAIC ADVISOR®). It is capable of structuring and evaluating individual portfolios from a large data universe made up of retail funds, ETFs, ETCs, shares, derivatives and national economies and adjusting them simultaneously according to the market situation and customer preferences. This gives clients the opportunity to assemble their own highly personalized wealth management product. Bayesian neural networks are used in portfolio management, among other things, to systematically factor in uncertainty and enable a robust forecast of returns.

WealthTech LAIC's product range includes individual custody accounts (minimum investment volume EUR 50,000), equity and mixed funds for private and institutional investors as well as unit-linked, tax-privileged pension insurance policies.

Some funds were realigned in 2023. The two strategically realigned and renamed funds initiated by WealthTech LAIC, LF – AI Impact Equity EU and LF – AI Impact Equity US, pursue a different approach. They are both AI-driven equity funds that invest in a risk/return-optimized portfolio of European or American equities and aim to achieve a decarbonization rate of around 7% p.a., thus significantly outperforming the relevant MSCI Europe/United States benchmarks. In addition, the funds have included far-reaching exclusions in their investment strategies to avoid any negative impact on environmental or social objectives. The funds were strategically realigned in accordance with Article 9 of the Disclosure Regulation on October 16, 2023.

growney GmbH is a digital asset manager specializing in direct retail business with ETF-based investment solutions. The range comprises a total of ten different investment strategies or portfolios that pursue a common investment concept based on passive exchange traded funds (ETFs). The investment universe is composed of up to 5,000 equities and bonds from 45 countries. In addition, the various strategies are rebalanced regularly and automatically. Digital access is being systematically expanded to include other financial products, such as overnight and fixed-term deposits and digital pension insurance products.

LAIQON Token GmbH engages in tokenization as a service ("TaaS"). At the core of this service, LAIQON Token GmbH is available to its clients as a central partner for token-based investments. For this purpose, the client obtains from LAIQON Token GmbH certain services in connection with project planning, sales support, onboarding and investor services under a TaaS contract.

LAIQON Token GmbH has already completed several tokenization projects. A token project was implemented in 2023 with Volksbank Main-Tauber eG and DORI Vermögensverwaltungs GmbH. Under this transaction, the entity known as Werte NL VMG GmbH, a joint project with Volksbank Main-Tauber eG and DORI Vermögensverwaltungs GmbH, tokenized a bond. This allowed investors to acquire digital tokens that securitized the rights under the bond. The purpose of the issue was to assemble a portfolio of valuable vintage cars, sports cars and luxury vehicles.

LAIQON Group
The LAIQON Group business segment mainly comprises the LAIQON Group's administrative processes and sales activities. In addition, it manages the closed-end funds still operating under the Group's legacy business (previously LLOYD FONDS Real Assets, with activities in real estate, shipping and other assets).

With effect from December 31, 2023, LAIQON AG sold the majority of the fund entities (with the exception of the active real estate funds) held in the former LLOYD FONDS Real Assets business segment to the long-standing managing director under a purchase and transfer agreement. The agreement includes 73 shares in limited liability entities and 59 limited partnership interests in partnerships, many of which are insolvent or in liquidation.

As of December 31, 2023, the real estate team managed three active funds investing in Germany and the Netherlands. The portfolio comprises a leased floor area of around 16,700 square meters with a current number of 11 tenants. The occupancy rate stands at around 94%, based on usable office space.

The LAIQON Group's sales activities are currently mainly being managed by LAIC Vermögensverwaltung GmbH as well as LAIQON Solutions GmbH, Hamburg, and LAIQON Financial Service GmbH, Hamburg.

LAIQON Solutions GmbH handles the central processing, coordination and management of the distribution activities of the LAIQON Group in the form of sales to retail clients via partner and third-party channels as well as to institutional clients. It holds licenses to perform the activities of a financial investment broker in accordance with Section 34f (1) of the Trade Code and the activities of an insurance broker in accordance with Section 34d (1) of the Trade Code. LAIQON Financial Service GmbH provides support and advice for financial and insurance brokers and also acts as an interface between financial and insurance brokers and the product providers. It holds licenses to perform the activities of an insurance broker in accordance with Section 34d (1) Sentence 2 of the Trade Code and the activities of a financial investment broker in accordance with Section 34f (1) Nos. 1 to 3 of the Trade Code.

2.3. Target achievement and general statement on economic situation

In a volatile capital market environment characterized by sharp interest rate hikes and record inflation, LAIQON AG continued to implement its GROWTH 25 strategy. In doing so, it reached the following main milestones:

GROWTH 25: Innovations driving growth as an asset management factory

The LAIQON Group is positioning itself as an innovative quality leader in asset management in Germany as an asset management factory. To this end, it is operating in four growth markets, namely asset management, wealth management, digital wealth and advisory. At the 2023 annual general meeting on August 23, 2023, six innovation-driven strategy elements were presented, with details given of the progress made in implementing them as drivers for GROWTH 25. One of the LAIQON Group's priorities is sustainable investing and AI in portfolio management.

It is a premium-quality provider of over 50 wealth products and solutions for both private and institutional clients. The aim is to offer clients the greatest possible quality with the Group's products and solutions. This is achieved with the digitization skills that have been amassed and partly also with the Group's AI capabilities.

The Digital Asset Platform 4.0 strategy is the connecting element of the business model, enabling the LAIQON Group to address the entire client value chain and to scale it as required.

Under GROWTH 25, the platform strategy is to be additionally scaled up. LAIQON AG expects this growth to be primarily driven organically and through the continued operationalization of the six strategic elements as driving forces behind GROWTH 25. In addition to a focus on sustainable investing and the further expansion of the use of AI in portfolio management, this particularly also includes the expansion of the partnerships with the cooperative banks' financial services network Genossenschaftliche FinanzVerbund.

Focus on sustainable investing

Sustainability is one of the main thrusts of the LAIQON Group's GROWTH 25 strategy. Looking forward, the LAIQON Group will be seeking to play a leading role in the industry in terms of sustainable investing. The aim is to broaden the LAIQON Group's entire product and solution world in such a way that it best complies with Articles 8 and 9 of the Disclosure Regulation.

Considerable progress towards this goal was achieved in 2023. As a result, six of the 16 mutual funds currently actively on offer which the LAIQON Group manages on an IQ- or AI-driven basis already comply with Article 9 of the Disclosure Regulation.

Unique AI expertise
LAIQON AG has built up what it believes to be unique AI expertise in the German asset management market with the LAIC ADVISOR® via its WealthTech LAIC. It has now assembled a broad portfolio of products and solutions aimed at both private and institutional investors. The AI uses Bayesian neural networks, which permit quantified forecasts combined with a probability indicator. Highly personalized AI-based portfolios form the flagship asset management product. More than 300,000 different portfolio constellations can now be managed simultaneously by LAIC ADVISOR®. LAIQON AG believes that no other operator in the German asset management market can manage AI-based portfolios on this scale.

Implementation of sales channels and new partnerships
As the number of market participants to be addressed is growing and becoming more diverse, particularly due to the new online channels, sales through the four sales channels - direct sales, online sales, external partner sales and white label exclusive partners - underwent further expansion in 2023.

With the product diversity that has been achieved, the LAIQON Group is able to offer a full range addressing almost all target groups, something which is enhancing the high future scalability of its business model.

In 2023, further sales partnerships, particularly with the cooperative banks' financial services network, were forged. One milestone in the LAIQON Group's ongoing development was the establishment of a partnership with Union Investment for the use of LAIC-AI. The partnership agreement with Union Investment covers the joint initiation of a new type of fund-based individual asset management (known as "iFVV") for high-net-worth customers of the cooperative banks' financial services network. This product leverages the technical possibilities of LAIQON DAP 4.0 in the form of digital closing routes and the AI offered by LAIC ADVISOR® to provide outsourced financial portfolio management and reporting support. Union Investment will be working with partner banks in the cooperative banks' financial services network to acquire target customers for the iFVV product and enter into individual asset management contracts via the joint iFVV product. For Union Investment, iFVV is an exclusive offering for the high-end management segment of the cooperative banks' financial services network. This fund-based individual asset management product is to be launched step by step in the fourth quarter of 2024 via Union Investment's existing sales partnerships with the partner banks.

Another milestone was reached with the establishment of a forward-looking asset management system for high-net-worth clients with meine Volksbank Raiffeisenbank eG (mVBRB Rosenheim) in the Upper Bavaria/Munich region. To this end, asset manager BV Bayerische Vermögen GmbH and mVBRB Rosenheim combined their expertise in the new asset management company "meine Bayerische Vermögen" GmbH (mBV). The aim of both partners is to position mBV as a full-service provider in the rapidly growing asset management market for high-net-worth clients. As a major independent asset manager and strong brand in Bavaria, BV Bayerische Vermögen GmbH is contributing its expertise and the platform strategy developed for the LAIQON Group's existing wealth products and solutions to the joint venture. For mVBRB Rosenheim, mBV is an additional independent advisory service with an extended platform for high-net-worth wealth management clients. The new asset management service was launched in December 2023.

Increase in assets under management to EUR 6.1 billion
Clients and assets under management continued to grow in 2023. The assets managed by the LAIQON Group widened to EUR 6.1 billion as of December 31, 2023 in the LAIQON Asset Management, LAIQON Wealth Management and LAIQON Digital Wealth segments (2022: EUR 5.7 billion). LAIQON Asset Management manages assets worth around EUR 4.10 billion, LAIQON Wealth Management around 1.45 billion and LAIQON Digital Wealth around EUR 0.55 billion for their clients. The total assets managed by the LAIQON Group thus increased organically by a further EUR 400 million in 2023 in a volatile capital market environment characterized by sharp interest rate hikes and record inflation.

The assets managed by the LAIQON Group have thus grown by 455 % since December 2019. This corresponds to a compound annual growth rate of 53 % in this period for assets under management.

Increase in sales to EUR 30.7 million
The LAIQON Group generated total sales of EUR 30.7 million in 2023 (previous year: EUR 21.6 million), equivalent to a year-on-year increase of 42 %. As in the previous year, it was unable to charge any significant performance fees in 2023.

Sales increased in all three of the LAIQON Group's operating business segments as well as in the LAIQON GROUP business segment. In the LAIQON Asset Management business segment, sales increased by around 22 % (2023: sales of EUR 15.3 million, previous year: EUR 12.5 million), in the LAIQON Wealth Management business segment by around 73 % (2023: sales of EUR 7.2 million, previous year: EUR 4.2 million), in the LAIQON Digital Wealth business segment by around 174 % (2023: sales of EUR 2.2 million, previous year: EUR 0.8 million) and in the LAIQON Group business segment by around 48 % (2023: sales of EUR 6.1 million, previous year: EUR 4.1 million).

Improvement in EBITDA to EUR -4.7 million
The growth initiatives introduced with GROWTH 25 and the associated scaling effects led to a significant improvement in operating earnings. Thus, Group earnings before interest, taxes, depreciation and amortization (EBITDA) improved to EUR -4.7 million (previous year: EUR -9.9 million).

In particular, EBITDA improved in the LAIQON Digital Wealth segment, coming to EUR -2.9 million (previous year: EUR -4.5 million) and clearly reflecting the planned scaling effects. EBITDA also improved significantly in the LAIQON GROUP business segment, reaching EUR -4.4 million (previous year: EUR -7.7 million).

3 Results of operations, net assets and financial condition

3.1 Results of operations

The breakdown of and changes in the individual items of the LAIQON Group's income statement are described in the following analysis.

The Group's results of operations in the year under review as well as in the previous year were as follows:

EUR thous.	2023	2022
Sales	30,746	21,575
Cost of materials	-5,941	-3,665
Staff costs	-20,226	-17,113
Depreciation/amortization and impairment losses	-6,386	-4,711
Net other operating income/expenses	-8,658	-11,024
Share of profit of associates	-614	281
Earnings before interest and taxes (EBIT)	**-11,079**	**-14,657**
Net finance income/expense	-8,889	-1,630
Earnings before taxes (EBT)	**-19,968**	**-16,288**
Income taxes	7,094	5,747
Consolidated net profit/loss	**-12,874**	**-10,541**
of which attributable to non-controlling interests	**-552**	**-376**
of which attributable to LAIQON shareholders	**-12,322**	**-10,165**

Sales are a key performance indicator for the LAIQON Group. Sales changed as follows in the year under review:

EUR thous.	2023	2022
Income from fund and asset management	28,781	21,267
Income from arrangement and structuring services	1,965	308
Others	–	–
Sales	**30,746**	**21,575**

Compared with the previous year, sales rose by a total of EUR 9,171 thousand to EUR 30,746 thousand. This is due to additions to the reporting entity structure as well as non-recurring proceeds from disposals. Income from arrangement and structuring services came to EUR 1,965 thousand in the year under review.

The cost of materials increased by EUR 2,276 thousand over the previous year to EUR 5,941 thousand, primarily due to the enlarged reporting entity structure.

Staff costs came to EUR 20,226 thousand, compared with EUR 17,113 thousand in the previous year.

In addition, income of EUR 186 thousand from reversal effects arose in the year under review (previous year: expense of EUR 134 thousand) for the stock option program (SOP) for individual employees and for the phantom stock plans (PSP).

The employer contributions to the statutory pension scheme as well as contributions to direct insurance cover are classified as defined-contribution plans in accordance with IAS 19.38. In the year under review, these expenses came to EUR 1,020 thousand (previous year: EUR 683 thousand).

Compared with the previous year, amortization/depreciation increased by EUR 1,675 thousand to EUR 6,386 thousand. In the year under review, systematic depreciation of property, plant and equipment climbed by EUR 512 thousand to EUR 2,506 thousand. This included depreciation of right-of-use assets of EUR 1,889 thousand (previous year: EUR 1,387 thousand). The increase in the amortization of intangible assets from EUR 2,718 thousand to EUR 3,880 thousand is mainly due to the amortization of customer relationships recognized in connection with business combinations.

The reduction in net other operating expenses from EUR 11,024 thousand to EUR 8,658 thousand particularly reflects non-recurring income from deconsolidation and lower legal and consulting costs.

The share of profit of associates of a negative EUR 614 thousand (previous year: positive EUR 281 thousand) is primarily due to the disposal of several investments in the year under review.

Net finance expenses came to EUR 8,889 thousand, compared with EUR 1,630 thousand in the previous year. The net interest expenses of EUR 10,867 thousand (previous year: EUR 3,893 thousand) particularly stem from interest expenses in connection with purchase price liabilities (EUR 5,499 thousand), interest expenses for convertible bonds (EUR 1,773 thousand) and the discount factor unwind on lease liabilities under IFRS 16 (EUR 579 thousand).

The remaining net finance expenses of EUR 724 thousand include the fair value measurement of financial assets in accordance with IFRS 9 and are particularly influenced by the measurement of custodian accounts.

As a result, the LAIQON Group achieved earnings before taxes (EBT) of EUR -19,968 thousand (previous year: EUR -16,288 thousand).

Income taxes for the year under review stand at EUR 7,094 thousand, compared with EUR 5,747 thousand in the previous year. The deferred income taxes of EUR 6,782 thousand (previous year: EUR 5,476 thousand) primarily comprise deferred income tax assets of EUR 3,824 thousand for unused tax losses within the five-year planning horizon (previous year: EUR 4,811 thousand). Based on the underlying Group budget, future Group profits will benefit from tax advantages derived from unused tax losses. Current tax income/expenses includes income of EUR 312 thousand (previous year: EUR 271 thousand). Tax income is attributable in particular to reversed tax provisions and positive tax group effects.

All told, the consolidated net loss attributable to the shareholders of LAIQON came to EUR 12,322 thousand (previous year: EUR 10,165 thousand).

Following the realignment of its segment reporting in 2023, the LAIQON Group reports on four business segments. This section provides further information on the consolidated earnings contributed by the LAIQON Asset Management, LAIQON Wealth Management, LAIQON Digital Wealth and LAIQON Group business segments.

3.1.1 LAIQON Asset Management business segment

The sales of EUR 15,282 thousand consist of income from the management of retail funds and special mandates. Net other operating expenses (EUR 2,543 thousand) mainly comprise IT and license expenses (EUR 1,061 thousand) as well as legal and consulting expenses (EUR 311 thousand).

3.1.2 LAIQON Wealth Management business segment

The sales of EUR 7,161 thousand consist of income from individual asset management for high-net-worth clients and institutional investors. Net other operating expenses (EUR 1,984 thousand) mainly comprise IT and license expenses (EUR 942 thousand) as well as legal and consulting expenses (EUR 119 thousand).

3.1.3 LAIQON Digital Wealth business segment

The sales of EUR 2,213 thousand consist of income from the management of digital and risk-optimized investment solutions as well as income from asset tokenization. Net other operating expenses (EUR 838 thousand) consist of non-recurring income from deconsolidation net of IT and license expenses (EUR 1,038 thousand) and legal and consulting expenses (EUR 390 thousand).

3.1.4 LAIQON Group business segment

The sales of EUR 6,089 thousand consist of EUR 3,356 thousand from the declining legacy business (formerly LLOYD FONDS Real Assets business segment). Non-recurring commission income was generated through the sale of a number of assets. The net operating expenses of TEUR 3,293 thousand include legal and consulting expenses of EUR 2,438 thousand net of non-recurring deconsolidation income. The segment primarily includes staff costs for the administrative and corporate units such as accounting, legal, communications (IR/PR) including marketing and the Management Board as well as other general operating expenses. Some of the central costs are allocated proportionately on the basis of sales or employee numbers to the other business segments for the purposes of segment reporting.

3.2 Net assets

The Group's net assets as of the end of 2023 are analyzed in the following table:

Assets EUR thous.	2023	2022
Property, plant and equipment and intangible assets	100,416	100,729
Financial assets	2,593	2,613
Deferred income tax assets	22,415	15,003
Receivables and other assets	12,065	11,121
Cash and cash equivalents	7,139	10,375
Total assets	**144,628**	**139,841**

Equity and liabilities EUR thous.	2023	2022
Consolidated equity	54,677	72,088
Deferred income tax liabilities	17,681	17,052
Financial liabilities	38,346	18,846
Other liabilities	33,924	31,856
Total assets	**144,628**	**139,841**

Total assets rose by EUR 4,787 thousand from EUR 139,841 thousand in the previous year to EUR 144,628 thousand as of December 31, 2023. This was due to the following factors:

On the assets side, property, plant and equipment and intangible assets dropped slightly by EUR 313 thousand to EUR 100,416 thousand. Additions to property, plant and equipment amounted to EUR 561 thousand and were related to the acquisition of IT hardware and the purchase of new operating and office equipment. Alongside the additions to assets in the reporting period, right-of-use assets as defined in IFRS 16 exerted a particularly strong effect. The right-of-use assets were valued at EUR 10,397 thousand as of the reporting date (previous year: EUR 7,569 thousand).

Intangible assets declined by EUR 3,079 thousand to EUR 87,214 thousand (previous year: EUR 90,293 thousand) due to systematic depreciation and include goodwill as well as fund management contracts accruing through acquisitions.

Financial assets dropped slightly by EUR 20 thousand to EUR 2,593 thousand due in particular to the additions to and disposals of investments accounted for using the equity method.

Deferred income tax assets of EUR 18,828 thousand were recognized in the year under review on unused tax losses (previous year: EUR 15,003 thousand). Based on the underlying Group budget with a forward range of five years, future Group profits will benefit from tax advantages derived from unused tax losses.

Receivables and other assets climbed slightly to EUR 12,065 thousand (previous year: EUR 11,121 thousand).

Cash and cash equivalents fell by a total of EUR 10,375 thousand to EUR 7,139 thousand. Reference should be made to the notes on the Group's financial condition for a detailed analysis of cash and cash equivalents.

On the other side of the balance sheet, equity contracted by EUR 17,411 thousand to EUR 54,677 thousand as of the reporting date. This decline is primarily attributable to the loss for the period as well as the initial recognition of the call option on the non-controlling interests in SPSW Capital GmbH (EUR 5,378 thousand). A put option was agreed upon in connection with the sale of 20% of the shares in LAIC Intelligence GmbH. This resulted in a deduction of EUR 447 thousand (previous year: EUR 251 thousand) from equity as of the reporting date.

The equity ratio in the reporting year amounted to 37.8% after 51.6% in the previous year.

Deferred income tax liabilities increased slightly to EUR 17,681 thousand.

Financial liabilities climbed by EUR 19,500 thousand to EUR 38,346 thousand.

Non-current financial liabilities particularly include liabilities under convertible bonds of EUR 26,509 thousand (previous year: EUR 3,810 thousand) as well as lease liabilities in accordance with IFRS 16 of EUR 9,119 thousand (previous year: EUR 6,650 thousand). In 2023, the annuity loan taken out in the previous year was repaid prematurely and in full. Current financial liabilities include current rental and lease liabilities as well as interest outstanding and not yet paid as of the reporting date in connection with the convertible bonds.

Other liabilities rose by EUR 2,068 thousand to EUR 33,924 thousand and include trade payables of EUR 3,125 thousand (previous year: EUR 4,323 thousand), other provisions of EUR 151 thousand (previous year: EUR 310 thousand), liabilities to related parties of EUR 2,662 thousand (previous year: EUR 3,549 thousand), the net asset value attributable to other limited partners of EUR 5,993 thousand (previous year: EUR 4,359 thousand) and current income tax liabilities of EUR 330 thousand (previous year: EUR 1,982 thousand).

In addition, they primarily include the discounted purchase price liabilities of a total of EUR 5,528 thousand for the acquisition of SPSW Capital GmbH (previous year: EUR 7,891 thousand) as well as the discounted purchase price liability of EUR 1,567 thousand in connection with the acquisition of Lange Assets & Consulting GmbH (previous year: EUR 2,010 thousand). In addition, they include the purchase price liabilities from the acquisition of BV Holding AG (EUR 1,734 thousand; previous year: EUR 1,130 thousand) and Selection Asset Management GmbH (EUR 426 thousand; previous year: EUR 815 thousand). A put option was agreed upon in connection with the sale of 20% of the shares in LAIC Intelligence GmbH and is recognized as a non-current liability of EUR 447 thousand as of the reporting date (previous year: EUR 251 thousand).

Liabilities to related parties mainly concern the liability arising from future purchase price installments to be paid to Plate & Cie. GmbH for the shares in SPSW Capital GmbH.

3.3 Financial condition

The LAIQON Group's financial management activities are handled by the finance department with the primary purpose of safeguarding solvency and strengthening the Group's financial resources. Treasury activities ensure the availability of liquidity at all times within the Group, manage risks arising from financial instruments and optimize Group-wide cash management. To this end, rolling liquidity planning broken down by currency and with a horizon of up to one year is used. The medium-term financial forecast is prepared using an integrated planning tool based on the current business forecast for the following five financial years.

The Group's financial condition in the year under review as well as in the previous year was as follows:

EUR thous.	2023	2022
Consolidated net profit/loss before non-controlling interests	-12,874	-10,541
Non-cash income and expenses	4,787	6,748
Changes to working capital	-3,192	-4,349
Dividends and profit distributions received	1,864	5,903
Interest and income taxes received and paid	-1,320	-526
Cash flow from operating activities	**-10,735**	**-2,765**
Cash flow from investing activities	-1,315	-8,472
Cash flow from financing activities	8,813	5,281
Net cash inflow/outflow	**-3,236**	**-5,956**
Cash and cash equivalents at the beginning of the period	10,375	16,331
Cash and cash equivalents at the end of the period	**7,139**	**10,375**

In the year under review, a net cash outflow of EUR 10,735 thousand was generated from operating activities (previous year: net cash outflow of EUR 2,765 thousand). The consolidated net loss before non-controlling interests had a negative effect of EUR 12,874 thousand.

Non-cash income and expenses particularly include depreciation and amortization (EUR 6,386 thousand).

The net cash outflow of EUR 1,315 thousand from investing activities (previous year: net outflow of EUR 8,472 thousand) particularly reflects payments made for property, plant and equipment as well as intangible assets.

The cash flow from financing activities mainly comprises payments of EUR 5,800 thousand made to discharge the annuity loan, inflows of EUR 25,000 thousand from the issue of convertible bonds and the settlement of purchase price liabilities of EUR 8,432 thousand.

Free cash and cash equivalents dropped by EUR 3,236 thousand in the year under review from EUR 10,375 thousand to EUR 7,139 thousand.

Reference should be made to the risk report (Section 5 of the management report) and the additional disclosures in the notes to the consolidated financial statements (Note 6.9.2) for an analysis of the Group's main provisions and contingent liabilities.

4 Employees and remuneration report

The LAIQON Group attaches key importance to its employees as they form the core of the Company. Their loyalty and motivation are key factors in the success of the Company's business and the achievement of its goals within the framework of Strategy 2023/25 2.0.

On December 31, 2023, the LAIQON Group, including the Bayerische Vermögen Group and growney had 160 employees (previous year: 154), not including the Management Board, employees on maternity or parental leave, apprentices and temporary staff. The Company's employees have an average age of 44.2 years Roughly 72% are male and roughly 28% female.

Moreover, the LAIQON Group helps young and committed school-leavers by offering them opportunities for embarking on a career as interns or student trainees. They often gain their first permanent employment contracts with the Company after successfully completing their studies. This offers advantages for former student trainees and interns as the LAIQON Group is a reliable employer and partner for career beginners, providing a lucrative first job with many advantages and benefits. The benefit for the LAIQON Group is that the Company, its internal structures and work processes are already familiar, thus simplifying the on-boarding processing and underpinning its success.

One of the main activities in the People & Culture department in 2023 entailed the recruitment of further qualified specialists. The LAIQON Group operates in an environment characterized by intense national and international competition. This means that the Company is all the more dependent on qualified, competent and committed employees.

Moreover, the LAIQON Group attaches particular importance to employer/employee relations based on a spirit of partnership and respect for employees' individual interests. In addition to attractive remuneration, this entails flexible working hours and the option of mobile working. With these mobile working arrangements, LAIQON helps to ensure that employees generate fewer emissions when commuting to and from work and encourages socially responsible time management (work-life balance), thus heightening its appeal as an employer.

LAIQON Group employees are paid fixed and variable salary components. The variable remuneration is based on both the Company's goals and individually agreed objectives. Certain employees of the LAIQON Group are additionally eligible to participate in a stock option program.

Alongside fixed salary components, the members of the Management Board receive variable remuneration based on their personal performance and the LAIQON Group's development. The variable remuneration is subject to a cap. In addition, one member of the Management Board participates in a phantom stock plan.

In 2023, the integration of the companies acquired in 2022 was a key focus in the interests of digital, automated and modern HR work and the harmonization of benefits. This included the roll-out of standardized HR software for each subsidiary. As well as this, benefits such as the discounted Germany-wide public transport ticket and a meal allowance were introduced at all new subsidiaries. At the same time, cultural integration of the subsidiaries was a key priority. Among other things, this is achieved through regular meetings at the management level and the closest possible cooperation between the central and specialist departments. The aim is to bring employees from the various subsidiaries together on an ongoing basis so that they can share their work and thus get to know and appreciate each other in person. To support this, a Group-wide summer party was held together with all employees from all subsidiaries.

In addition to recruiting new employees and developing and enhancing the Group's employer branding, sustainability in the area of human resources will be a key priority.

A further focus of work in the current year will also entail the implementation of upskilling and further education activities for employees. This includes further training in employees' individual areas of specialization, management and IT seminars and presentation training.

5 Risk report

The following risk report addresses the risks to which the LAIQON Group is exposed as of December 31, 2023.

5.1 Risk management system

LAIQON AG has a risk management system for detecting at an early stage any developments liable to affect its going-concern status. In addition to LAIQON AG itself, this system also covers all main subsidiaries whose business activities expose the Group to material risks. With the assistance of software systems and transparent processes, the aim is to identify and assess risks at an early stage as a basis for taking appropriate precautions. The Management Board defines risk management policy, which is then put into practice by the central risk management department / risk administrator. The risk management department ensures that the operating departments identify and measure risks in both quantitative and qualitative terms of their own accord and with minimum delay and implement precautions for averting or mitigating risk.

Risks are reviewed and re-measured on the basis of a systematic risk inventory. At the same time, there is an internal ad-hoc reporting duty with respect to any new risks identified by the responsible persons. Each risk identified is assigned to a risk group. When risks are reported and measured for the first time, it is necessary to determine the potential loss and probability in accordance with the risk policy adopted by the Company. Risks are measured and reviewed semi-annually as well as on an ad-hoc basis.

The result of the systematic risk inventory is submitted to the Management Board on a semi-annual basis in the form of a graphic, tabular and written evaluation of all risks. A semi-annual report is also submitted to the Supervisory Board. The risk management process thus provides a structured view of the existing risk situation, improvements to corporate management, transparency and documentation of risk management practices, heightened awareness and ultimately also the basis for internal and external risk reporting.

The following assessment of the risks is based on their probability and the amount of loss (impact on liquidity). Each of these two dimensions is assessed using four categories.

Probability:	
Low	+
Medium	++
High	+++
Very high	++++
Amount of loss (impact on liquidity):	
Low	-
Moderate	--
Material	---
Severe	----

5.2 Economic and sector risks

5.2.1 Adverse developments in the capital markets

Probability	++
Amount of loss	----

Demand for the Group's products and services depends to a considerable extent on factors over which LAIQON AG has no influence. These may include, for example, adverse developments and heightened volatility in the capital and financial markets as well as political, social or macroeconomic developments, including ESG (environmental, social and governance) risks, particularly the effects of climate change (risk of stranded assets), the economic sanctions imposed as a result of the war in Ukraine and the increase in interest rates.

Moreover, the duration and intensity of the impact are subject to uncertainty at this time and therefore cannot be quantified conclusively. In addition, the products offered by the LAIQON Group could become less attractive to clients as a result, while clients' willingness to invest could decline. As a result, income, particularly the planned management and performance fees, could fall significantly short of the budgeted figures.

As well as this, the Company managed legacy investments in the form of KG funds in alternative real assets for national and international institutional investors as well as for retail investors. These investments comprise assets in the areas of shipping, real estate, aircraft, renewable energies, private equity and traded UK endowment policies. Accordingly, the Group's business performance hinges on conditions in the asset markets. Adverse conditions in these markets may cause a decline in income from legacy investments with a correspondingly negative effect on the Group's results of operation. Further details on conditions in the capital market can be found in

Section 2.1.2. The risk in relation to the KG funds was reduced following the sale of most of the entities with effect from December 31, 2023.

5.2.2 Competition risk

Probability	**++**
Amount of loss	**--**

With the implementation of its corporate strategy, the LAIQON Group has entered new markets, exposing it to new competitive situations. There is a risk that strong competition, especially from very large players in these markets, will make it more difficult for the LAIQON Group to enter into and achieve a share of these markets. This applies in particular to the Digital Wealth business segment, as many market players are currently working on digital offerings in this market. The asset management industry is highly competitive with moderate barriers to entry. Mounting competition may also lead to the loss of market share that has already been gained. In addition, poor performance or the failure of competing products may have a negative impact on the products offered by the LAIQON Group.

5.2.3 Loss of reputation

Probability	**+**
Amount of loss	**---**

The Company's success is linked to a considerable extent to the use of the "LAIQON AG" and "LAIC" brands, among other things. Internal as well as external occurrences such as the weak performance of the Company's own products, breaches of statutory regulations by employees or governance bodies, failure to take account of ESG (environmental, social, and governance) risks, negative coverage in the digital and printed media and industry scandals may harm the standing of the brands of LAIQON AG or its subsidiaries, thus leading to a loss of reputation, which could necessitate previously unforeseen market development expenses.

5.3 Operating and strategic risks

5.3.1 Risks relating to SPSW Capital GmbH

Probability	**+**
Amount of loss	**---**

LAIQON AG acquired 90% of the shares in SPSW Capital GmbH at the end of 2019. The acquisition exposes LAIQON AG to the following main risks.

There is a risk that SPSW Capital GmbH's existing permits may be revoked. This would make it impossible to carry out the respective corporate activities and, as a consequence, would significantly jeopardize the implementation of the corporate strategy and achievement of the planned growth.

There is a risk that funds will flow out of SPSW Capital GmbH and thus no longer be available to the Group.

This may prevent the planned growth targets at the level of SPSW Capital GmbH from being achieved, resulting in lower Group sales. Business growth could fall short of expectations.

Under the share transfer agreement with SPSW Capital GmbH, LAIQON AG has undertaken to pay a minimum purchase price. There is a risk that SPSW Capital GmbH's enterprise value could fall below the minimum price agreed in the share transfer agreement. In this case, the LAIQON AG would incur expenses that are not covered by an equivalent enterprise value.

5.3.2 Risks in connection with Lange Assets & Consulting GmbH

Probability	**+**
Amount of loss	**---**

LAIQON AG acquired 90% of the shares in Lange Assets & Consulting in the second half of 2019. The acquisition exposes LAIQON AG to the following main risks.

There is a risk that Lange Assets & Consulting GmbH's existing permits may be revoked. This would make it impossible to carry out the respective corporate activities and, as a consequence, would significantly jeopardize the implementation of the corporate strategy and achievement of the planned growth.

There is a risk that funds will flow out of Lange Assets & Consulting GmbH and thus no longer be available to the Group.

This may prevent the planned growth targets at the level of Lange Assets & Consulting GmbH from being achieved, resulting in lower net finance income. Business growth could fall short of expectations.

Under the share transfer agreement with Lange Assets & Consulting GmbH, LAIQON AG has undertaken to pay a minimum purchase price. There is a risk that Assets & Consulting GmbH's enterprise value of Lange could fall below the minimum price agreed in the share transfer agreement. In this case, the LAIQON AG would incur expenses that are not covered by an equivalent enterprise value.

5.3.3 Risks from the takeover of Bayerische Vermögen GmbH, MFI Asset Management GmbH and m+c Asset Allocation GmbH.

Probability	**+**
Amount of loss	**---**

In the first half of 2022, LAIQON AG acquired BV Bayerische Vermögen GmbH, MFI Asset Management GmbH and m+c Asset Allocation GmbH. The acquisition exposes LAIQON AG to the following main risks.

There is a risk that the existing permits held by BV Bayerische Vermögen GmbH and MFI Asset Management GmbH may be revoked. This would make it impossible to carry out the respective corporate activities and, as a consequence, would significantly jeopardize the implementation of the corporate strategy and achievement of the planned growth.

There is also a risk that capital will flow out of BV Holding Bayerische Vermögen GmbH, MFI Asset Management GmbH and m+c Asset Allocation GmbH and thus no longer be available to the Group.

This may prevent the growth targets planned for BV Holding Bayerische Vermögen GmbH, MFI Asset Management GmbH and m+c Asset Allocation GmbH from being achieved, resulting in lower Group sales. Business growth could fall short of expectations.

5.3.4 Risks from the acquisition of interests in growney GmbH

Probability	**++**
Amount of loss	**--**

LAIQON AG holds 75.0% of the shares in growney GmbH. The acquisition exposes LAIQON AG to the following main risks. There is a risk that growney GmbH's existing permit may be revoked. This would make it impossible to carry out the respective corporate activities and, as a consequence, would significantly jeopardize the implementation of the corporate strategy and achievement of the planned growth.

There is a risk that funds will flow out of growney GmbH and thus no longer be available to the Group.

This may prevent the growth targets planned for growney GmbH from being achieved, resulting in lower Group sales. Business growth could fall short of expectations.

5.3.5 Risks in connection with the LAIC companies

Probability	**+**
Amount of loss	**---**

The LAIC companies give rise to the following main risks at the level of LAIQON AG.

There is a risk that the license held by LAIC Vermögensverwaltung GmbH or the licenses granted for LAIC Capital GmbH may be restricted or revoked. This would make it impossible to carry out the respective corporate activities and, as a consequence, would significantly jeopardize the implementation of the corporate strategy and achievement of the planned growth.

There is also a risk that funds could flow out the LAIC companies and thus no longer be available to the Group.

This may prevent the planned growth targets at the level of LAIC companies from being achieved, resulting in lower Group sales.

5.3.6 Product risk

Probability	**+++**
Amount of loss	**----**

The market success of the products offered by the LAIQON Group materially hinges on the following factors.

The performance of the funds offered by the LAIQON Group materially depends on the quality of the fund management. When making investment decisions, investors usually focus on the performance of the individual funds as a key criterion. Good performance is also the result of correct investment decisions by the fund management. There is a risk that fund management may make investment decisions that prove to be disadvantageous in retrospect and that the expected fund performance and, thus, the defined targets may not be achieved.

In addition, there is a risk that the fund management may misinterpret the information contained in research reports, statistics, ratings and other market information when considering the investment decision. This could also have a negative impact on the performance of the managed funds.

Negative fund performance would render sales activities considerably more difficult, preventing the planned sales targets from being achieved in full, with the result that the earnings generated would fall significantly short of expectations.

Among other things, LAIQON AG's earnings are tied to the performance of the products and solutions offered and the assets under management. If the value of the funds were to decline or if no or only minor increases in the value of the assets under management were to be achieved, annual sales would decline accordingly, exerting a negative impact on the Company's results of operations. In addition, the value of the assets under management depends on various factors outside the Company's control, including macroeconomic trends that may affect global markets generally and impact the value of the assets under management. Increasingly, sustainability or ESG (environmental, social and governance factors) risks, particularly the impact of climate change (risk of stranded assets), are also influencing the valuation of assets on the capital market. Furthermore, a sharp reduction in trading liquidity in times of crisis, particularly in the bond market, could significantly limit the scope for action by fund management (e.g. the ability to redeem unit shares).

LAIQON AG faces strong competition in the asset management industry, which is characterized by only moderate barriers to entry. Retail customers have numerous investment options that are growing as online offerings become more available.

The failure or negative performance of competitors' products may cause a loss of client confidence and, consequently, also a loss of confidence in the Company's own products and solutions.

The amount of the performance fees is difficult to predict and volatility, particularly in relation to market conditions outside LAIQON AG's control, has a direct impact on the Company's operating earnings.

5.3.7 Sales risks

Probability	**++**
Amount of loss	**---**

Sales success is significantly influenced by the factors listed below.

LAIQON AG relies on third-party sales partners and sales platforms to generate demand for its products and services and thus to maintain and expand its portfolio of assets under management. In implementing its Strategy 2023/25 2.0, the Company is also dependent on its ability to tap into new distribution channels such as savings banks, private banks, insurance companies, broker pools, asset managers and family offices. There is a risk that the development of new sales channels may fall short of plans, thus delaying the implementation of Strategy 2023/25 2.0.

In addition, there is a risk that sales partners may be lost, as negative market developments, more stringent regulatory requirements for sales partners or disruptions in the quality of service at LAIQON AG could prompt sales partners to cease their activities entirely or to refrain from commencing or continuing their partnership with LAIQON AG. This may have a significant impact on the sales activities themselves and the planned sales targets.

There is also a risk that the legal requirements, particularly regulatory requirements, applicable to sales activities will continue to increase. This may impair the performance of sales activities or render them impossible. In this case, the planned sales targets might not be achieved in full. Moreover, heightened legal requirements may lead to unplanned expenses, for example due to the need to obtain further permits or to provide mandatory training for sales employees.

Increasingly stringent legal requirements regarding the use/processing of personal data may prevent customer data files from being used on an unrestricted basis. This may make it difficult to reach existing and new customers and may act as a sales barrier.

5.3.8 Risk of loss of management and other income in legacy business in KG funds

Probability	**+++**
Amount of loss	**--**

The Group's results of operations, net assets and financial condition also partially depend on the economic performance of the investments managed in the legacy KG funds managed by LAIQON AG. Most of these entities were sold effective December 31, 2023.

Weak spells in the relevant asset markets, e.g. the shipping and real estate markets, may adversely affect the economic situation of the investments arranged and managed by the Group, culminating in the insolvency of the KG funds.

There is a risk of the managed investments falling short of forecasts with the result that income is lost in full or is less than budgeted. In addition, budgeted income from investments and brokerage services may not be realized to the planned extent, resulting in a budget shortfall.

Volatile markets or the loss of contractual partners for the investments, such as charterers or lessees, who in turn face financial difficulties, are a significant factor.

As well as this, the insolvency of investments would lead to a loss of management and trusteeship fee income. There is a risk of the precautionary measures taken being insufficient and of part or all of the budget income being lost. On the other hand, this would not have any material effects on the value of the financial assets recognized in the balance sheet as the Group companies hold only small shares in the entities concerned. However, the cumulative occurrence of individual risks of this kind could have a material effect on the Company's balance sheet.

5.3.9 Prospectus liability risk and risks under co-liability for misselling

Probability	**++**
Amount of loss	**--**

In order to attract equity in the form of limited-partner contributions, LAIQON AG has produced selling prospectuses for which it is liable towards individual subscribers in its capacity as the publisher in the event of a loss being sustained as a result of any errors or omissions in the prospectus. The selling prospectuses were regularly produced in accordance with the "Principles for the Proper Assessment of Prospectuses for Investments Offered Publicly" (IDW S 4), a standard issued by Institut der Wirtschaftsprüfer in Deutschland e.V., and reviewed by a public auditor in accordance with this standard. In the case of all audited prospectuses, the auditor has generally confirmed that the information provided is complete, correct and clear and has also confirmed that the assessments in the prospectuses are plausible, the conclusions are logical and also that the risks and rewards associated with the investment have been described in detail in accordance with IDW S4; however, in individual cases, the auditor may have made comments which do not restrict the validity of the audit opinion. In addition, the Company regularly had the tax-related statements contained in the prospectus reviewed by a tax expert.

From June 21, 2013, selling prospectuses had to be approved by the German Federal Financial Supervisory Authority (BaFin). The approval procedure comprised not only a check for omissions, but also a review of the contents for coherence and comprehensibility. However, the assessment of the prospectus by an auditor as well as other actions taken do not provide any absolute guarantee of the absence of any errors or omissions in the contents of the prospectus or of the economic benefits or tax ramifications of the investment.

As of December 31, 2023, a total of 107 (previous year: 163) prospectus liability disputes were pending for damages involving nominal capital of roughly EUR 4.82 million (previous year: roughly EUR 6.86 million) and US-$ 50 thousand (previous year: roughly US-$ 60 thousand), in which LAIQON AG or 53.10.Real Assets Treuhand GmbH are parties. In addition, 4 (previous year: 20) court proceedings initiated by a bank against LAIQON AG were pending as of December 31, 2023. These concern subscriptions worth a total nominal amount of EUR 10 thousand (previous year: EUR 10 thousand) plus a nominal amount of US-$ 100 thousand (previous year: US-$ 745 thousand).

An outcome in which damages may be awarded against LAIQON AG or its subsidiaries under their liability for the prospectus cannot be ruled out in this litigation on account of errors or omissions in the contents of past or future prospectuses. LAIQON AG has appropriate insurance cover for these cases. At the present time, LAIQON AG considers it more likely than not that it will prevail in court with its arguments and succeed in defending itself against the actions.

LAIQON AG has published offering documents (including securities prospectuses; bond conditions, key information document for convertible bonds) in connection with its own corporate actions. There is a risk that, in the event of any errors in these documents, LAIQON AG may be held liable. The same applies to the offering documents issued by subsidiaries of LAIQON AG.

There is a risk of LAIQON AG being held liable for the actions of third parties acting on its behalf and for its account. However, external partners are monitored closely to avoid any liability-relevant activity and to reduce LAIQON AG's potential liability.

5.3.10 Risks in connection with the duties of 53.10. Real Assets Treuhand GmbH

Probability	**+**
Amount of loss	**--**

As part of its management activities, 53.10. Real Assets Treuhand GmbH, a subsidiary of LAIQON AG, is responsible for handling all the rights and duties of the subscribers with the greatest possible care in accordance with the trusteeship agreement. For this reason, employees who handle trusteeship business are carefully selected in advance. In addition, it ensures the greatest possible reliability by means of employee training and regular quality checks.

53.10. Real Assets Treuhand GmbH has in some cases been entered in the commercial register as the limited partner in trust for diverse subscribers with the corresponding liable amount attributable to such subscribers (trustors). In the event that liquidity surpluses not backed by profits are distributed, there is a risk that 53.10. Real Assets Treuhand GmbH could be held liable in accordance with Sections 171, 172 IV of the German Commercial Code.

If a fund becomes insolvent, the limited partners face the risk of having to repay the dividends received in the past which are not covered by the entity's profits. Where 53.10. Real Assets Treuhand GmbH acts as a trustee for the investors, LAIQON AG is also affected, as considerable liquidity outflows may arise at the level of 53.10. Real Assets Treuhand GmbH. The trusteeship entity would have to assert its recovery claims separately against each individual subscriber.

Under the terms of the trusteeship contract, 53.10. Real Assets Treuhand GmbH is in turn entitled to recover this amount from the subscriber in question, which is why a potentially uncovered outflow of resources at 53.10. Real Assets Treuhand GmbH is considered to be relatively unlikely. However, the trusteeship entity would have to assert its recovery claims separately against each individual subscriber.

In addition, there is a risk arising from a breach of the reporting duties of the originators of the KG funds resulting in potential claims being asserted by investors due to inadequate disclosures in the formalities of the confirmation letters. The risk is considered to be low at this time. The probability is considered to be low.

5.3.11 Legal risks

Probability	**++**
Amount of loss	**--**

In the case of judgments issued by courts in other jurisdictions, it is not possible to exclude that the relevant matters may be interpreted differently or less favorably than would be the case if the matter were heard before a German court. However, as the German courts would feel inclined to accept the ruling of such foreign court, it would not be possible to have it changed. Where LAIQON AG or its subsidiaries operate outside Germany, a risk may arise from a failure to take full account of the legal requirements of the applicable foreign jurisdiction. Moreover, it may become more difficult for the Company to assert its own rights and to defend itself against third-party claims or this may only be possible at considerable added expense.

Claims for damages may arise from errors during contract negotiations and in the event of any breaches of contract. Risks may arise from the contracts entered into, e.g. in connection with partnerships with banks, sales partners, consultants and other business partners. Breaches of contract may also arise from non-compliance with contractual requirements or disregard of formal requirements and deadlines. These may have a significant adverse effect on the Company's business and trigger a financial obligation on the part of LAIQON AG.

5.3.12 Regulatory and compliance risks

Probability	**++**
Amount of loss	**---**

The LAIQON Group is subject to a variety of regulatory and supervisory regimes, compliance with which is costly, time-consuming and complex. Failure to comply with these regulations may lead to the imposition of fines and/or a temporary or permanent ban on certain activities. The LAIQON Group is increasingly subject to regulatory requirements particularly via the Group companies LAIC Vermögensverwaltung GmbH, SPSW Capital GmbH, Lange Assets & Consulting GmbH, LAIC AIF KVG GmbH, BV Bayerische Vermögen GmbH, MFI Asset Management GmbH and growney GmbH, which require operating licences.

In view of the extent of the regulatory requirements and ongoing additions and revisions to these, there is also a risk that LAIQON AG may not be fully aware of all requirements. This may result in violations of regulations and orders issued by national supervisory authorities, possibly leading to liability on the part of LAIQON AG (e.g. in the form of fines).

In some cases, statutory provisions provide for considerable sanctions, e.g. in the form of drastic fines, in the event of a breach. Beyond the regulatory requirements, the Company may inadvertently breach statutory provisions (e.g. money laundering, copyright, license, data protection legislation) or rules, make errors as a result of a misinterpretation (e.g. in the case of fiscal requirements) or fail to meet prescribed deadlines.

Regulatory stipulations and approval requirements may result in heightened expense for LAIQON AG or its subsidiaries.

5.3.13 Tax risks

Probability	**++**
Amount of loss	**--**

There is a risk of erroneous judgments or advice arising in tax matters and of tax deadlines being missed. This may have ramifications that are detrimental to LAIQON AG or, in the event of any failure to observe deadlines, result in the imposition of fines or surcharges. It is not possible to exclude the risk that reviews of contracts in the light of taxation requirements have not been performed or are lacking, something which may also have an adverse effect on LAIQON AG's tax situation.

Moreover, LAIQON AG and a large number of its associates are exposed to the risk of changes in tax assessments, for example as a result of changes in exceptional operating results or also due to tax audits conducted at the level of the individual associates. This may give rise to tax backpayments on the part of LAIQON AG.

5.4 Organization and personnel management risks

Probability	**+++**
Amount of loss	**---**

The Company's success hinges materially on the skills and expertise of the members of the Management Board and Supervisory Board, as well as key technical and managerial staff, who hold many years of experience in the industry that enables them to make a decisive contribution to the growth and continued development of the Company's business. If one or more of the members of the Management Board or Supervisory Board are no longer available, this could have a significantly adverse effect on the Company's growth and continued development. The same applies to senior management and qualified executives holding key positions. To safeguard the economic success of LAIQON AG, it is therefore vital for adequate numbers of senior executives and specialists to continue working for the Company so as to reduce any adverse effects on the Group members and their continued business performance. Above-average personnel turnover, in particular on the part of key executives and specialist staff, could prevent individual positions from being filled properly, thus resulting in staff shortfalls. The same applies to the filling of newly created positions. Similarly, unsuitable appointments or shortfalls may occur as a result of incorrect personnel decisions or shortfalls. This may cause delays in the performance of activities and favor the incidence of incorrect decisions or management errors.

5.5 IT risks

Probability	**++**
Amount of loss	**---**

The LAIQON Group relies heavily on IT systems, including the provision of information to customers and employees and the management of financial records. Permanent availability of IT systems is therefore critical for LAIQON AG to ensure due and proper execution of its business. At the same time, the Company is required to guarantee the safety of sensitive data, particularly data relating to customers, at all times.

In particular, the threat of cyber attacks remains consistently high. Among other things, this is highlighted by recent reports issued by the German Federal Office for Information Security (BSI), which classify the threat situation as ranging from difficult to critical (see, for example, the BSI report of October 2022). The number of new malware variants is constantly increasing; in the period covered by its last report, BSI counted 117 million new malware variants. Ransomware and DDoS attacks are on the rise, increasingly threatening system availability and information security.

The Company has taken numerous precautions to minimize the risk of system failures, including redundant server virtualization and the implementation of modern back-up systems complete with external data strongholds and business continuity plans for the swiftest possible system restoration. Among other things, data and IT systems are protected by means of firewalls, anti-virus and encryption programs as well as authorization and authentication systems, which are updated in regular intervals or on an ad-hoc basis. The acquisition of new subsidiaries has led to increased system fragmentation, which will be reduced again by the gradual migration to the Group IT infrastructure and the implementation of Group-wide standards.

5.6 Financial risks

5.6.1 Liquidity risk

Probability	**++**
Amount of loss	**---**

Given the nature of the environment in which the Group operates, it is necessary for it to preserve its financial flexibility by ensuring the availability of sufficient liquidity reserves. Furthermore, equity or debt capital must be raised to ensure that the Group's business objectives can be achieved. The maximum risk involves insolvency on account of payment defaults. In the event of any decline in liquidity and a resultant increase in funding requirements, there is a risk of the Group not being able to find suitable sources of finance or equity. The Group may also be unable to cover its financial requirements or may be forced to accept finance on economically less favorable terms. In addition, financing expenses could increase due to a rise in interest rates.

Short-term liquidity management is based on a rolling liquidity preview, which covers a forward range of up to one year, supplemented by medium-term forecasts covering the following five years. This is an integrated planning model comprising forecasts for the income statement and balance sheet. Both short-term liquidity planning and the medium-term model are based on the Group's current business forecasts and harmonized with each other.

As of December 31, 2023, the Group's financial liabilities totaled EUR 71.8 million (previous year: EUR 48.4 million). Further details, particularly with respect to the maturity structure can be found in Note 6.3.2.3 to the consolidated financial statements.

The Group's liquidity is considered to be stable. Even so, unexpected events with an impact on liquidity may constitute a risk. Such events could be the loss of planned income or additional unplanned expenses. If several such events were to occur simultaneously, this could have negative effects on the Group's performance.

5.6.2 Valuation and credit risk

Probability	**+++**
Amount of loss	**--**

As in earlier years, market conditions have resulted in a heightened risk of impairment losses on the shares in associates held by the Group. In addition to the shares which LAIQON AG holds in its own investment funds, this also affects its investments in affiliated companies and associates, primarily in legacy business in KG funds. LAIQON AG addresses this risk by means of ongoing reviews of the fair values of its investments and receivables on the basis of an analysis of the relevant financial indicators. By means of regular impairment tests, the Company made extensive adjustments in previous years to the value of the shares held in some of these associates, thus fundamentally reducing the risk of any further impairment losses. A large number of these entities were sold effective December 31, 2023.

Moreover, conditions in the capital market have a considerable impact in the form of threatened defaults, thus impairing the Group's risk position. LAIQON AG addressed this heightened risk by recognizing extensive impairments in prior years. In the other business segments, no impairment losses arose due to the recoverability of the receivables. In addition to ongoing impairment testing of receivables, the Company is responding to this market risk by implementing steady and sustained improvements to its receivables management in an effort to ensure early collection of amounts owed and to reduce the volume of receivables due for immediate settlement.

Despite the impairments recognized or reversed in the year under review, further losses and corresponding liquidity shortfalls due to unrecoverable receivables cannot be ruled out. Receivables held by 53.10. Real Assets Treuhand GmbH against trustors arising from payouts may be affected by this. This risk has been addressed by the adoption and implementation of a plan of action that defines various approaches, e.g. a settlement with the creditors or the assignment of the recovery rights held by the trusteeship entity to the creditors. Reference should be made to Note 6.3.1.3 to the consolidated financial statements for further analyses.

5.6.3 Risks from contingent liabilities

Probability	**+**
Amount of loss	**---**

It cannot be excluded that LAIQON AG may also be held liable for other risks beyond those in connection with the duties of 53.10. Real Assets Treuhand GmbH (see "Risks in connection with the duties of 53.10. Real Assets Treuhand GmbH", Section 5.3.10), resulting in recourse being taken to it to recover the amounts recognized as contingent liabilities. The contingent liabilities recognized by the LAIQON Group as of December 31, 2023 came to a total of EUR 21 million (previous year: EUR 20 million). Further details on and the breakdown of contingent liabilities can be found in Note 6.9.2 to the consolidated financial statements.

5.6.4 Interest and currency risk

Probability	**++**
Amount of loss	**--**

Interest risk is the risk of fluctuation in the fair value of or future payment flows from a financial instrument as a result of changes in market interest rates. This may affect the Group's future interest income and expense and also influence the fair value of its financial assets. There were no material interest risks as of the balance sheet date. Further details can be found in Note 6.3.1.2 to the consolidated financial statements. The Group is generally exposed to foreign currency risks in US dollars, which primarily result from the end-of-year translation of the corresponding monetary items. However, the share of USD business is insignificant and continuing to decline. Monetary items comprise cash and cash equivalents, receivables and liabilities. Foreign-currency risks are addressed by translating incoming payments denominated in a foreign currency into euros with minimum delay. Accordingly, there were no significant risks in this respect as of the balance sheet date.

5.7 Overall assessment of risk situation

There were no significant changes in the scope or assessment of risks compared to the previous year. As of the date on which the consolidated financial statements were prepared, no individual risks were known that might threaten the Group's going-concern status. The Group's management believes that the identified risks with a serious impact have a high, medium or low probability of occurrence. However, the cumulative occurrence of individual risks could pose a threat to the Company's going-concern status.

The LAIQON Group, like the entire financial services industry, is affected by the impact of the energy crisis, the war in Ukraine, rising interest rates and inflation and the resultant economic consequences. Accordingly, adverse effects on the LAIQON Group's business can still not be ruled out and, should they occur, would probably necessitate adjustments to the forecast.

5.8 Main characteristics of the accounting-related internal control and risk management system

5.8.1 Elements of the accounting-related internal control and risk management system

The LAIQON Group's accounting-related internal control and risk management system encompasses all principles, processes and precautions for ensuring the efficacy, efficiency and propriety of the accounting system and for ensuring compliance with the applicable statutory provisions.

The internal management system and the internal monitoring system form the heart of the internal control system. The Central Finance department, to which accounting, controlling and tax activities are assigned, is responsible for coordinating the internal control system. The internal monitoring system entails measures integrated in processes as well as non-process-related measures. The measures integrated in processes include individual checks such as the application of the "cross-check" principle as well as IT-based checks. In addition, monitoring processes are integrated by means of specific Group functions such as Group Tax and Group Legal. Non-process-related control functions are primarily performed by the Supervisory Board and other auditing bodies.

The accounting-related risk management system is integrated within the LAIQON Group's risk management system. It is designed to identify significant risks to the Company's accounting process including the preparation of the consolidated financial statements and external reporting. The key element comprises the early detection, management and monitoring of risks capable of impacting the Group's net assets, financial condition and results of operations.

5.8.2 Structural organization

The LAIQON Group has a central financial reporting system.

Group-wide policies and instructions have been adopted to ensure swift, correct, complete and efficient entries of all transactions. The "IFRS" unit is also integrated within central financial reporting and is responsible for reconciling the financial statements of the consolidated companies prepared in accordance with German or local GAAP with the measurement and recognition rules applicable under the International Financial Reporting Standards (IFRS) as well as consolidating the individual entities as a basis for preparing the consolidated financial statements.

Am industry-standard IT application is used to record the individual business transactions in accordance with German commercial law. LAIQON AG's IFRS consolidated financial statements are prepared using financial performance management software.

5.8.3 Process organization

The consolidated financial statements are prepared and external reporting organized in the form of a structured process based on a schedule implemented by the relevant internal departments and external partners. Agreement is also reached on the deadline for the delivery of accounts-related data generated outside the accounting system, e.g. information obtained from fund management for measuring the value of investments of the financial statements of associates. Data from outside the department or Company is collected on the basis of predefined individual requirement profiles. This process also entails flowback checks to ensure timely receipt of all the information requested. The consolidation process takes the form of full consolidation at the level of LAIQON AG.

The preparation process entails a large number of checks to ensure that all errors and omissions are avoided in the consolidated and single-entity financial statements. These are preventive, downstream and proactive controls. The preventive checks particularly comprise approval and release processes, e.g. in connection with the recording of incoming invoices and payment operations. Certain transactions which may affect the consolidated financial statements on account of their scope or complexity are also approved in a predefined process. In addition, the central finance and legal units provide direct assistance as internal advisors in connection with major contracts, e.g. leases or service level agreements. Consequently, the finance department receives direct information ensuring that such transactions are recognized correctly.

The investigative checks are performed in the various phases of the accounting process. This particularly entails the "double-sign-off" principle. All single-entity financial statements are reviewed by the head of finance before they are cleared for further processing in connection with the IFRS consolidated financial statements. In connection with the reconciliation of these financial statements with IFRS and consolidation, additional plausibility checks and examinations are performed.

6 Material events occurring after the reporting date

Increase in share capital
LAIQON AG's share capital was increased by EUR 10,302.00 to EUR 17,493,698.00 through the issue of 10,302 subscription shares under Conditional Capital 2020, which had been created on August 31, 2020. The increase in share capital was entered in the commercial register on January 31, 2024.

LAIC Token 24
On February 6, 2024, the Management Board of LAIQON AG decided, with the approval of the Supervisory Board, to finance the growth of the LAIC subgroup by issuing LAIC Token 24. The LAIQON Group expects to receive up to EUR 6.8 million from the issue of LAIC Token 24. The investors subscribed to LAIC-Token 24 on the basis of a valuation of approximately EUR 65 million for the LAIC subgroup.

The professional and semi-professional investors selected hold the status of limited partners in a special AIF fund organized as a GmbH & Co. KG entity (the "LAIC-Token 24 Fund") via a fiduciary relationship represented by LAIC-Token 24. This fund is to subsequently acquire a total stake of up to 9.98% (post-money) in LAIC Capital GmbH ("LAIC"). In this way, investors indirectly share in the performance of the LAIC sub-group. The LAIC-Token 24 Fund is to acquire a stake in LAIC by purchasing up to 5,250 existing LAIC shares from LAIQON AG and by subscribing to up to 5,250 new LAIC shares under a cash capital increase. After the full placement of LAIC-Token 24, LAIQON AG will still hold a qualified majority of 80.76% in LAIC.

Acquisition of an interest in QC Partners GmbH
The transaction was hitherto subject to the condition precedent of approval by the German Federal Financial Supervisory Authority and the successful conclusion of the owner control proceedings. The German Federal Financial Supervisory Authority duly approved the transaction in March 2024. LAIQON AG will be closing the acquisition of 30% of the shares at a purchase price of EUR 600 thousand plus a performance-related remuneration component in the near future.

7 Outlook report

7.1 Macroeconomic and sector environment

The following section includes assumptions the occurrence of which is not certain. If one or more of these assumptions fail to eventuate, actual results or developments may differ substantially from the forecasts presented here.

7.1.1 Outlook for the global economy
The global economy is continuing to face the after-effects of earlier crises, particularly the considerable loss of purchasing power caused by the massive rise in energy and food prices and the current geopolitical crises. The US economy has so far performed far better than expected despite the Fed's energetic interest rate hikes. Although there has been a massive decline in housing construction, this has had little impact on the overall economy as consumer spending has remained strong. Despite higher borrowing costs, companies have also maintained their capital spending budgets. The tax incentives for sustainable investments in particular has also eased the effects of monetary policy. However, there is a time lag in the effects unleashed by monetary policy. Many macroeconomic indicators are pointing to a noticeable slowdown in the US economy. Growth is therefore likely to be slower for some time to come. The expected economic weakness in the short term will help to additionally ease inflationary pressure in the United States. From mid-2024, more accommodative monetary policies should reinforce the upward economic forces. Economists therefore assume that the US economy will return to an annualized growth rate of 2% in autumn 2024.

The outlook for the European economy in the months ahead is characterized by two different forces. On the one hand, consumer incomes have been rising faster than prices again since spring 2023, accompanied by declining inflation, a largely stable labor market and higher wage growth. On the other hand, manufacturing is in recession. Muted global demand for goods and inventory adjustments are particularly leaving traces on export-oriented industrialized countries such as Germany. Concerns over a recession are also taking their toll on consumer confidence. Many companies are therefore reluctant to invest at this moment. As soon as the economy picks up again after the end of the inventory adjustments, the capital spending ratio should increase so that supply chains can be restructured and scarce labor replaced. Although macroeconomic conditions in China should remain structurally weak, exports are likely to increase again to some degree. The Chinese economy is expected to grow by 3–4% in 2024. Consumer spending is also expected to climb again somewhat. Economists are therefore looking for economic growth of around 1.3% for Europe, with the US economy returning to a normal rate of expansion from the summer.

In Germany, a macroeconomic turnaround is not yet expected in the first quarter of 2024 in view of the recent deterioration in leading indicators, ongoing and new geopolitical crises, which could lead to rising transportation costs and delays in supply chains, as well as higher consumer prices at the start of the year. However, with inflation receding, real wages rising and the global economy gradually recovering, key negative factors for the German economy should ease over the course of this year, ushering in a recovery driven primarily by the domestic economy. However, this recovery is likely to be very subdued. The Federal Ministry for Economic Affairs and Climate Action expects the German economy to grow by 0.2% in 2024.

7.1.2 Conditions in the capital market

Looking ahead to 2024, most bank economists, market strategists and investors agree that the US economy should see a soft landing in the first half of 2024, that the Fed is likely to cut interest rates from the second quarter, that bond yields and the US dollar will weaken and that yield curves will steepen. The prospect of an upturn should bolster the equity and bond markets. However, this positive base scenario will be subject to the usual market risks. The trailing effects of the restrictive monetary policy are therefore likely to have a growing impact, especially as many companies will have considerable (re)financing requirements in 2024. In addition, the fiscal stimulus that has so far cushioned the negative effects of interest rate hikes is likely to dissipate over the course of the year. Geopolitical tensions and the upcoming US presidential elections in November 2024 are further sources of uncertainty.

The consensus view is that the stock markets – particularly small and mid-cap shares – could see dynamic growth in 2024. These companies were often shunned by investors in 2023 due to high interest rates and, as interest rate-sensitive stocks, often exhibit strong relative catch-up potential, even if there is some nervousness as to whether they will be able to live up to earnings expectations. If the economy comes under further pressure at the start of 2024, small caps could suffer. However, as soon as interest rates ease, shares in smaller companies could offer greater potential for recovery. In addition, unlike the big tech stocks that dominated the market to such an extent in 2023, the expectations priced into small caps are not yet as high. Market participants therefore see these stocks as an opportunity for 2024. The bond markets have been boosted by receding inflation rates for around a year as well as the recent decision by the major central banks not to continue tightening their monetary policies. Corporate bonds were able to shake off the macroeconomic risks last year. Both high-yield and investment-grade bonds remain attractive.

7.2 Outlook for the Company

Between 2018 and 2022, the transformation of the LAIQON Group into a listed, bank-agnostic asset manager was implemented on the basis of Strategy 2019+ and Strategy 2023/25 1.0. Looking ahead over the coming years, the LAIQON Group has developed Strategy 2023/25 2.0 (GROWTH 25), implementation of which will be decisive for the Group's continued growth. The LAIQON Group is positioning itself as an innovative quality leader in asset management in Germany and as an asset management factory.

At the 2023 annual general meeting held on August 23, 2023, the main strategic thrusts were presented, together with details of the progress made in implementing them as drivers for GROWTH 25. Under this strategy, the LAIQON Group plans to establish itself permanently as an asset management factory in the German financial services market by expanding and deepening its existing structures as a premium-quality provider with a full range of sustainable products and solutions.

The Company has identified the following main drivers for the successful implementation this growth strategy and the related challenges:

Digitalization

The Company believes that a financial service provider can only be successful if it is able to respond quickly to changing customer preferences, growing amounts of data, emerging risks and regulatory changes. Starting with the transformation of the business model in 2018, the scalable platform strategy was built up for this purpose.

The core component of the asset management factory approach is LAIQON Digital Asset Platform 4.0 (LAIQON DAP 4.0), the Group's proprietary cloud-based digital infrastructure. It provides the basis for all internal and external business, processing and support workflows within the Group. The strengths and potential of LAIQON DAP 4.0 lie in the depth and breadth of its support for all of the Group's functions and tasks on the basis of an integrated objective and strategy.

One key element of GROWTH 25 entails the further development of LAIQON DAP 4.0. The goal is to address a growing number of clients through the ongoing automation of all internal and external workflows, to continue leveraging expanding quantities of data and to offer an increasingly wider range of products and solutions.

AI user centricity

The LAIQON Group expects client requirements with respect to financial investments to continue increasing. Clients expect products that are tailored to their needs and are personalized, sustainable, transparent, user-friendly and quickly available. Looking forward, this will increase the reporting requirements for financial investments significantly and lead to an ever growing degree of individualization.

The LAIQON Group has assembled a product portfolio of over 50 wealth products and solutions to address these diverse client needs, from wealth accumulation to holistic management of large wealth and to combine services with an individualized focus on the client. The Group's product and solution portfolio is based on IQ, i.e. the expertise and experience of fund and asset managers, as well as the knowledge of developers and digital experts who are continuing to advance artificial intelligence. By combining human and artificial intelligence, it will be possible to step up the development of premium solutions.

The LAIQON Group uses the data from LAIQON DAP 4.0 in both internal and external processes. This enables it to offer white label products controlled by the LAIQON Group for its partners, for example, covering all stages along the value chain from onboarding and the management of individual securities accounts to individualized securities account evaluation.

The purpose of GROWTH 25 is to align the entire LAIQON Group more closely to the new, modern clients and their needs. The continued expansion of these user-centric structures is thus a key driver underpinning the Company's growth strategy.

Sustainability

The LAIQON Group believes that climate change and its impact currently pose the greatest challenge to society, politics, the economy, capital markets and consumers. With its allocation and multiplier function, the Group sees the financial services sector as playing a key role in the transformation of the economy.

For this reason, the LAIQON Group has increasingly addressed the issue of sustainability since the start of the transformation of its business model in 2018 and developed an overarching approach to this for the entire Group. Sustainable investing as a symbiosis of client and sustainability goals is a key driver for the Company.

In particular, it takes account of the Paris Climate Agreement, the United Nations (UN) Sustainable Development Goals (SDGs) and the EU Taxonomy Regulation, which are based on them. In the context of sustainability, the Disclosure Regulation marks an important step for financial advisory services, as it provides investors with an initial orientation regarding the sustainability profiles of financial products.

LAIQON AG is convinced that clients' individual sustainability preferences will continue to grow significantly in importance. A milestone has already been reached in the business strategy of aligning the LAIQON Group's entire product portfolio as closely as possible to Article 8/9 of the Disclosure Regulation. This is also to be implemented as effectively as possible in the Group's portfolio of solutions.

Expansion of sales channels and new partnerships

The further expansion of the existing sales channels and partnerships will be a decisive differentiating factor in competition in the market place and in the implementation of GROWTH 25. Special attention will thus be paid to the ongoing development of sales, marketing and communications as well as new products and innovations. The sales team is to be expanded further. Pooling skills in a single sales unit should facilitate the broad distribution of all of the LAIQON Group's wealth products and solutions across all partners and client groups.

Another priority is the ongoing structured expansion of the multi-client capabilities of the platform. The LAIQON Group is already initiating several white label partnerships as part of its strategic asset management factory approach. In particular, this includes joint activities and partnerships with the cooperative banks' financial services network Genossenschaftlichen FinanzGruppe.

A further goal is to arouse greater attention and to enhance the Group's reputation in the eyes of the general public and clients by additionally strengthening the LAIQON brand and stepping up the communication of the LAIQON Group's expertise and product and solution portfolio as a means of generating further growth.

The LAIQON Group has defined clear objectives in connection with the further implementation of the GROWTH 25 plans described above. Thus, assets under management are to be increased to EUR 8 – 10 billion by 2025(e), with this growth expected to be mainly organic. Further acquisitions are not ruled out provided that they add to the Group's strategic orientation. The Company is targeting an EBITDA margin of over 45% relative to net sales (on the basis of the average historic performance fees generated on the LAIQON Group's product range) by the end of 2025.

With respect to the LAIC subgroup, assets under management are to increase to around EUR 5.5 – 6.5 billion by 2028(e). This translates into an expected annual average organic growth rate of 86% over 4 years from 2025 to 2028. In the years from 2025 to 2028(e), organic growth of EUR 5.0 – 6.0 billion is therefore expected in the assets managed by the LAIC subgroup, after an estimated EUR 0.5 billion in 2024(e).

Of the LAIQON Group's current target of EUR 8.0 – 10.0 billion by 2025(e) under GROWTH 25, the LAIC subgroup is expected to contribute EUR 1.5 billion in 2025(e).

7.3 Opportunities

7.3.1 Overall assessment

The LAIQON Group is a premium-quality provider that as an asset management factory addresses both private individuals and institutional investors with a full range of sustainable products and solutions. By leveraging and expanding its strengths and skills, the Company is striving to make the best possible use of the opportunities presenting themselves. Since the previous year, opportunities have particularly emerged from the trends described in digitalization/AI and sustainability, in which the LAIQON Group has established specialist teams. Material opportunities will be derived from the following factors:

7.3.2 Positioning in growth markets

The Company is positioning itself in asset management, wealth management, digital wealth and advisory, all of which are also seen globally as major growth markets. Investment volumes are growing continuously worldwide, and even very small gains in market share are sufficient to generate significant growth. The element connecting these markets and the efforts to address them as efficiently as possible is the immense growth in global data and the systematic use of this data also in capital investments. The digital transformation is causing an upheaval in the industry and can offer a window of opportunity for innovative players such as the LAIQON Group. Thanks to the platform strategy established in 2018, the Company can meet the projected high demand for quality-oriented wealth products and solutions from retail and institutional investors.

7.3.3 AI user centricity/multi-client capability

The platform strategy being operationalized with LAIQON Digital Asset Platform 4.0 provides an opportunity for offering data-driven solutions for clients and partners for all client groups and sales partners. The LAIQON Group's digital business model offers great potential for scaling. The cloud architecture of the platform also enables the system to be expanded as requirements grow, while the infrastructures can be adapted quickly and individually to meet client needs. This allows any number of partners to be connected to the platform. This multi-client capability will potentially provide a decisive advantage in a highly competitive market.

7.3.4 Specialist teams

The LAIQON Group has teams of specialists throughout the Group who contribute their reputation, their broad network of contacts and their many years of investment experience for the benefit of the clients. This will continue to provide an opportunity for accessing new target groups and for responding to changing requirements.

7.3.5 Innovativeness

The transformation of the asset management industry, coupled with the accelerated pace of digitization and heightened transparency, necessitates the ongoing adaptation of strategies and business models together with constant innovation as a basis for success in this increasingly dynamic environment. Product providers must pursue multi-pronged growth strategies, invest heavily in data and technologies and be flexible in terms of partnerships and collaborations. The LAIQON Group has already demonstrated its innovativeness on several occasions, for example by establishing the LAIQON Digital Asset Platform 4.0 and launching innovative IQ- and AI-driven wealth products and solutions. This innovativeness can be a decisive competitive advantage.

7.3.6 Full-service provider

As a full-service provider, the LAIQON Group has built up a highly diversified range of products and solutions. It currently has more than 50 wealth products and solutions offering opportunities for addressing almost all client groups, either with standardized products or in the form of individual solutions.

7.3.7 Focus on SDG/impact investing

Another priority for the LAIQON Group will be sustainable investment. Looking forward, it intends to play a leading role with its wealth product and solution portfolio, which is to be aligned as closely as possible with Articles 8 and 9 of the Disclosure Regulation. This offers opportunities for addressing clients' heightened demand for sustainable products and solutions and for allowing the Company to set itself apart from the competition in a favorable way.

7.3.8 Transparency

Transparency is an important criterion in investment decisions for both retail and institutional investors. The LAIQON Group is seeking to set itself apart from the competition through transparent active asset management. The goal is to inform all target groups as best as possible about the products and their performance. This offers opportunities for generating added value for customers and creates trust in the brand. As a member of the Scale segment of the Frankfurt stock exchange, LAIQON AG also meets the transparency requirements applicable to providers of capital investments and has also decided to adopt certain recommendations of the German Corporate Governance Code and the DVFA Scorecard for Corporate Governance, despite the fact that it is currently not under any obligation to do so due to its listing in the open market.

Hamburg, March 27, 2024

The Management Board of LAIQON AG

Achim Plate Stefan Mayerhofer

Consolidated financial statements

1 Consolidated income statement

for the period from January 1 to December 31, 2023

EUR thous.	Note	2023	2022
Sales	6.6.1	30,746	21,575
Cost of materials	6.6.2	-5,941	-3,665
Staff costs	6.6.3	-20,226	-17,113
Depreciation/amortization and impairment losses	6.6.4	-6,386	-4,711
Other operating income/expenses	6.6.5	-8,658	-11,024
Share of profit of associates	6.6.6	-614	281
Net profit from operating activities		**-11,079**	**-14,657**
Finance income	6.6.7	1,978	2,263
Finance expense	6.6.7	-10,867	-3,893
Earnings before taxes		**-19,968**	**-16,288**
Income taxes	6.6.8	7,094	5,747
Consolidated net profit/loss		**-12,874**	**-10,541**
of which attributable to non-controlling interests		**-552**	**-376**
of which attributable to LAIQON shareholders		**-12,322**	**-10,165**
Earnings per share in the reporting period (EUR per share)			
Basic	6.6.9	**-0.70**	**-0.67**
Diluted	6.6.9	**-0.51**	**-0.67**

The notes on the following pages are an integral part of these consolidated financial statements.

2 Consolidated statement of comprehensive income
for the period from January 1 to December 31, 2023

EUR thous.	2023	2022
Consolidated net profit/loss	**-12,874**	**-10,541**
Consolidated comprehensive income	**-12,874**	**-10,541**
of which **attributable to non-controlling interests**	**-552**	**-376**
of which **attributable to LAIQON shareholders**	**-12,322**	**-10,165**

The notes on the following pages are an integral part of these consolidated financial statements.

3 Consolidated balance sheet

as of December 31, 2023

EUR thous.	Note	Dec. 31, 2023	Dec. 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	6.7.1	13,202	10,436
Intangible assets	6.7.2	87,214	90,293
Investments in associates accounted for using the equity method	6.7.3	1,748	570
Financial assets at fair value through profit and loss	6.7.4	0	1,180
Trade receivables and other receivables	6.7.6	219	–
Deferred income tax assets	6.7.5	22,415	15,003
		124,797	**117,483**
Current assets			
Trade receivables and other receivables	6.7.6	10,888	9,942
Receivables from related parties	6.7.7	48	37
Financial assets at fair value through profit and loss	6.7.4	845	863
Current income tax assets	6.7.15	910	1,142
Cash and cash equivalents	6.7.8	7,139	10,375
		19,830	**22,359**
Total assets		**144,628**	**139,841**
Equity			
Share capital	6.7.9.1	17,494	17,483
Share premium	6.7.9.2	48,596	47,185
Retained earnings	6.7.9.3	-10,536	1,948
Equity attributable to LAIQON shareholders		**55,554**	**66,617**
Non-controlling interests	6.7.9.4	-877	5,471
Total equity		**54,677**	**72,088**
Liabilities			
Non-current liabilities			
Net assets attributable to other limited partners	6.7.10	5,993	4,359
Trade payables and other liabilities	6.7.11	9,919	5,628
Financial liabilities	6.7.12	36,428	16,535
Liabilities to related parties	6.7.13	577	997
Other provisions	6.7.14	151	310
Deferred income tax liabilities	6.7.5	17,681	17,052
		70,749	**44,881**
Current liabilities			
Trade payables and other liabilities	6.7.11	14,869	16,029
Liabilities to related parties	6.7.13	2,085	2,551
Financial liabilities	6.7.12	1,918	2,311
Current income tax liabilities	6.7.15	330	1,982
		19,202	**22,872**
Total liabilities		**89,951**	**67,753**
Total equity and liabilities		**144,628**	**139,841**

The notes on the following pages are an integral part of these consolidated financial statements.

4 Consolidated cash flow statement

for the period from January 1 to December 31, 2023

EUR thous.	Note	2023	2022
Cash flow from operating activities			
Consolidated net profit/loss before non-controlling interests		-12,874	-10,541
Depreciation and amortization of non-current assets	6.6.4	6,367	4,691
Profit from the disposal of non-current assets		19	20
Other non-cash transactions		-1,599	2,037
Changes to trade receivables and other receivables		-7,100	-5,276
Changes to receivables from related parties		-11	-37
Changes to trade payables and other liabilities		4,289	2,319
Changes to liabilities to related parties		-211	-895
Changes to other provisions		-158	-460
Interest paid		-1,320	-526
Dividends and profit distributions received		1,864	5,903
Net cash generated from operating activities		**-10,735**	**-2,765**
Cash flow from investing activities			
Payments made for purchases of:			
Property, plant and equipment and intangible assets	6.7.1-2	-1,386	-1,211
Financial assets at fair value through profit or loss and investments in associates accounted for using the equity method		-151	-49
Proceeds from the disposal of:			
Property, plant and equipment and intangible assets	6.7.1-2	6	10
Financial assets at fair value through profit or loss and investments in associates accounted for using the equity method		217	-2,173
Cash acquired from additions to the reporting entity structure		–	8,562
Payments made for additions to the reporting entity structure		–	-13,611
Net cash used in investing activities		**-1,315**	**-8,472**
Cash flow from financing activities			
Payments received from the issue of new shares		–	12,040
Payments received from the issue of convertible bonds	6.7.12	25,000	–
Proceeds from financial liabilities		–	6,500
Repayment of purchase price liabilities	6.7.11	-8,432	-11,288
Repayment of financial liabilities		-7,555	-1,906
Dividends paid to non-controlling interests		-200	-65
Net cash generated from/used in financing activities		**8,813**	**5,281**
Net increase/decrease in cash and cash equivalents		**-3,236**	**-5,956**
Cash and cash equivalents at January 1		10,375	16,331
Cash and cash equivalents at December 31	6.8.2	**7,139**	**10,375**

The notes on the following pages are an integral part of these consolidated financial statements.

5 Consolidated statement of changes in equity

for the period from January 1 to December 31, 2023

EUR thous.	Share capital	Share premium	Retained earnings	Non-controlling interests	Total equity
Amount on January 1, 2022	**13,326**	**17,764**	**12,173**	**5,099**	**48,362**
Total other comprehensive income	–	–	-10,165	–	-10,165
Stock option program	–	196	–	–	196
Convertible bond	1,124	5,576	–	–	6,700
Consolidated net profit attributable to non-controlling interests	–	–	–	-376	-376
Compensation payment for non-controlling interests	–	–	–	-1,324	-1,324
Withdrawals from share premium account	–	-5	–	–	-5
Equity issue	3,033	23,542	–	–	26,575
LAIC Intelligence GmbH option	–	-88	–	–	-88
Fund for general banking risks	–	200	–	–	200
Dividends distributed	–	–	-60	–	-60
Additions to the reporting entity structure	–	–	–	2,073	2,073
Amount on December 31, 2022	**17,483**	**47,185**	**1,948**	**5,471**	**72,088**
Amount on January 1, 2023	**17,483**	**47,185**	**1,948**	**5,471**	**72,088**
Total other comprehensive income	–	–	-12,322	–	-12,322
Stock option program	–	-185	–	–	-185
Convertible bond	10	1,944	–	–	1,954
Consolidated net profit attributable to non-controlling interests	–	–	–	-552	-552
Compensation payment for non-controlling interests	–	–	–	-420	-420
LAIC Intelligence GmbH option	–	-196	–	–	-196
SPSW Capital GmbH option	–	–	–	-5,042	-5,042
Dividends distributed	–	–	-15	–	-15
Changes to companies consolidated	–	-151	-147	-334	-632
Amount on December 31, 2023	**17,494**	**48,596**	**-10,536**	**-877**	**54,677**

The notes on the following pages are an integral part of these consolidated financial statements.

6 Notes to the consolidated financial statements

6.1 General information

LAIQON AG (hereinafter also referred to as the "Parent Company") and its subsidiaries (hereinafter referred to as the "LAIQON Group") are engaged in the development, arrangement, initiation and marketing of investment products for private and institutional investors via sales partners. In 2023, LAIQON AG operated as a listed, bank-agnostic financial services provider and active asset manager. Under its Strategy 2023/25 2.0. LAIQON AG has additionally enhanced the brand positioning for the Group and the LAIQON Asset Management, LAIQON Wealth Management, LAIQON Digital Wealth and LAIQON GROUP business segments. The segment structure has been adjusted since the previous year (see Note 6.5.).

The Parent Company is a joint stock corporation (Aktiengesellschaft) established in accordance with German law with registered offices in Hamburg. Its address is LAIQON AG, An der Alster 42, 20099 Hamburg, Germany. LAIQON AG is registered with the Local Court of Hamburg under the number HRB 75 492 and has been listed in Deutsche Börse's "Scale" segment in Frankfurt since March 2017.

These consolidated financial statements were approved for issue by LAIQON AG's Management Board on March 27, 2024.

6.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the reporting periods presented, unless otherwise stated.

The consolidated financial statements have been prepared in thousands of euros as this does not result in any loss of information. This may result in rounding differences between the individual parts of the financial statements. To improve the clarity of presentation, individual items of the income statement and balance sheet have been combined. The items are explained in these notes. The income statement has been prepared using the nature-of-expense method.

6.2.1 Basis of preparation

The consolidated financial statements for 2023 have been prepared voluntarily in accordance with international accounting standards. LAIQON AG's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) as endorsed by the European Union (EU) on or before December 31, 2023.

In preparing the consolidated financial statements, the going-concern assumption has been applied.

6.2.1.1 New standards and interpretations applied for the first time

New standards and interpretations that must be applied for the first time in 2023:

- IFRS 17, Insurance Contracts (to be applied for the first time from January 1, 2023)
- Disclosure of Accounting Methods (Amendments to IAS 1 and IFRS Practice Statement 2) (to be applied for the first time from January 1, 2023)
- Definition of Estimates (Amendment to IAS 8 (to be applied for the first time from January 1, 2023)
- Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12) (to be applied for the first time from January 1, 2023)

In connection with the amendments to IAS 12, the LAIQON Group recognized deferred income taxes on significant new leases. Other than this, the first-time application of the amendments mentioned above did not have any material effects on the consolidated financial statements.

6.2.1.2 Outlook for future standards

This section describes the new IFRS standards and revisions to existing standards and interpretations, which are to be applied in accounting periods commencing on or after January 1, 2024. The LAIQON Group did not early-adopt this new guidance.

- Amendments to IAS 1: Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current (to be applied for the first time from January 1, 2024)
- Reverse-Factoring Agreements - Amendments to IAS 7 and IFRS 7 (to be applied for the first time from January 1, 2024)
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (to be applied for the first time from January 1, 2024)

The first-time application of the amendments mentioned above will not have any material effects on the consolidated financial statements.

6.2.2 Consolidation

6.2.2.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanied by a shareholding of more than 50% of the voting rights. Under IFRS 10 "Consolidated Financial Statements" the companies consolidated are determined on the basis of the exercise of control as well as the variable returns. In addition, it must be possible for the variable returns to be influenced by the exercise of control.

Subsidiaries are included in the consolidated financial statements (full consolidation) as of the date on which control is transferred to the Group. They are deconsolidated as of the date on which control is extinguished.

Companies in which LAIQON AG holds a stake of more than 50% are not classified as subsidiaries in cases in which the Group does not have any scope for exerting influence on their business and financial policies on account of the specific provisions of their articles of association even though it holds a majority of the voting rights. Accordingly, the criterion of control is not satisfied. Even so, LAIQON exerts a material influence on these companies, meaning that they are accounted for as associates.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. If the acquisition costs exceed the Group's share in the net assets measured at fair value, this difference is recognized as goodwill. If the acquisition costs are less than the fair value of the net assets of the acquired subsidiary, the difference is recorded directly in profit and loss.

The hidden reserves and charges disclosed when the assets and liabilities are recognized at fair value during initial consolidation are amortized, depreciated or released in subsequent periods in line with the development of the assets and liabilities. Inter-company transactions and balances between group companies are eliminated. Eliminations of inter-company gains and losses were not necessary within the Group due to the absence of any relevant transactions.

6.2.2.2 Companies consolidated

The consolidated financial statements as of December 31, 2023 include the Parent Company as well as the following 20 (previous year: 25) entities.

Company	Share held by Group
SPSW Capital GmbH, Hamburg	90.0%
MFI Asset Management GmbH, Munich	100.0%
Lange Assets & Consulting GmbH, Hamburg	90.0%
BV Bayerische Vermögen GmbH, Munich	100.0%
m+c Asset Allocation GmbH, Munich	100.0%
LAIC Capital GmbH, Hamburg	90.25%
LAIC Vermögensverwaltung GmbH, Hamburg	90.25%
LAIC Intelligence GmbH, Hamburg	80.0%
growney GmbH, Berlin	75.0%
growney Technology & Service GmbH, Berlin	75.0%
LAIQON Token GmbH, Hamburg	100.0%
LAIQON Solutions GmbH, Hamburg	100.0%
LAIQON Financial Service GmbH, Hamburg	60.0%
LAIC AIF GmbH, Hamburg	100.0%
LAIC AIF Token Mitarbeiter GmbH & Co. KG, Hamburg	100.0%
LAIC AIF KVG GmbH, Hamburg	100.0%
LAIC AIF Token GmbH & Co. KG, Hamburg	82.36%
53.10. Real Assets Treuhand GmbH, Hamburg	100.0%
53.10. Real Estate Management GmbH, Hamburg	100.0%
TradeOn GmbH, Hamburg	100.0%

Sale of former Real Assets business segment

With effect from December 31, 2023, LAIQON AG sold most of the fund entities held in the former LLOYD FONDS Real Assets business segment to the long-standing managing director under a purchase and transfer agreement. The agreement includes 73 shares in limited liability companies and 59 limited partnership interests. As of the transfer date, some entities had not yet received the approval of the co-shareholders for the transfer. Internally, it has been agreed that such entities will be deemed to have already been transferred to the buyer for economic purposes. Pending receipt of the necessary approval, these entities will continue to be reported as held by LAIQON AG.

All affiliated companies which are not included in the consolidated financial statements on account of their immateriality have been sold. Accordingly, 22 entities recognized as financial assets at fair value through profit or loss have been duly disposed of (see Note 6.7.4.).

The previously fully consolidated companies 53.10. Special Assets GmbH, Hamburg, PPA Beteiligungsgesellschaft GmbH, Hamburg, and 2. Lloyd Fonds Shipping Beteiligung GmbH & Co. KG, Hamburg, are also included in the transfer agreement.

As of December 31, 2022, the LAIQON Group had 46 investments in associates accounted for using the equity method, of which 32 were transferred as of December 31, 2023.

Many of the limited partnership interests recognized in the LAIQON Group as investments were previously held by both LAIQON AG and 53.10. Real Assets Treuhand GmbH. Despite the transfer of the investments held by LAIQON AG, the entities are still included in the consolidated financial statements via 53.10. Real Assets Treuhand GmbH.

The composition of the LAIQON Group as of December 31, 2023 is therefore as follows:

EUR thous.	Note	2023	2022
Companies consolidated	6.2.	20	25
Affiliated companies which are not included in the consolidated financial statements due to their immateriality (accounted for using the equity method)	6.7.3	–	22
Associates (accounted for using the equity method)	6.7.3	8	46
Investments (FVTPL)	6.7.4	76	125

No purchase price was agreed for the transfer. Instead, the income derived from the entities is to be shared. A large number of the entities are insolvent or are already in liquidation. The LAIQON Group has agreed with the purchaser to share the proceeds from subsequent sales and liquidation proceeds. In addition to reduced personnel expenses, the LAIQON Group expects to be able to recover proceeds of around EUR 724 thousand, including around EUR 505 thousand within one year.

Deconsolidation of V:KI GmbH

In February 2023, LAIC Capital GmbH sold a total of 30% of the shares in V:KI GmbH in connection with sales partnerships. From the Group's perspective, the rights set out in the articles of association only result in scope for the exercise of significant influence, as a result of which V:KI GmbH was deconsolidated with effect from February 16, 2023 and subsequently accounted for using the equity method. Income from deconsolidation is recognized within other operating income (see Section 6.6.5).

Incorporation of BV Bayerische Vermögen GmbH

BV Bayerische Vermögen GmbH holds 25% of the shares in meine Bayerische Vermögen GmbH, which was established on February 10, 2023. The company was entered in the commercial register on May 3, 2023. Its purpose is to manage its own assets for its own account. Meine Bayerische Vermögen GmbH is accounted for in the consolidated financial statements using the equity method.

Increased share in Growney

On May 31, 2023, LAIQON AG completed a cash capital increase for growney GmbH following the payment of EUR 1 million. As a result, its share in growney GmbH widened from 73.6% to 75%.

The reporting date of the LAIQON Group is identical to that of the subsidiaries (namely December 31, 2023).

6.2.2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights. The 8 (previous year: 46) associates are accounted for using the equity method of accounting and initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share in its associates' post-acquisition profits or losses is recognized in the income statement and its share in post-acquisition movements in reserves is recognized in reserves. The accumulated post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses in an associate equals or exceeds its interest in such associate, including any other unsecured receivables, the Group does not recognize any further losses unless it has incurred obligations or made payments on behalf of the associate.

Any unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The reporting date of the LAIQON Group is identical to the reporting date of all entities accounted for using the equity method (namely December 31). The financial statements of LAIQON AG and of the material associates accounted for using the equity method have been prepared using uniform accounting policies. If the final single-entity financial statements of the entities concerned are not yet available as of the date on which the consolidated financial statements are prepared, provisional financial statements are used.

In exceptional cases, the LAIQON Group may exert a material influence on an associate due to the specific provisions of its articles of incorporation notwithstanding the fact that it holds a share of less than 20% in its capital.

6.2.3 Property, plant and equipment

Property, plant and equipment are recognized at historical cost and depreciated on a straight-line basis over their useful lives. Historical cost includes the directly attributable transaction costs. Gains or losses from the disposal of non-current assets are reported within other net operating profit or loss.

Scheduled depreciation is calculated on a uniform Group-wide basis. Fittings in leased office premises are written down on the basis of an expected rental period of ten years. Useful lives of between three and 19 years are assumed for other equipment, operating and business equipment. In other cases, they are depreciated over the shorter of the useful life of the asset or the term of the lease. The useful lives and any residual values are reviewed annually to ensure that they are adequate. For the purposes of subsequent measurement, the right-of-use asset is amortized on a straight-line basis over the term of the lease or the period of use of the leased asset, whichever is the shorter, and adjusted for any impairment losses.

In accordance with IFRS 16, a right-of-use asset and a corresponding lease liability are recognized for all leases and therefore result in an increase in total assets. However, IFRS 16 provides for the option of not recognizing a right-of-use asset and a corresponding lease liability in the case of leases with a term of less than twelve months (short-term leases) and for leases of low-value assets. The LAIQON Group makes use of this option. The lease liability is discounted upon initial recognition in accordance with IFRS 16.27 on the basis of the present value of the future lease payments using the lessee's incremental borrowing rate and is recognized under financial liabilities. The weighted average incremental borrowing rate applied by the LAIQON Group stands at 5.95% (previous year: 4.76%). For the sake of simplicity, the right-of-use assets are recognized at an amount equaling the corresponding lease liability, adjusted for lease payments made in advance or deferred. The lease payment is divided into payments of principal and interest. Payments of interest are recognized through profit and loss for the duration of the lease.

The right-of-use assets with respect to land and buildings relate to rental properties. Motor vehicles include company vehicle leases, while operating and office equipment comprises office equipment. Payments made under short-term and low-value leases are recognized in the income statement on a straight-line basis. A number of real estate leases include extension options, which were not recognized in the balance sheet as of the reporting date. There are options to extend the contracts for five years in each case.

6.2.4 Intangible assets

Other than goodwill, the LAIQON Group does not have any intangible assets with an indefinite useful life. Intangible assets acquired for good consideration are recognized at cost and amortized using the straight-line method over their useful lives. The useful economic life is three to 25 years.

Internally generated intangible assets include expenses for the development of software and for the website, arising through contracts with external third parties as well as internally. The research expenses incurred for this purpose are recognized as expenses. The useful life of the software and the website is three to ten years. They are reported under prepayments made if they have not yet gone into operation as of the reporting date.

6.2.5 Goodwill

Goodwill is measured at cost less any impairment losses. It is not subject to systematic amortization but is tested for impairment at least once a year.

6.2.6 Impairment of non-monetary assets

Intangible assets which have an indefinite useful life or which are not yet in a condition in which they are capable of operating as well as goodwill are not amortized; instead, they are subjected to an annual impairment test. Assets which are subject to depreciation or amortization undergo an impairment test if corresponding events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less the costs of disposal and the value in use. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

6.2.7 Financial assets

Financial assets are classified and measured on the basis of the business model used and the structure of the cash flows. On initial recognition, a financial asset is measured either at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

Financial assets measured at amortized cost are held within a business model whose objective is to collect contractual cash flows. The cash flows generated by these assets comprise payments of principal and interest.

Debt instruments that are held for the short term to realize price gains or whose cash flows do not relate solely to payments of principal and interest are measured at fair value through profit or loss.

Financial assets that are debt instruments are measured at fair value through other comprehensive income if they are held to collect the contractual cash flows and for sale and the cash flows represent solely payments of principal and interest.

Financial assets are subject to credit risks, which are accounted for by recognizing a credit loss or, if losses have already been incurred, by recognizing an impairment loss. The credit loss resulting from receivables and loans is taken into account by recognizing individual and portfolio-based expected credit losses.

Specifically, credit losses are recognized for these financial assets in an amount equaling the expected loss in accordance with uniform

Group-wide standards. The actual loss allowances for defaults incurred are then derived from this credit loss. A potential loss allowance is assumed in the event of various facts such as late payment over a certain period, impending insolvency or overindebtedness, filing for or the commencement of insolvency proceedings or the failure of restructuring measures.

To determine portfolio-based loss allowances, non-significant receivables and significant individual receivables without any evidence of impairment are grouped into homogeneous portfolios based on comparable credit risk characteristics and broken down by risk class. Average historical probability of default in conjunction with forward-looking parameters for the respective portfolio are used to determine the amount of loss allowance. Credit losses must be determined for all financial assets that are measured at amortized cost or at fair value through comprehensive other income (debt instruments).

The expected credit losses approach uses a three-stage process for allocating loss allowances.

Stage 1: 12-month expected credit losses without any significant increase in credit risk

This stage includes all contracts with no material increase in credit risk since initial recognition and regularly includes new contracts and those with payments that are less than 31 days past due. The portion of the lifetime expected credit loss of the instrument that is attributable to a default within the next twelve months is recognized.

Stage 2: life-time expected credit losses – not credit-impaired

If a financial asset has had a significant increase in credit risk since initial recognition, but is not credit-impaired, it is assigned to Stage 2. The expected credit losses measured over the entire term of the financial asset on the basis of possible payment defaults are recognized.

Stage 3: life-time expected credit losses – credit-impaired

If a financial asset is credit-impaired, it is assigned to Stage 3. The expected credit losses measured over the entire term of the financial asset are recognized. Objective evidence that a financial asset is impaired is if it is 91 days past due or other information is available about significant financial difficulties on the part of the debtor. The determination of whether a financial asset has experienced a significant increase in credit risk is based on an assessment of the probability of default performed at least quarterly, which takes into account both external rating information and internal information about the credit quality of the financial asset. In the case of debt instruments other than receivables from financial services, a significant increase in credit risk is determined primarily on the basis of the payment history. A financial asset is transferred to Stage 3 if there has been a significant increase in credit risk since initial recognition.
Credit risk is assessed on the basis of the probability of default.
The approach is applied to trade receivables, in which case lifetime expected credit losses are recognized upon initial recognition. In Stages 1 and 2, the effective interest income is determined on the basis of the gross carrying amount. As soon as a financial asset has become credit-impaired and is assigned to Stage 3, the effective interest income is determined on the basis of the net carrying amount (gross carrying amount less loss allowance).

6.2.8 Trade receivables and other receivables

Trade receivables and other receivables are initially recognized at the transaction price and subsequently measured at amortized cost using the effective interest method, less any impairment. In this connection, the effective interest method is used only if the receivable is not due for settlement in less than twelve months. Impairments are recognized on trade receivables when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Indicators of possible impairment particularly include delayed payments and any deterioration in the debtor's credit rating. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment loss is taken to the income statement and allocated to other operating income/expenses. If a receivable is deemed irretrievable, it is derecognized and allocated to the impairment account for trade and other receivables. Any subsequent payments received towards derecognized receivables are reported in the income statement within other operating income.

The calculation of expected future loss allowances in connection with IFRS 9 is generally based on historical probabilities of default supplemented by future parameters relevant for credit risk. The loss allowances take sufficient account of expected future credit risks; specific defaults result in the derecognition of the receivables concerned. For the purpose of calculating loss allowances, financial assets with similar credit risk characteristics are grouped together and jointly tested for impairment.

It is assumed that the fair value of trade and other receivables equals their nominal value less impairments.

6.2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purposes of the cash flow statement, bank overdraft facilities are netted against cash and cash equivalents. Bank balances which are subject to drawing restrictions are not included in cash and cash equivalents in the cash flow statement.

As cash and cash equivalents are held exclusively with investment-grade financial institutions in Germany and are therefore not subject to any significant credit risk, they are assigned to Stage 1 under the credit loss model in accordance with IFRS 9.

6.2.10 Equity

Incremental costs which are directly attributable to the issue of new shares or options are recognized in equity as a deduction net of tax from the proceeds of the issue. Taxes are included provided that they are expected to have any impact. Costs relating to the issue of new shares as well as the stock-market listing of shares already issued are split and assigned to the individual transactions. Transaction costs arising in connection with the stock-market listing of shares already issued are taken to the income statement.

6.2.11 Liabilities and financial liabilities

Financial liabilities measured at amortized cost and borrowings are initially measured at fair value less transaction costs, which regularly equals the value of the consideration received. In subsequent periods, liabilities and borrowings are stated at amortized cost; any difference between the proceeds and the redemption value is recognized in profit or loss over the period of the liability or borrowing using the effective interest method. They are reported within current liabilities unless they are due for settlement in more than twelve months after the reporting date, in which case they are recorded as non-current liabilities.

It is assumed that the fair value of trade payables equals their nominal value less adjustments. The fair value of non-current financial assets is derived by discounting the future contractual payment flows with the current market interest rate granted to the Group for comparable financial instruments.

The net asset value attributable to the other limited partners is due to the right of termination provided for in the articles of incorporation in favor of the subscribers and constitutes a right to put back the financial instrument as defined in IAS 32.18 (b). IAS 32.AG29A states that the exceptions referred to in paragraphs 16AD of IAS 32 do not apply to the consolidated financial statements, which means that the capital commitments must be classified as borrowings. The amount of the settlement entitlement is governed by the respective Articles of Incorporation and is based on the fair value of the net assets. The value of this item was measured at fair value in connection with the first-time consolidation (present value of settlement claim). This item includes the net asset value attributable to the other limited partners so as to present the non-controlling interests in the consolidated companies LAIC AIF Token GmbH & Co. KG and LAIC TOKEN MITARBEITER GmbH & Co. KG.

6.2.12 Employee and management benefits

6.2.12.1 Profit participation

Allocations of profit based on certain profit-sharing arrangements for the members of the Management Board and the Supervisory Board and certain employees are recognized as expense and either reported through other comprehensive income as an increase in equity or recognized as a liability in the balance sheet. The Group recognizes an accrued liability in the balance sheet where contractually obliged or where a past business practice has created a constructive obligation.

6.2.12.2 Share-based and performance-based compensation

The shareholders of LAIQON AG have agreed to establish a share- and performance-based remuneration plan with three components:

Stock option program (SOP)

Part of the remuneration of the members of the Management Board and other selected employees consists of stock options under the SOP. Under the SOP, these employees receive options on shares issued by the Company. This means that the SOP comes within the scope of IFRS 2. The stock options may be settled with shares. Contingent capital was approved for this purpose at LAIQON AG's annual general meeting (see also Contingent Capital 2018 II, Note 6.7.9.1).

In accordance with IFRS 2.41, the SOP is classified as an equity-settled plan and recognized accordingly in equity. LAIQON AG has the option of settling the stock options in cash (share-based payments with cash alternatives). However, there is no obligation to pay cash and there is no historical data on exercise preferences or other circumstances that would give rise to any obligation to pay cash. Against this backdrop, the SOP is classified as an equity-settled plan and is duly recognized within equity. In the case of equity-settled plans, the fair value is determined as of the grant date.

The SOP beneficiaries may exercise the stock options granted to them, provided that the vesting period of five years, which starts on the issue date of the options, has expired, the stock options are exercised during a maximum term of eight years (i.e. within three years of expiry of the vesting period) outside certain blocking periods and two performance targets are met:

- Performance target 1 (market condition): The share price doubles within five to eight years (period from the end of the vesting period until the end of the term): The volume-weighted average price of the Company's no-par bearer ordinary shares (no-par shares) in the electronic Xetra trading system operated by Deutsche Börse AG in Frankfurt am Main or a comparable successor system during the last 30 (thirty) trading days prior to the date on which the subscription rights are exercised ("reference period") equals at least 200% of the exercise price. Only the reference periods ending on the last day of the vesting period or later are relevant.
- Performance target 2 (non-market condition): EBITDA increases threefold from 2020 until 2026: Reported EBITDA at the Group level as shown in the consolidated financial statements prepared as of the last reporting date before expiry of the vesting period exceeds the reported EBITDA as shown in the consolidated financial statements prepared as of the penultimate reporting date before the expiry of the subscription rights by at least 200%.

The SOP also provides for a cap that limits the profit achievable under the SOP to eight times the exercise price.

The stock options for the members of the Management Board may be exercised upon the expiry of a vesting period of five years, provided that they are still in active employment at the end of the vesting period.

If the eligible member of the Management Board receives a stock option commitment through an extension of his service contract as a result of reappointment, the SOP must be accounted for as an equity-settled plan. Equity-settled plans are recognized in equity (IFRS 2.10) over the period during which the Company receives the agreed services (vesting period). The vesting period is generally the period between the grant date and the vesting date (IFRS 2.15). The grant date is the date on which the eligible members of the Management Board are reappointed. Upon the expiry of the vesting period, no further expense is recognized. Expenses are therefore recognized on a straight-line basis from the date of reappointment or renewal until the end of the vesting period.

Phantom stock plan (PSP)

As an additional form of remuneration, one member of the Management Board and one employee of LAIQON AG receive a tranche of phantom stocks under the PSP for each year of service on April 1 of each year, entitling them to receive variable remuneration from the Company after the expiry of a two-year period.

A new tranche was issued in the year under review. Accordingly, there is one phantom stock tranche as of December 31.

As the phantom stocks are settled in cash and there is no option to settle them in shares, the PSP is classified as a cash-settled plan (IFRS 2.30). The provisions for cash-settled plans are recognized through profit and loss. Unlike equity-settled plans, the provisions are adjusted on the basis of the current fair value on each reporting date, meaning that in the present case the fair value of the phantom stocks as of December 31, 2023 was determined for recognition through profit and loss. The phantom stock bonus payout is linked to two performance targets:

- Performance target 1 (market condition): The share price increases by 15% within two years (until March 31 of the year after next): A payout is made only if a certain price target (performance target 1) is reached on the reference date. Performance target 1 is deemed to have been achieved if the relevant share price on the reference date is at least 115% of the basic amount.

- Performance target 2 (non-market condition): Reported EBITDA before the reference date is equal to or greater than 90% of the budgeted EBITDA. Furthermore, settlement of the phantom stock bonus is conditional on the Company's EBITDA in the two quarters prior to the respective reference date being at least 90% of EBITDA in accordance with the business plan approved by the Supervisory Board.

The PSP is also capped. The payment of a tranche under the PSP may not exceed the bonus paid to the beneficiary from the previous year. Beneficiaries relinquish all entitlement to payment if their service terminates before the expiry of the two-year term.

The fair value of a stock option and the phantom stock is calculated using Monte Carlo simulations. The following tables summarize the applicable valuation parameters and the fair values determined.

	Grant date						
EUR thous.	Dec. 1, 2021	Jan. 1, 2022	Mar. 15, 2022	May 1, 2022	Oct. 1, 2022	Jan. 1. 2023	July 1.2023
Share price at grant date (EUR)	12.10	15.15	10.60	8.68	5.64	7.78	7.50
Exercise price (EUR)	10.89	13.40	11.19	9.78	5.93	8.20	7.98
Term (from reference date)	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Risk-free interest	0%	0%	0%	0.2%	1.2%	2.06%	2.32%
Dividend return	2%	2%	2%	2%	2%	2%	2%
Stock volatility	40%	40%	40%	40%	40%	40%	40%
EBITDA volatility	50%	50%	50%	50%	50%	50%	50%
Fair value per stock option (in EUR)	**4.01**	**5.09**	**3.07**	**2.44**	**1.87**	**2.84**	**2.80**

	(Tranche 2023)
Measurement date	Dec. 31, 2023
Share price at grant date (EUR)	10.40
Basic value (EUR)	12.87
Term (from reference date)	2 years
Risk-free interest	1.96%
Dividend return	0%
Stock volatility	40%
EBITDA volatility	50%
Fair value per phantom stock (EUR)	**0.00**

Flagship bonus (FSB)
From 2019, an FSB is also awarded to individual employees. This is derived from the performance of a fund managed by the LAIQON Group over a period of two years.

6.2.13 Taxes
Current income tax expense is calculated on the basis of national tax legislation. In addition, current tax expense for the year under review includes adjustments for any tax payments or refunds for years for which final tax assessment notices have not yet been received, meaning that assessment changes are possible. In addition, there are tax refund claims for deductible taxes that have not yet been refunded as well as changed assessment notices.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements (liability method). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized on temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets on unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The planning horizon as of the reporting date is five years. In the year under review, deferred income tax assets of EUR 18,828 thousand (previous year: EUR 15,003 thousand) were recognized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates if the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are netted if there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes are payable to the same tax authority.

6.2.14 Provisions

Provisions are recognized if the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be necessary to settle the obligation and a reliable estimate can be made of the amount of the obligation. Non-current provisions are recognized at the present value of the expenditure expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as borrowing cost.

6.2.15 Revenue recognition

Revenues comprise the fair value received for the sale of services excluding value added tax, discounts and rebates and after eliminating transactions within the Group. Income from the provisions of services of all kinds is recognized only if the service has been provided, legal entitlement to consideration has arisen, the amount of the income can be reliably estimated and it is sufficiently probable that an economic benefit will flow to the Company. In addition, individual income is accounted for in accordance with the following principles:

The LAIQON Group provides investment management, advisory services and project funding structures for fund entities and external third parties. Depending on the wording of the contract in question, income is realized either upon the service in question being completed or on a percentage-of-completion basis reflecting the progress made in the execution of the service in question.

In addition to management activities, LAIQON also provides management support services for the fund entities. As these services are performed continuously over the term of entity, income is recognized on a time-proportionate basis.

In addition, LAIQON provides trusteeship services entailing the management of limited-partner shares held for third parties or managed following entry in the commercial register as well as the preparation and dispatch of invitations for and the organization of shareholder meetings. Trusteeship fees arising in following years are recognized on each reporting date as a share of the applicable value of the capital under management.

IFRS 15, Revenue from Contracts with Customers was applied for the first time from January 1, 2018. In accordance with IFRS 15, a five-step model is applied to determine the amount of revenues and whether they are to be recognized at a specific point in time or over time:

- Step 1: Identify contracts with customers
- Step 2: Identify distinct performance obligations
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price
- Step 5: Recognize the income from the satisfaction of the performance obligation

Significant revenues from management services and revenues from trustee activities are over-time services as defined in IFRS 15. The application of IFRS 15 did not result in any changes to revenue recognition. In contrast, revenues from arrangement and structuring services are mainly point-in-time. Two performance obligations have been identified in connection with investment advisory services with respect to the retail funds. These are investment advisory services regarding the purchase and sale of financial instruments for the funds on the one hand and the marketing of the funds on the other. Compensation for investment advisory services is subject to uncertainty during the accounting period and the revenue from this performance obligation cannot be recognized until it is settled. The remuneration for marketing services is settled on a monthly basis. Accordingly, the service may be considered to be performed and recognized as revenue on a monthly basis.

Interest income is recorded using the effective interest method on a time-proportionate basis. Dividend income is recognized when the right to receive payment is established, i.e. the date on which the corresponding resolution is passed.

6.2.16 Currency translation

The consolidated financial statements are presented in euros, which is LAIQON AG's functional and reporting currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses from the settlement of such transactions as well as the transaction-date translation of monetary assets and liabilities held in a foreign currency are recognized through profit and loss.

The following exchange rates were applied in 2022 and 2023:

EUR	End-of-year rate		Average exchange rate	
	2023	2022	2023	2022
US dollar (US-$)	1.1050	1.0666	1.0902	1.0589

6.3. Financial risk management

6.3.1 Risks from financial instruments
The Group's activities expose it to a variety of risks from financial instruments. These entail liquidity, market price and credit risks. Market risk involves interest, currency and price risks.

6.3.1.1 Liquidity risk
Liquidity risk is managed by the Finance department on the basis of procedures and measures complying with the risk management policy issued by the Management Board. Short-term liquidity is managed by means of rolling liquidity planning covering a forward-looking range of up to one year. It is supplemented by medium-term forecasts for the following five years. This is an integrated planning model comprising a forecast income statement. Both the short and medium-term forecasts are derived from the Group's business planning and are mutually aligned to each other.

6.3.1.2 Market risk
Interest risk, which is one aspect of market risk, arises from possible fluctuations in the fair value of a financial instrument and the cash flows which it is expected to yield on account of changes in market interest rates. This affects the Group's future interest income and expense and may also influence the fair value of its financial instruments.

Normally, loans granted or utilized are subject to a fixed interest rate reflecting standard market conditions. They are subsequently measured at amortized cost using the effective interest method in accordance with IFRS 9. Accordingly, no material adjustments to fair value are likely.

In these consolidated financial statements, foreign-currency risks primarily relate to the translation of US-$-denominated assets and liabilities into euro. To minimize these effects, the LAIQON Group regularly analyzes its foreign-currency assets and liabilities and forecasts future trends. The focus here is on risks affecting the Group's liquidity. If any significant risks to the Group's financial condition arise from foreign-currency exposure, appropriate hedges are transacted. At present, this does not result in any open positions.

The Finance department is responsible for managing interest and foreign-currency risks in consultation with other Group departments. Due to possible negative trends in exchange rates, foreign-currency holdings currently not required are converted to euros with minimum delay.

LAIQON regularly measures the fair value of all investments in material associates subject to close consultation between Group Accounting and Asset Management to ensure that any changes are correctly reflected in the balance sheet. Changes in fair value are recognized in net finance income/finance expenses.

Among other things, the LAIQON Group, like the entire financial services sector, is exposed to the economic fallout from the Ukrainian war and the COVID 19 pandemic. The duration and intensity of the impact are uncertain at this time and therefore cannot be estimated.

6.3.1.3 Credit risk
The credit risk refers to the threatened non-recoverability of outstanding receivables. In the wake of the economic and financial crisis, there was a general increase in this risk. This particularly concerned receivables from distressed investment funds. As part of efforts to restructure these entities, the LAIQON Group granted respites on these receivables and, in some cases, agreed to waivers in return for debtor warrants. The resultant credit risks are provided for by means of individual impairments. As receivables are viewed individually, it is assumed that their fair value equals their nominal value less loss allowances in accordance with IFRS 9. IFRS 9 contains guidance according to which the credit risk increases if financial assets become past due. This situation mostly does not arise in LAIQON AG's business. A case-by-case approach continues to be applied. The maximum credit risk is valued at EUR 11,154 thousand (previous year: EUR 9,979 thousand).

In addition to ongoing impairment testing of receivables, LAIQON is responding to the heightened credit risk by means of steady and sustained improvements in its receivables management. This particularly focuses on swift collection of outstanding amounts in an effort to reduce the volume of receivables due for immediate settlement.

6.3.2 Disclosures on financial instruments

The following table analyzes the financial instruments broken down by the categories defined in IFRS 9 as well as the classes selected by the LAIQON Group in accordance with IFRS 7. The remaining balance sheet items classified as financial instruments are not subject to the IFRS 9 measurement categories. The carrying amount equals the fair value:

EUR thous.	IFRS 9 measurement category Dec. 31, 2023 AC	IFRS 9 measurement category Dec. 31, 2023 FVTPL	Carrying amounts in accordance with IFRS 9 Dec. 31, 2023 Total
Non-current assets			
Investments in associates accounted for using the equity method	–	1,748	1,748
Financial assets at fair value through profit and loss	–	–	–
Trade receivables and other receivables	219	–	219
	219	**1,748**	**1,967**
Current assets			
Trade receivables and other receivables	10,888	–	10,888
Receivables from related parties	48	–	48
Financial assets at fair value through profit and loss	–	845	845
Cash and cash equivalents	7,139	–	7,139
	18,075	**845**	**18,920**
Assets	**18,294**	**2,593**	**20,887**
Non-current liabilities			
Net assets attributable to other limited partners	–	5,993	5,993
Trade payables and other liabilities	–	9,919	9,919
Liabilities to related parties	–	577	577
Financial liabilities	36,428	–	36,428
	36,428	**16,489**	**52,916**
Current liabilities			
Trade payables and other liabilities	9,701	5,168	14,869
Liabilities to related parties	695	1,390	2,085
Financial liabilities	1,918	–	1,918
	12,314	**6,558**	**18,873**
Liabilities	**48,742**	**23,047**	**71,789**

EUR thous.	IFRS 9 measurement category Dec. 31, 2022 AC	IFRS 9 measurement category Dec. 31, 2022 FVTPL	Carrying amounts in accordance with IFRS 9 Dec. 31, 2022 Total
Non-current assets			
Investments in associates accounted for using the equity method	–	570	570
Financial assets at fair value through profit and loss	–	1,180	1,180
		1,750	**1,750**
Current assets			
Trade receivables and other receivables	9,942	–	9,942
Receivables from related parties	37	–	37
Financial assets at fair value through profit and loss	–	863	863
Cash and cash equivalents	10,375	–	10,375
	20,354	**863**	**21,217**
Assets	**20,354**	**2,613**	**22,967**
Non-current liabilities			
Net assets attributable to other limited partners	166	4,193	4,359
Trade payables and other liabilities	21	5,607	5,628
Liabilities to related parties	–	997	997
Financial liabilities	16,535	–	16,535
	16,723	**10,797**	**27,519**
Current liabilities			
Trade payables and other liabilities	9,188	6,841	16,029
Liabilities to related parties	62	2,489	2,551
Financial liabilities	2,311	–	2,311
	11,561	**9,330**	**20,891**
Liabilities	**28,283**	**20,127**	**48,410**

6.3.2.1 Receivables at amortized cost

EUR thous.	2023	2022
Not yet due for settlement	324	25
overdue by 1-30 days	7,881	5,834
overdue by 31-365 days	2,094	3,400
overdue by more than one year	855	720
	11,154	**9,979**

As of December 31, 2023, loss allowances of EUR 703 thousand were utilized. In addition, loss allowances of EUR 351 thousand (previous year: EUR 854 thousand) were reversed due to positive outcomes in insolvency proceedings. Details of the underlying estimates and assumptions can be found in Note 6.4.3.

6.3.2.2 Assets at fair value through profit and loss

In measuring financial instruments at fair value, three different hierarchy levels are used:

- Level 1: Prices quoted in active markets for identical assets or liabilities (such as share prices).
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

As in the previous year, the Group's financial assets measured at fair value comprise almost solely investments in associates as of December 31, 2023. These are measured at fair value through profit and loss. The fair value of these investments is calculated using the discounted cash flow method, meaning that they are assigned to Level 3 of the hierarchy. Allocation to the individual levels of the hierarchy is reviewed regularly and adjusted if necessary. Further details can be found in Note 6.4.2 to the consolidated financial statements.

6.3.2.3 Financial liabilities

As of December 31, 2023, the Group's financial liabilities totaled EUR 72,259 thousand (previous year: EUR 48,410 thousand). Financial liabilities are due for settlement as follows:

EUR thous.	2023	2022
Less than one year	18,873	20,891
One to five years	45,442	21,678
More than five years	7,474	5,841
	71,789	**48,410**

Please refer to Notes 6.7.10, 6.7.11, 6.7.12 and 6.7.13 for explanations of significant developments in financial liabilities.

6.3.2.4 Impairment losses

EUR thous.	2023	2022
AC measurement category		
Trade receivables and other receivables		
Amount on January 1	3,808	5,397
Added	2	319
Utilized	-703	-1,055
Reversed	-351	-854
Amount on December 31	**2,756**	**3,808**
Receivables from related parties		
Amount on January 1	–	–
Added	–	–
Utilized	–	–
Reversed	–	–
Amount on December 31	–	–
Impairment losses on December 31	**2,756**	**3,808**

6.3.2.5 Other disclosures

Net gains (or losses) on financial instruments break down as follows:

EUR thous.	2023	2022
Measured at amortized cost		
AC measurement category		
Trade receivables and other receivables	-17	12
Financial liabilities at residual carrying amount		
Trade payables and other liabilities	-9	–
Net gains/losses from financial instruments	**-26**	**12**

The net gains/losses on financial instruments measured at amortized cost comprise unrealized currency translation gains, income from the derecognition of liabilities, the recognition and reversal of impairments on receivables, further loss allowances in accordance with IFRS 9 and expense in connection with irretrievable receivables. As a result of the application of IFRS 9, no financial instruments are measured at fair value through other comprehensive income.

Net interest on the financial assets measured at amortized cost in accordance with IFRS 9 breaks down as follows:

EUR thous.	2023	2022
Amortized cost (AC) measurement category		
Other interest and similar income	11	–
	11	–
Amortized cost (AC) measurement category		
Interest expenses on borrowings	-2,684	-1,144
Interest expenses due to limited partners	–	-15
	-2,684	**-1,159**
Net interest income/expense	**-2,673**	**-1,159**

6.3.3 Capital management
The objectives of the LAIQON Group with regard to capital management are to maintain an adequate level of equity on a sustained basis and to generate an appropriate return on the capital employed. In this connection, top priority is given to the Group's credit rating.

The Group monitors its capital on the basis of absolute amounts in the light of the equity ratio. Future movements in capital and possible capital requirements are identified on the basis of an integrated planning model for the coming five years.

The dividend policy forms an element in the management of LAIQON AG's capital structure. The realignment of the Group and the associated planned investments meant that no dividend was distributed for the 2022 financial year. Similarly, no dividend is being proposed for the 2023 financial year in order to stabilize equity.

As of December 31, 2023, the LAIQON Group's equity stood at EUR 54,677 thousand, compared with EUR 72,088 thousand at the end of the previous year. The equity ratio came to 37.8% as of the reporting date (2022: 51.6%). More details on changes in equity can be found in the statement of changes in equity and in Note 6.7.9.

6.4 Use of estimates and assumptions and changes to estimates and discretionary decisions

All estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events which are believed to be probable under the circumstances. The Group makes estimates and assumptions concerning the future. The amounts derived from such estimates may by definition vary from the later actual circumstances. The material estimates and assumptions entailing a significant risk in the form of a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below. Deviations from these estimates and assumptions may occur over the next year, thus necessitating substantial changes to the carrying amounts.

6.4.1 Recoverable value of investments in associates accounted for using the equity method
LAIQON holds investments in a total of 8 (previous year: 46) associates which are accounted for using the equity method of accounting. Among other things, these are fund management entities as well as project entities. The management entities receive fixed annual remuneration from the funds.

In the year under review, the share of profit of associates accounted for using the equity method was adjusted through profit and loss by EUR -614 thousand (previous year: EUR 281 thousand) allowing for dividend distributions.

As of the reporting date, the aggregate carrying amount of these investments stood at EUR 1,748 thousand (previous year: EUR 570 thousand).

6.4.2 Measurement of financial assets at fair value through profit and loss
As of the reporting date, the aggregate carrying amount of these investments stood at EUR 845 thousand (previous year: EUR 1,794 thousand).

6.4.3 Recoverable value of trade receivables and other assets
The recoverable value of receivables is calculated on the basis of an analysis of the individual default risks. A large part of the Group's receivables are due from fund entities and result from services provided by the Group. This includes arrangement and structuring services, fund management and trusteeship business. Credit risks particularly arise if the funds' earnings deviate from forecasts. Receivables are generally considered individually and impairments recognized on a case-by-case basis . Further credit losses are recognized as a result of the credit loss model provided for by IFRS 9 (see also Note 6.2.7). As of the reporting date, these receivables had a carrying amount of EUR 11,154 thousand (previous year: EUR 9,979 thousand).

6.4.4 Measurement of risks from pending litigation
There is a risk of LAIQON AG being held liable for the actions of third parties acting on its behalf and for its account. However, external partners are monitored closely to avoid any liability-relevant activity and to reduce LAIQON AG's potential liability.

As of December 31, 2023, a total of 107 (previous year: 163) prospectus liability disputes were pending for damages involving nominal capital of EUR 4.82 million (previous year: EUR 6.86 million) and US$ 50 thousand (previous year: US$ 60 thousand), in which LAIQON AG or 53.10. Real Assets Treuhand GmbH were parties. LAIQON or 53.10. Real Assets Treuhand GmbH prevailed in 316 (previous year: 261) out of the 408 (previous year: 351) court proceedings conducted between 2013 and the end of 2021 in which they were defendants or respondents. Since 2013, only three funds (12 proceedings) have been subject to judgments against LAIQON AG or 53.10. Real Assets Treuhand GmbH. Of these, the rulings on one fund were based on an error in the prospectus. The other judgments concerned another two funds. In these cases, it was assumed that there was no error in the prospectus but that incorrect advice for which LAIQON AG or 53.10. Real Assets Treuhand GmbH were accountable in accordance with Section 278 of the German Civil Code had been given. In all cases, the costs incurred were covered by insurance. A total deductible of EUR 74 thousand (previous year: EUR 63 thousand) was payable by LAIQON AG and 53.10. Real Assets Treuhand GmbH in respect of all judgments upheld and settlements reached, up to EUR 10 thousand per fund.

In addition, 4 (previous year: 20) court proceedings initiated by a bank against LAIQON AG were pending as of December 31, 2023. These concern subscriptions worth a nominal amount of EUR 10 thousand (previous year: EUR 10 thousand) plus a nominal amount of US-$ 100 thousand (previous year: US-$ 745 thousand). These proceedings are primarily being settled between the plaintiff and the bank (LAIQON AG is merely an intervenor of the bank).

An outcome in which damages may be awarded against LAIQON AG or its subsidiaries under their liability for the prospectus cannot be ruled out in this litigation on account of errors or omissions in the contents of past or future prospectuses. LAIQON AG has suitable insurance cover for these cases and holds merely a small deductible. At the present time, LAIQON AG considers it more likely than not that it will prevail in court with its arguments and succeed in defending itself against the actions.

6.4.5 Estimates regarding tax risks
Developments in tax law and their impact on the Company are continuously reviewed. External specialists are available to management for this purpose and continuously monitor and, if necessary, intervene in the application of the tax regulations in the interests of the Company.

6.5 Segment report

The segment report has been prepared in accordance with IFRS 8, Operating Segments. IFRS 8 stipulates the use of the "management approach", i.e. the reportable segments are identified and presented on the basis of the entity's internal reporting system. The chief operating decision maker as defined in IFRS 8 is the Management Board of LAIQON AG.

Segment reporting was revamped in 2023 to reflect the integration of the companies that had been acquired in the previous year. The previous business activities in the LLOYD FONDS LIQUID ASSETS segment will be strengthened by the acquired companies and managed as separate business segments. The previous segments LLOYD FONDS REAL ASSETS and LLOYD FONDS GROUP have been combined with sales activities to form a single business segment. Accordingly, the LAIQON Group now consists of the following business segments: LAIQON Asset Management, LAIQON Wealth Management, LAIQON Digital Wealth and LAIQON GROUP.

LAIQON Asset Management
- Management of actively managed equity, fixed-income, mixed and single hedge funds
- Individual funds for institutional investors (special mandates)

LAIQON Wealth Management
- Holistic and personal asset management as well as independent specialized allocation advice for wealthy and institutional clients

LAIQON Digital Wealth
- Digital and risk-optimized investment solutions for private investors and institutional clients using artificial intelligence
- Tokenization as a service for assets or debt instruments

LAIQON Group
The "LAIQON GROUP" business segment primarily comprises staff costs for the administrative and corporate units such as accounting, legal, communications (IR/PR) including marketing and the Management Board as well as other general operating expenses, e.g. rental, office and IT expenses. Depending on their type, some of the central costs are allocated on a proportionate basis to the other business segments for the purposes of segment reporting.

In addition to central organizational tasks, the sales activities for the products of the other business segments are bundled within the LAIQON Group business segment. This segment also includes the immaterial legacy activities in connection with the purchase and sale of assets for third parties in the real estate, shipping and secondary-market ship fund segments.

The comparative figures for the previous year are presented in accordance with the previous breakdown as well as in the current segment structure.

The LAIQON Group's internal reporting system does not include any provision for disaggregating assets and liabilities by segment as the Management Board does not consider this information to be relevant for managing the Group. Accordingly, these disclosures have been dispensed with. As in the previous year, no intrasegment sales were recorded.

The recognition and measurement methods applied to segment information correspond to those applied to the consolidated financial statements of the LAIQON Group. For this reason, the sales, post-tax profits and losses of the reportable segments tally with consolidated sales and consolidated earnings after taxes.

2023

EUR thous.	ASSET MANAGEMENT	WEALTH MANAGEMENT	DIGITAL WEALTH	GROUP	Total
External sales	15,282	7,161	2,213	6,089	30,746
Cost of materials	-2,220	-259	-702	-2,759	-5,941
Staff costs	-6,954	-5,884	-3,546	-3,842	-20,226
Net other operating income/expenses	-2,543	-1,984	-838	-3,293	-8,658
Share of profit of associates	–	-63	5	-556	-614
Segment EBITDA	**3,565**	**-1,029**	**-2,868**	**-4,360**	**-4,692**

Reconciliation of segment earnings (EBITDA) with consolidated earnings after allocation of non-controlling interests

Segment EBITDA	**-4,692**
Amortization/depreciation	-6,386
EBIT	**-11,079**
Net finance income/expense	-8,889
EBT	**-19,968**
Income taxes	7,094
Consolidated net profit before non-controlling interests	**-12,874**
of which **attributable to non-controlling interests**	**-552**
of which **Consolidated net profit after allocation of non-controlling interests**	**-12,322**

2022

EUR thous.	ASSET MANAGEMENT	WEALTH MANAGEMENT	DIGITAL WEALTH	LAIQON GROUP	Total
External sales	12,489	4,151	808	4,127	21,575
Cost of materials	-925	-194	-481	-2,065	-3,665
Staff costs	-6,662	-3,630	-2,539	-4,282	-17,113
Net other operating income/expenses	-1,660	-1,315	-2,287	-5,762	-11,024
Share of profit of associates	–	–	–	281	281
Segment EBITDA	**3,242**	**-988**	**-4,499**	**-7,701**	**-9,946**

Reconciliation of segment earnings (EBITDA) with consolidated earnings after allocation of non-controlling interests

Segment EBITDA	**-9,946**
Amortization/depreciation	-4,711
EBIT	**-14,657**
Net finance income/expense	-1,630
EBT	**-16,288**
Income taxes	5,747
Consolidated net profit before non-controlling interests	**-10,541**
of which **attributable to non-controlling interests**	**-376**
of which **Consolidated net profit after allocation of non-controlling interests**	**-10,165**

2022 EUR thous.	LLOYD FONDS LIQUID ASSETS	LLOYD FONDS REAL ASSETS	LLOYD FONDS GROUP	Total
External sales	17,448	1,744	2,383	21,575
Cost of materials	-1,600	–	-2,065	-3,665
Staff costs	-13,840	-1,383	-1,890	-17,113
Net other operating income/expenses	-8,915	-891	-1,218	-11,024
Share of profit of associates	281	–	–	281
Segment EBITDA	**-6,626**	**-530**	**-2,789**	**-9,946**

Reconciliation of segment earnings (EBITDA) with consolidated earnings after allocation of non-controlling interests

Segment EBITDA	**-9,946**
Amortization/depreciation	-4,711
EBIT	**-14,657**
Net finance income/expense	-1,630
EBT	**-16,288**
Income taxes	5,747
Consolidated net profit before non-controlling interests	**-10,541**
of which attributable to non-controlling interests	**-376**
of which Consolidated net profit after allocation of non-controlling interests	**-10,165**

6.6 Notes on the consolidated income statement

6.6.1 Sales

EUR thous.	2023	2022
Income from fund and asset management	28,781	21,267
Income from arrangement and structuring services	1,965	308
Others	–	–
Sales	**30,746**	**21,575**

Compared with the previous year, sales rose by a total of EUR 9,171 thousand to EUR 30,746 thousand. Despite the absence of performance fees from fund management, sales increased particularly due to the additions to the reporting entity structure. As in the previous year, all sales were generated in Germany.

6.6.2 Cost of materials

EUR thous.	2023	2022
Cost of services purchased	5,934	3,665
Cost of materials	**5,934**	**3,665**

The cost of materials increased by EUR 2,269 thousand over the previous year due to the enlarged reporting entity structure and particularly includes sales commissions, expenses for investment limit audits and fund consulting.

6.6.3 Staff costs

EUR thous.	2023	2022
Salaries	17,969	15,297
Social security	2,147	1,438
Stock option program	-186	134
Retirement benefit expenses	34	24
Voluntary social security costs	213	178
Other staff costs	49	42
Staff costs	**20,226**	**17,113**

The increase is due in particular to higher variable remuneration and the increased number of employees. The average number of employees stood at 158 in 2023 (previous year: 123).

In addition, income of EUR 186 thousand from reversal effects arose in the year under review (previous year: expense of EUR 134 thousand) for the stock option program (SOP) for individual employees and for the phantom stock plans (PSP).

The employer contributions to the statutory pension scheme as well as contributions to direct insurance cover are classified as defined-contribution plans in accordance with IAS 19.38. In the year under review, these expenses came to EUR 1,021 thousand (previous year: EUR 683 thousand).

6.6.4 Amortization/depreciation

EUR thous.		2023	2022
Depreciation, amortization			
Property, plant and equipment	6.7.1	2,506	1,994
Intangible assets	6.7.2	3,880	2,718
Amortization/depreciation		**6,386**	**4,711**

In the year under review, systematic depreciation of property, plant and equipment climbed by EUR 512 thousand. This also includes depreciation of EUR 1,889 thousand on right-of-use assets resulting from the application of IFRS 16 (previous year: EUR 1,387 thousand).

The increase of EUR 1,162 thousand in the amortization of intangible assets is mainly due to the amortization of the fund management contracts recognized as part of business combinations as well as other intangible assets. Reference should be made to Notes 6.7.1 and 6.7.2 for details of the changes in property, plant and equipment and intangible assets.

6.6.5 Net other operating income/expenses

EUR thous.	2023	2022
Other operating income		
Income from the reversal of impairments of receivables	705	856
Income from the derecognition of liabilities	808	606
Remuneration in kind	63	80
Income from deconsolidation	3,352	–
Income from asset sales	26	1,340
Other income	334	218
	5,288	**3,100**
Other operating expenses		
Financial statement, legal and consulting costs	-3,259	-5,303
Office supplies, IT costs and communications	-4,159	-3,910
Sales and marketing support and subscriber relations	-1,901	-2,050
Rentals, ancillary rental costs, cost of premises and maintenance	-715	-354
Impairment losses on receivables and unrecoverable receivables	-254	-888
Motor vehicle and travel costs	-516	-481
Other staff costs	-238	-364
Non-deductible expenses	-731	–
Insurance and levies	-714	-650
Other expenses	-1,459	-125
	-13,946	**-14,124**
Net other operating income/expenses	**-8,658**	**-11,024**

Compared to the previous year, transaction-related legal and consulting costs fell sharply. Other operating income includes one-off income from deconsolidation (see Note 6.2.). In the interests of cost transparency, the LAIQON Group has reported proportionate non-deductible input tax separately for the first time in the reporting period. In the previous year, non-deductible input tax was included in the respective types of expenses. Other expenses include, in particular, minimum fees for funds in the start-up phase and Supervisory Board remuneration.

6.6.6 Share of profit of associates

EUR thous.	2023	2022
Share of profit of associates	-614	281
Share of profit of associates	**-614**	**281**

The share of profit of associates accounted for using the equity method primarily entails net investment income earned and the share of the net profit/loss of associates.

6.6.7 Net finance income/expenses

EUR thous.		2023	2022
Finance income			
Investment income		1,699	1,298
Gains from foreign-currency transactions		9	40
Remeasurement income		24	768
Other financial income		246	157
		1,978	**2,263**
Finance expense			
Interest expenses for purchase price liabilities		-5,499	-753
Interest expenses for convertible bond	6.7.12	-1,773	-392
Interest expenses IFRS 16	6.7.11	-579	-392
Interest expenses for remeasurement gains on LAIC-Token	6.7.10	-1,805	–
Losses from foreign-currency transactions		-35	-27
Remeasurement expenses	6.7.4	-748	-935
Other interest expenses		-428	-1,786
		-10,867	**-3,893**
Net finance income/expense		**-8,889**	**-1,630**

Net finance expenses came to EUR 8,889 thousand, compared with EUR 1,630 thousand in the previous year. The finance expenses of EUR 10,867 thousand (previous year: EUR 3,893 thousand) primarily result from non-recurring interest expenses in connection with the adjustment of purchase price liabilities. In addition, the convertible bonds issued resulted in increased interest expenses. As the tokenization of shares in LAIC Capital GmbH via limited partnerships is recognized within financial liabilities (see Note 6.7.10), any increase in value is accounted for as interest expense.

Net measurement gains and losses particularly include the disposal of financial investments and the measurement of financial assets at fair value in accordance with IFRS 9.

6.6.8 Income taxes

Income taxes comprise income taxes paid or owed as well as deferred income taxes. Current taxes comprise corporate tax plus the solidarity surcharge and trade tax.

EUR thous.		2023	2022
Current income taxes	6.7.15	312	271
Deferred income taxes	6.7.5	6,782	5,476
Income taxes		**7,094**	**5,747**

Deferred income tax assets were recognized in 2023 on unused tax losses of EUR 3,824 thousand (previous year: EUR 4,881 thousand). Based on the underlying Group budget with a forward range of five years, future Group profits will benefit from tax advantages derived from unused tax losses (see Note 6.7.5).

No further tax expenses arose in the year under review due to the income tax group established between LAIQON (dominant company) and the subordinate entities.

Income taxes can be reconciled as follows with the expected income tax expenses/income which would have arisen on IFRS consolidated net profit before tax on the basis of an average tax rate of 31.8% (previous year: 31.8%) for the Group parent (LAIQON AG):

EUR thous.	2023	2022
Consolidated profit before tax	-19,968	-16,288
Tax rate (LAIQON), %	31.80%	31.80%
Constructive tax income/expense	6,350	5,179
Utilization of unused tax losses	543	–
Non-deductible operating expenses/accounting corrections	26	26
Non-recognized deferred income taxes on unused tax losses	-665	–
Subsequent tax payments/refunds for previous years	71	–
Capitalization of unused tax losses in previous years	1,429	–
Other	-660	541
Income taxes	**7,094**	**5,747**
Current tax rate	-35.53%	-35.28%

As an incorporated entity, the Parent Company is subject to corporate tax of 15% plus the solidarity surcharge of 5.5% of the corporate tax owed plus trade tax of 16.45% at an assessment rate of 470% applicable in Hamburg, where the corporate headquarters are located. Overall, the net loss and deferred taxes result in a tax rate of -35.53% (previous year: -35.28%).

The tax rate is also influenced by external tax audits as well as taxes for earlier years. It is not possible to derive income taxes directly from consolidated profit before tax on the basis of the result. In addition, the profit and loss transfer agreements between some subsidiaries and LAIQON AG mean that no current taxes accrue for the subsidiaries at the Group level.

In the year under review, tax audits were initiated at some subsidiaries and at BV Holding AG, which has since been merged into LAIQON AG. This is not expected to cause any risks or charges.

Deferred income tax liabilities were also recognized in profit or loss to allow for different carrying amounts due to recognition differences under IFRS compared with the tax base (see Note 6.7.5).

6.6.9 Earnings per share

Basic earnings/loss per share are calculated by dividing profit or loss attributable to the ordinary equity holders by the average number of ordinary shares outstanding during the year: Basic earnings per share come to EUR -0.70 (previous year: EUR -0.67) based on the average number of shares issued in the year under review (17,484,255; previous year: 15,215,498).

EUR thous.	2023	2022
Net profit/loss attributable to equity holders of the parent company (EUR thous.)	-12,322	-10,165
Average number of shares issued (in thousands)	17,484	15,215
Earnings per share (EUR per share)	**-0.70**	**-0.67**

The LAIQON Group considers the new and existing convertible bonds to have a significant potential dilutive effect in the reporting period. If the three existing convertible bonds were fully converted at the beginning of the reporting period, the number of shares issued would increase by 3,217,868 to 20,702,123.

Basic earnings per share	2023	2022
Net profit/loss attributable to equity holders of the parent company (EUR thous.)	-12,322	-10,165
Plus interest saved on convertible bonds	1,773	–
Average number of shares issued (in thousands)	20,702	15,215
Earnings per share (EUR per share)	**-0.51**	**-0.67**

6.6.10 Dividend per share

Amounts available for payment as dividends are based on the net profit/loss for the year of LAIQON AG, which is calculated in accordance with German GAAP (HGB).

No dividend was distributed for the 2022 financial year due to the realignment of the Group. The Management Board of LAIQON AG will be asking the shareholders to approve the omission of a dividend for 2023 in order to stabilize the Company's equity base.

6.7 Notes on the consolidated balance sheet

6.7.1 Property, plant and equipment

Analysis of carrying amounts:

EUR thous.	Note	Buildings on leasehold land	Other equipment, operating and business equip-ment	Prepayments made	Right-of-use assets	Total
Amount on January 1, 2022						
Historical cost		2,245	2,294	43	9,906	14,488
Accumulated amortization		-620	-915	–	-3,018	-4,553
Net carrying amount		**1,625**	**1,379**	**43**	**6,888**	**9,935**
2022						
Opening net carrying amount		1,625	1,379	43	6,888	9,935
Additions		142	222	74	716	1,154
Disposals		–	-7	-117	–	-124
Amortization/depreciation	6.6.4	-239	-333	–	-1,387	-1,959
Changes to companies consolidated		–	98	–	1,353	1,450
Cumulative depreciation of disposals		–	-20	–	–	-20
Closing net carrying amount		**1,528**	**1,338**	**–**	**7,570**	**10,436**
Amount on January 1, 2023						
Historical cost		2,387	2,606	–	11,974	16,968
Accumulated amortization		-860	-1,268	–	-4,405	-6,532
Net carrying amount		**1,528**	**1,338**	**–**	**7,570**	**10,436**
2023						
Opening net carrying amount		1,528	1,338	–	7,570	10,436
Additions		–	561	–	6,002	6,563
Disposals		–	-5	–	-1,286	-1,291
Amortization/depreciation	6.6.4	-243	-373	–	-1,889	-2,505
Changes to companies consolidated		–	–	–	–	–
Cumulative depreciation of disposals		–	–	–	–	–
Closing net carrying amount		**1,285**	**1,521**	**–**	**10,397**	**13,202**
Amount on December 31, 2023						
Historical cost		2,387	3,163	–	16,692	22,240
Accumulated amortization		-1,102	-1,641	–	-6,294	-9,037
Net carrying amount		**1,285**	**1,521**	**–**	**10,397**	**13,202**

Alongside the additions to assets in the reporting period, property, plant and equipment is particularly affected by right-of-use assets in accordance with IFRS 16. The right-of-use assets were valued at EUR 10,397 thousand as of the reporting date (previous year: EUR 7,570 thousand). The addition to the right-of-use assets particularly reflects the initial recognition of the new office in Munich. The additions of EUR 561 thousand to assets in the year under review (previous year: EUR 222 thousand) mainly relate to purchases of IT hardware and office equipment.

6.7.2 Intangible assets

Analysis of carrying amounts:

EUR thous.	Note	Intangible assets	Goodwill	Total
Amount on January 1, 2022				
Historical cost		51,907	14,650	66,557
Cumulative depreciation, amortization and impairment losses		-11,786	–	-11,786
Net carrying amount		**40,121**	**14,650**	**54,771**
2022				
Opening net carrying amount		40,121	14,650	54,771
Additions		902	–	902
Disposals		-2	–	-2
Amortization/depreciation	6.6.4	-2,718	–	-2,718
Changes to companies consolidated		17,704	19,638	37,341
Cumulative depreciation of disposals		–	–	–
Closing net carrying amount		**56,006**	**34,288**	**90,293**
Amount on January 1, 2023				
Historical cost		70,511	34,288	90,293
Cumulative depreciation, amortization and impairment losses		-14,504	–	-14,504
Net carrying amount		**56,006**	**34,288**	**90,293**
2023				
Opening net carrying amount		56,006	34,288	90,293
Additions		802	–	802
Disposals		–	–	–
Amortization/depreciation	6.6.4	-3,880	–	-3,880
Changes to companies consolidated		–	–	–
Cumulative depreciation of disposals		–	–	–
Closing net carrying amount		**52,926**	**34,288**	**87,214**
Amount on December 31, 2023				
Historical cost		71,313	34,288	105,601
Accumulated amortization		-18,385	–	-18,385
Net carrying amount		**52,926**	**34,288**	**87,214**

In the previous year, intangible assets had increased mainly due to goodwill generated from business combinations and the recognition of fund management contracts. Amortization of EUR 3,880 thousand of intangible assets was recognized in the period under review.

6.7.3 Investments in associates accounted for using the equity method

Analysis of investments in associates accounted for using the equity method:

EUR thous.	Dec. 31, 2023	Dec. 31, 2022
Beginning of year	570	6,360
Additions	1,726	–
Disposals	-490	-5,622
Shares of profit assigned	-58	281
Dividends	–	-449
End of year	**1,748**	**570**

The proportionate earnings comprise the ongoing earnings of the general partner entities which are partially based on provisional financial statements. The distributions of the general partner entities came to EUR -561 thousand in the year under review (previous year: EUR -449 thousand). In contrast to the previous year, the dividend payouts did not reduce the carrying amount of the equity due to the disposal of the associates as of December 31, 2023. The addition primarily reflects the inclusion of the investment in V:KI GmbH. The disposal results from the sale of investments held in the former REAL ASSETS business segment, see Note 6.2.

Please refer to Notes 6.4.1 and 6.6.6 for further details of the investments accounted for using the equity method.

6.7.4 Financial assets at fair value through profit and loss

EUR thous.	Dec. 31, 2023	Dec. 31, 2022
Shares in LAIC funds	303	249
Subsidiaries	542	1,079
Associates	0	716
	845	**2,043**

As of the reporting date, LAIQON AG held shares in retail investment funds that had been initiated by LAIC Vermögensverwaltungsgesellschaft GmbH. The shares held in these investment funds were valued at EUR 265 thousand as of the reporting date (previous year: EUR 25 thousand).

Furthermore, the securities accounts held by LAIQON AG have a market value of EUR 38 thousand (previous year: EUR 224 thousand). All securities are measured at fair value through profit and loss. The shares in the funds and the securities accounts are classified as current assets.

Shares in affiliated companies and associates are recognized as current assets of EUR 542 thousand (previous year: EUR 614 thousand); no non-current assets are recognized in this connection (previous year: EUR 1,110 thousand).

The number of financial assets measured at fair value totaled 76 investments as of the reporting date (previous year: 125). In the previous year, the 22 non-consolidated affiliated companies were shelf companies as well as limited liability companies acting as general partners for investment funds. These companies were disposed of in the year under review.

The investments comprise various shares in funds already initiated and held by the LAIQON Group, mainly via 53.10. Treuhand GmbH. A large number of these entities are in liquidation.

Performance of financial assets at fair value through profit and loss:

Investments in affiliated companies

EUR thous.	2023	2022
Beginning of year	1,079	9,852
Additions	–	30
Disposals	-536	-8,823
FVTPL	–	20
Impairment losses	–	–
End of year	**542**	**1,079**

Associates

EUR thous.	2023	2022
Beginning of year	716	1,674
Additions	–	2,351
Disposals	–	–
Changes in basis of consolidation	-715	-3,309
End of year	**0**	**716**

Financial assets at fair value are recognized through profit and loss in accordance with IFRS 9.

6.7.5 Deferred income taxes

Deferred income tax assets and liabilities arise from temporary differences as follows:

EUR thous.	Dec. 31, 2023 Deferred income tax assets	Dec. 31, 2023 Deferred income tax liabilities	Dec. 31, 2022 Deferred income tax assets	Dec. 31, 2022 Deferred income tax liabilities
Financial assets at fair value through profit and loss	–	–	–	11
Intangible assets	–	15,978	–	17,000
Right-of-use assets	–	1,703	–	–
Lease liabilities	1,812	–	–	–
Other non-current liabilities	1,775	–	–	–
Investments in associates accounted for using the equity method	–	–	–	41
Losses carried forward	18,828	–	15,003	–
Total	**22,415**	**17,681**	**15,003**	**17,052**

Deferred income tax assets were recognized in the year under review on unused tax losses of EUR 3,824 thousand (previous year: EUR 4,881 thousand).

On the basis of current knowledge, the temporary differences will be reversed as follows:

EUR thous.	Dec. 31, 2023	Dec. 31, 2022
Deferred income tax assets		
to be settled within 12 months	-169	–
to be settled after more than 12 months	-22,246	-15,003
	-22,415	**-15,003**
Deferred income tax liabilities		
to be settled within 12 months	1,228	1,022
to be settled after more than 12 months	16,453	16,030
	17,681	**17,052**
Offsetting	**-4,734**	**2,048**

Deferred income tax assets on unused tax losses will for the most part be realized after more than 12 months. The deferred income tax liabilities that will be realized within 12 months mainly comprise deferred income tax liabilities on the intangible assets acquired as part of business combinations. The deferred income tax liabilities realized after more than 12 months mainly include the acquired intangible assets.

Changes in deferred income tax liabilities in the current year are as follows:

Deferred income tax liabilities EUR thous.	Amount on January 1	Through profit and loss	Business combina-tions	Realized	Recogni-tion under IAS12/ IFRS16	Amount on Decem-ber 31
2022						
Intangible assets	12,103	–	5,561	-664	–	17,000
Investments in associates accounted for using the equity method	41	–	–	–	–	41
Financial assets at fair value through profit and loss	11	–	–	–	–	11
	12,155	**–**	**5,561**	**-664**	**–**	**17,052**
2023						
Intangible assets	17,000	–	–	-1,022	–	15,978
Right-of-use assets	–	–	–	-155	1,858	1,703
Investments in associates accounted for using the equity method	41	–	–	-41	–	–
Financial assets at fair value through profit and loss	11	–	–	-11	–	–
	17,052	**–**	**–**	**-1,229**	**1,858**	**17,681**

As of the reporting date, preliminary calculations indicate the availability of unused corporate tax losses of around EUR 73.2 million (previous year: EUR 57.9 million) and unused trade tax losses of around EUR 81.1 million (previous year: EUR 61.3 million) for which deferred tax assets have been recognized in some cases. Deferred income tax assets were recognized on the unused tax losses of growney GmbH and LAIC Intelligence GmbH in 2023 on the basis of the earnings forecast.

6.7.6 Trade receivables and other receivables

EUR thous.	Dec. 31, 2023	Dec. 31, 2022
Trade receivables	219	–
Non-current receivables	**219**	–
Trade receivables	5,944	4,206
Other receivables and other assets	4,944	5,736
Current receivables	**10,888**	**9,942**
Receivables	**11,107**	**9,942**

Non-current receivables consist of the non-current claim to proceeds under the sale of the REAL ASSETS business segment (see Note 6.2.). The increase in trade receivables and other receivables and assets is particularly due to commission due for payment as of the reporting date.

6.7.8 Cash and cash equivalents

Reference should be made to Note 6.8.3 for the breakdown of the cash and cash equivalents of EUR 7,139 thousand (previous year: EUR 10,375 thousand).

6.7.9 Equity

Movements in the LAIQON Group's consolidated equity are set out in the statement of changes in equity.

6.7.9.1 Share capital

At December 31, 2023, the fully paid-up share capital consists of 17,493,698 ordinary bearer shares with no par value, each with a nominal value of EUR 1.00. Share capital increased by EUR 10,302 to EUR 17,493,698 in 2023 as a result of the partial conversion of convertible bond 2020/24. The articles of incorporation are dated August 23, 2023.

LAIQON AG shares are traded under the ISIN number DE000A12UP29. In March 2017, the Company switched to the "Scale" segment newly created by Deutsche Börse to replace the previous "Entry Standard".

Authorized capital

At the annual general meeting on August 23, 2023, Authorized Capital 2020 and the related rules were canceled and a resolution passed to create Authorized Capital 2023.

The Management Board is authorized subject to the Supervisory Board's approval to increase the Company's share capital by a total of up to EUR 5,000,000.00 by issuing up to 5,000,000 new no-par-value bearer shares on a cash or non-cash basis once or repeatedly on or before August 22, 2028. The Management Board is authorized subject to the Supervisory Board's approval to exclude the shareholders' preemptive subscription rights in full or in part.

Contingent Capital 2018 II

Contingent Capital 2018 / I was canceled. At the annual general meeting on July 21, 2022, a resolution was passed amending the authorization to issue stock options with subscription rights to shares in the Company under the stock option program and increasing Conditional Capital 2018 II together with corresponding amendments to the articles of incorporation.

The Management Board is also authorized subject to the Supervisory Board's approval to issue to members of the Management Board and employees option rights for no-par value bearer shares in the Company of a total of up to EUR 1,350,000 (increase of EUR 130,000 over the previous amount) once or repeatedly on or before August 30, 2026. For this purpose, the share capital has been increased contingently by the corresponding amount.

Contingent Capital 2020

At the annual general meeting held on August 31, 2020, Contingent Capital 2019 and the related rules were cancelled and a resolution passed to create Contingent Capital 2020.

The Management Board is authorized subject to the Supervisory Board's approval to issue bearer option and/or convertible bonds, profit-participation rights and/or participating bonds (or combinations of these instruments) comprising up to 4,263,380 shares once or repeatedly on or before August 25, 2025.

6.7.9.2 Share premium

The share premium stands at EUR 48,596 thousand as of the reporting date (previous year: EUR 47,185 thousand). The increase is presented in the statement of changes in equity and particularly arises from the convertible bonds.

The stock option program for selected employees is classified as an equity-settled plan and results in a decline of EUR 185 thousand (previous year: increase of EUR 196 thousand) in the share premium. A put option was agreed upon in connection with the sale of 20% of the shares in LAIC Intelligence GmbH As of the reporting date, EUR 447 thousand (previous year: EUR 251 thousand) of this amount had been recognized as a non-current liability and deducted from equity.

6.7.9.3 Retained earnings

The consolidated net loss for the year of EUR 12,322 thousand (previous year: consolidated net loss of EUR 10,165 thousand) is to be allocated to retained earnings.

6.7.9.4 Non-controlling interests

Non-controlling interests amounted to EUR -877 thousand (previous year: EUR 5,471 thousand) as of the reporting date. In the period under review, an amendment to the transfer agreement for SPSW Capital GmbH was agreed upon, providing for the exercise of the option to purchase the non-controlling interests at a fixed amount of EUR 9,000 thousand. The non-controlling interests were reduced by the present value of the settlement amount. The corresponding amount was recognized within other non-current liabilities (see Note 6.7.11).

6.7.10 Net asset value attributable to other limited partners

This item results from the tokenization of 9.75% of the shares in LAIC Capital GmbH via LAIC AIF Token GmbH & Co. KG, which is included in the consolidated financial statements. As the limited partner shares are puttable financial instruments, they must be reported as non-current financial liabilities in the IFRS consolidated financial statements (see Note 6.2.11.). The carrying amount is determined using the best possible estimate of the cash flows to the token holders (limited partners) as of the reporting date. For this purpose, the valuation of the LAIC subgroup is regularly determined on the basis of an external expert opinion. An increase in the value of the fully consolidated entity LAIC Capital GmbH would lead to an increase in the cash flow forecast, as a result of which the increase in the non-controlling interest to be recognized as a financial liability in the consolidated income statement is reported as interest expense (see Note 6.6.7).

In accordance with the income capitalization method, the average valuation of the entire LAIC subgroup stands at EUR 66,019 thousand as of December 31, 2023. A change in the cost of capital of +/-1% would result in a valuation of EUR 60,214 thousand or EUR 72,831 thousand, respectively. A change in the perpetual annuity of +/-10% would result in a valuation of EUR 60,979 thousand or EUR 71,059 thousand, respectively. After deducting expected costs, the carrying amount of the tokenized 9.75% share as of December 31, 2023 equals EUR 5,993 thousand.

6.7.11 Trade payables and other liabilities

EUR thous.	Dec. 31, 2023	Dec. 31, 2022
Non-current liabilities		
Purchase price liabilities:		
– SPSW Capital GmbH	1,629	2,823
– Lange Asset & Consulting GmbH	1,008	1,140
– BV Group	1,457	1,413
Option on non-controlling interest in SPSW Capital GmbH	5,378	–
Option on non-controlling interest in LAIC Intelligence GmbH options	447	251
	9,919	**5,628**
Current liabilities		
Purchase price liabilities:		
– SPSW Capital GmbH	3,906	5,439
– Lange Asset & Consulting GmbH	559	870
– BV Group	703	532
Trade payables	3,125	4,323
Liabilities arising from operating taxes and levies	495	415
Other liabilities	6,081	4,451
	14,869	**16,029**
Liabilities	**24,788**	**21,657**

Other current liabilities particularly include liabilities under variable salary components.

6.7.12 Financial liabilities

EUR thous.	Dec. 31, 2023	Dec. 31, 2022
Non-current financial liabilities		
Lease liability IFRS 16	9,119	6,650
Convertible bond	26,509	3,810
Loans	800	6,075
	36,428	**16,535**
Current financial liabilities		
Lease liability IFRS 16	1,590	1,507
Convertible bond	328	103
Loans	–	700
	1,918	**2,311**
Financial liabilities	**38,346**	**18,846**

On February 20, 2023, LAIQON AG issued convertible bond 23/27 with a nominal value of EUR 5,000 thousand and a coupon of 6.5% p.a. under a private placement. The bondholders are entitled to convert each convertible bond into 100 ordinary shares between the date of issue and maturity. If the conversion right is not exercised, the bonds are to be repaid at their nominal value on February 21, 2027. The coupon is payable semi-annually, on August 21, 2023 for the first time. On the basis of the effective interest method (9.51%), the amount recovered is divided into a debt component of EUR 4,611 thousand and an equity component of EUR 389 thousand, which reflects the fair value of the embedded option to convert the financial liabilities into equity.

On February 24, 2023, LAIQON AG issued convertible bond 23/28 with an initial nominal value of EUR 18,480 thousand and a coupon of 7.0% p.a. under a private placement. As of August, the full amount of a total of EUR 20,000 thousand had been utilized. The bondholders are entitled to convert each convertible bond into 95 ordinary shares between the date of issue and maturity. If the conversion right is not exercised, the bonds are to be repaid at their nominal value on May 24, 2028. The coupon is payable semi-annually, on November 24, 2023 for the first time. On the basis of the effective interest method (9.95%), the amount recovered is divided into a debt component of EUR 18,485 thousand and an equity component of EUR 1,515 thousand.

In the year under review, the annuity loan that had been raised in the previous year was repaid prematurely and in full in an amount of EUR 5,800 thousand. Non-current financial liabilities include convertible bond 2020/24 in an amount of EUR 3,948 thousand (previous year: EUR 3,810 thousand), convertible bond 2023/27 in an amount of EUR 4,597 thousand and convertible bond 2023/28 in an amount of EUR 17,963 thousand.

Current financial liabilities include outstanding interest accruing in connection with the convertible bond and not yet paid out as of the reporting date. Furthermore, lease liabilities are reported under non-current and current financial liabilities in accordance with IFRS 16. The increase in lease liabilities is primarily attributable to the initial recognition of the new office building in Munich.

6.7.13 Liabilities to related parties

EUR thous.	Dec. 31, 2023	Dec. 31, 2022
Non-current liabilities		
Liabilities to shareholders, members of the Management Board and the Supervisory Board	577	997
	577	**997**
Current liabilities		
Liabilities to associated companies	–	62
Liabilities to shareholders, members of the Management Board and the Supervisory Board	2,085	2,489
	2,085	**2,551**
Liabilities	**2,662**	**3,549**

The liabilities of EUR 2,662 thousand (previous year: EUR 3,549 thousand) to shareholders and members of the Management Board and the Supervisory Board mostly relate to Plate & Cie. GmbH primarily in connection with the acquisition of SPSW Capital GmbH. They also include liabilities under variable remuneration components for members of the Management Board.

6.7.14 Other provisions

EUR thous.	January 1	Added	Reversed	31.12.
Non-current provisions				
Provisions for dismantling obligations	310	33	-192	151
	310	**33**	**-192**	**151**

Non-current provisions include amounts set aside to cover the dismantling obligations for the office space leased in Hamburg.

6.7.15 Income taxes

Current income tax assets chiefly comprise investment income tax assets still to be refunded by the tax authorities. Current income tax liabilities comprise the tax liabilities of the consolidated companies and of LAIQON AG.

6.8 Notes on the consolidated cash flow statement

6.8.1 Presentation of the main changes

The net cash outflow from operating activities amounted to EUR 10,735 thousand (previous year: EUR 2,765 thousand) and mainly comprises the net loss for the period, the deferred income tax assets recognized (see Note 6.7.5) and deconsolidation proceeds (see Note 6.2).

The net cash outflow from investing activities amounted to EUR 1,315 thousand (previous year: EUR 8,472 thousand). In the previous year, payments had been made for business combinations.

The net cash inflow from financing activities stands at EUR 8,813 thousand (previous year: EUR 5,281 thousand). It particularly includes payments received from the issue of convertible bonds (EUR 25,000 thousand), the payment of purchase price installments (EUR 8,432 thousand) and the premature repayment of the annuity loan of EUR 5,800 thousand.

All in all, cash and cash equivalents dropped by EUR 3,236 thousand to EUR 7,139 thousand as of December 31, 2023.

6.8.2 Composition of cash and cash equivalents

EUR thous.	Dec. 31, 2023	Dec. 31, 2022
Cash at banks	7,139	10,375
Cash in hand	1	1
	7,139	**10,375**

6.9 Other disclosures

6.9.1 Related-party transactions

Related parties comprise companies or individuals which control the LAIQON Group or exert significant influence on it or which are controlled by the LAIQON Group or on which it exerts significant influence. The conditions prevailing on the balance sheet date are decisive.

6.9.1.1 Associates

No interim profit or loss requiring elimination arose from transactions with associates in the periods shown.

6.9.1.2 Related persons

The Management Board comprised the following persons in 2023:

- Achim Plate, CEO since January 1, 2020, responsible for the development of Strategy 2023/25 He is also responsible for the LAIQON Asset Management and LAIQON Digital Wealth business segments, including sales, as well as the corporate functions Finance, Human Resources, IR, PR and IT.

- Stefan Mayerhofer, CWO since April 1, 2022, responsible for the expansion of the LAIQON Wealth Management business segment.

The following remuneration for the Management Board is recognized in personnel expenses:

2023 EUR thous.	Fixed	Variable	Benefits	Total
Achim Plate	378	76	32	486
Stefan Mayerhofer	300	227	17	544
	678	**303**	**49**	**1,030**

2022 EUR thous.	Fixed	Variable	Benefits	Total
Achim Plate	378	220	31	629
Stefan Mayerhofer	270	397	5	672
Michael Schmidt	85	0	3	88
	733	**617**	**39**	**1,389**

In the year under review, the Supervisory Board comprised the following members:

- Dr. Stefan Rindfleisch, attorney at law (Chairman)
- Jörg Ohlsen, tax consultant and accountant (Deputy Chairman)
- Oliver Heine, shareholder of Lange Assets & Consulting GmbH
- Prof. Wolfgang Henseler, Creative Managing Director at Sensory-Minds
- Peter Zahn, self-employed management consultant (until August 23, 2023)
- Helmut Paulus, businessman (from August 23, 2023)

Remuneration breaks down as follows in 2023 and 2022:

2023*

EUR thous.	Fixed	Total
Dr. Stefan Rindfleisch	70	70
Jörg Ohlsen	53	53
Prof. Wolfgang Henseler	35	35
Oliver Heine	35	35
Helmut Paulus (from August 23, 2023)	12	12
Peter Zahn (until August 23, 2023)	23	23
	228	**228**

2022*

EUR thous.	Fixed	Total
Dr. Stefan Rindfleisch	70	70
Jörg Ohlsen	43	43
Prof. Wolfgang Henseler	35	35
Oliver Heine	45	45
Peter Zahn	35	35
	228	**228**

* Amounts shown net

As in the previous year, remuneration payable to the members of the Supervisory Board is recognized as liabilities to shareholders, members of the Management Board and members of the Supervisory Board.

The LAIQON Group reimburses the members of the Supervisory Board for the expenses that they incur in the performance of their duties plus any value added tax payable on the remuneration and the reimbursement of expenses. The members of the Supervisory Board are covered by financial loss liability insurance in an amount which is in the interests of the LAIQON Group, less a deductible where applicable. The LAIQON Group pays the premiums for this insurance.

6.9.2 Contingencies

The reported contingencies comprise guarantees for increased liable amounts and potential distribution repayment obligations. Including the settlement claims under joint and severable obligations towards third parties, contingencies come to a total of EUR 0 thousand as of December 31, 2023 (previous year: EUR 0 thousand).

As part of trusteeship business, shares valued at EUR 1,093,615 thousand (previous year: EUR 1,243,089 thousand) are managed on the Company's own behalf but for the account of the subscribers.

In some cases, 53.10. Real Assets Treuhand GmbH has been entered in the commercial register as the limited partner in trust for subscribers (trustors) of legacy investment funds with the corresponding liable amount attributable to such subscribers. The trusteeship assets held in this connection stand at EUR 616,826 thousand (previous year: EUR 681,070 thousand). Distributions received under these trusteeship arrangements are forwarded to the trustors. Under Sections 171, 172 IV of the German Commercial Code, 53.10. Real Assets Treuhand GmbH is fundamentally liable for any liquidity surpluses which have been distributed but are not backed by profits in connection with such distributions. Where applicable, the shortfall in the liable capital caused by the distribution must be repaid by 53.10. Real Assets Treuhand GmbH. These distributions come to a total of EUR 21,424 thousand as of the reporting date (previous year: EUR 19,767 thousand). Under the trusteeship agreements, 53.10. Real Assets Treuhand GmbH can recover the same amount from the applicable trustor in the event that any claims are asserted against it. These entail distributions made by the investment entities in the form of loans that were forwarded to the trustors via 53.10 Real Assets Treuhand GmbH and then terminated and claimed back by the investment entities. In some cases, 53.10. Real Assets Treuhand GmbH has assigned its recovery claims against the trustors to the investment entities. Of the maximum repayment obligations of EUR 21,424 thousand (previous year: EUR 19,767 thousand), equivalent to the risk-equivalent weighting, distributions of EUR 454 thousand (previous year: EUR 564 thousand) relate to investment entities that are currently in insolvency proceedings or in economic distress as well as investment entities which hold liabilities primarily to banks. A possible liquidity outflow affecting cash flow is considered to be improbable due to the recovery claims held against the trustors. Except in the case of political risk, LAIQON AG ensures that the following subsidiaries are able to fulfill their contractual obligations:

- TradeOn GmbH
- LAIQON Financial Service GmbH
- LAIC AIF KVG GmbH

6.9.3 Other financial obligations

There were no material other financial obligations as of the reporting date.

6.9.4. Application of the exemption provided for in Section 264 (3) of the German Commercial Code.

53.10. Real Assets Treuhand GmbH, Hamburg, 53.10. Real Estate Management GmbH, Hamburg, and LAIQON Token GmbH, Hamburg, make use of the exemption provided for in Section 264 (3) of the German Commercial Code.

6.9.5 Disclosures in accordance with Section 315e of the German Commercial Code

6.9.5.1 Auditors' fees

Fees payable to the auditors of the consolidated financial statements, Baker Tilly GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, in accordance with Section 314 (1) No. 9 of the German Commercial Code:

EUR thous.	2023	2022
Audit of annual financial statements	278	309
Other confirmation services	255	97
Tax consulting services	21	–
Other benefits	14	5
	568	**411**

6.9.5.2 Companies consolidated and shareholdings

The disclosures on the consolidated companies are set out in Note 6.2.

Associated companies:

Company	Share held by Group
Air Management GmbH, Offenbach am Main	50.0%
Beteiligung MS “ANTONIA SCHULTE” Shipping GmbH, Nordenham	50.0%
Lloyd Fonds Britische Kapital Leben IV. GmbH, Kufstein, Austria	50.0%
Lloyd Fonds Britische Kapital Leben VI. GmbH, Kufstein, Austria	50.0%
Lloyd Fonds Britische Kapital Leben VII. GmbH, Kufstein, Austria	50.0%
Verwaltung MS “COMMANDER” Schifffahrtsgesellschaft mbH, Hamburg	50.0%
meine Bayerische Vermögen GmbH, Rosenheim	25.0%
V:KI GmbH, Hamburg	70.0%

For further information on associates, please refer to Notes 6.2. and 6.9.1.1.

6.9.5.3 Other disclosures

Please refer to Note 6.6.3 for details of the average number of employees. Details of the active and former members of the Management Board and the Supervisory Board can be found in Note 6.9.1.3.

6.9.6 Events after the reporting date

Increase in share capital
LAIQON AG's share capital was increased by EUR 10,302.00 to EUR 17,493,698.00 through the issue of 10,302 subscription shares under Conditional Capital 2020, which had been created on August 31, 2020. The increase in share capital was entered in the commercial register on January 31, 2024.

LAIC Token 24
On February 6, 2024, the Management Board of LAIQON AG decided, with the approval of the Supervisory Board, to finance the growth of the LAIC subgroup by issuing LAIC Token 24. The LAIQON Group expects to receive up to EUR 6.8 million from the issue of LAIC Token 24. The investors subscribed to LAIC-Token 24 on the basis of a valuation of approximately EUR 65 million for the LAIC subgroup.

The professional and semi-professional investors selected hold the status of limited partners in a special AIF fund organized as a GmbH & Co. KG entity (the "LAIC-Token 24 Fund") via a fiduciary relationship represented by LAIC-Token 24. This fund is to subsequently acquire a total stake of up to 9.98% (post-money) in LAIC Capital GmbH ("LAIC"). In this way, investors indirectly share in the performance of the LAIC sub-group. The LAIC-Token 24 Fund is to acquire a stake in LAIC by purchasing up to 5,250 existing LAIC shares from LAIQON AG and by subscribing to up to 5,250 new LAIC shares under a cash capital increase. After the full placement of LAIC-Token 24, LAIQON AG will still hold a qualified majority of 80.76% in LAIC.

Acquisition of an interest in QC Partners GmbH
The transaction was hitherto subject to the condition precedent of approval by the German Federal Financial Supervisory Authority and the successful conclusion of the owner control proceedings. The German Federal Financial Supervisory Authority duly approved the transaction in March 2024. LAIQON AG will be closing transaction for the acquisition of 30% of the shares at a purchase price of EUR 600 thousand plus a performance-related remuneration component in the near future.

Hamburg, March 27, 2024

The Management Board of LAIQON AG

Achim Plate Stefan Mayerhofer

7 Responsibility statement

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

Hamburg, March 27, 2024

The Management Board of LAIQON AG

Achim Plate Stefan Mayerhofer

8 Independent Auditor's Opinion

To LAIQON AG, Hamburg

Opinions

We have audited the consolidated financial statements of LAIQON AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 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 January 1 until December 31, 2023 and the notes to the consolidated financial statements, including a summary of the significant accounting policies. In addition, we have audited the Group management report of LAIQON AG for the financial year from January 1 until December 31, 2023.

In our opinion based on the knowledge obtained in the audit,

- the enclosed consolidated financial statements comply in all material respects with the IFRSs as endorsed by the EU and the supplementary provisions of German commercial law in accordance with Section 315e (1) and (3) of the German Commercial Code and in the light of these provisions provide a true and fair view of the net assets and the financial position of the Group as of 31 December 2023 and of the results of the Group's operations for the period from 1 January until 31 December 2023, and

- the accompanying Group management report as a whole accurately reflects the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and is a true reflection of the opportunities and risks associated with future development.

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

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Section 317 of the German Commercial Code, taking into account the accounting principles for the auditing of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those requirements, principles and standards are described in greater detail in the section entitled "Auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report" in our auditor's report. We are independent of the Group entities in accordance with the requirements of German commercial and professional law and have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the Group management report.

Other information

The executive directors and the Supervisory Board are responsible for the other information. This other information comprises the remaining parts of the "Annual Report 2023" but does not include the audited consolidated financial statements and the Group management report and our opinion on these.

Our audit opinion on the consolidated financial statements and the Group management report does not include the other information and, accordingly, we do not express any opinion or draw any other types of conclusion on such information.

In connection with our audit, we are required to read the other information and to determine whether it

- exhibits any material inconsistencies over the consolidated financial statements, the Group management report or the findings of our audit, or
- contains any other material misrepresentations.

Responsibility of the executive directors and the Supervisory Board for the consolidated financial statements and the Group management report

The executive directors are responsible for preparing the consolidated financial statements in material conformance to the IFRSs as endorsed for application in the EU and the additional German statutory provisions to be applied in accordance with Section 315e (1) and (3) of the German Commercial Code and for ensuring that the consolidated financial statements provide a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with these requirements. Moreover, the executive directors are responsible for the internal controls that they consider necessary to ensure that the consolidated financial statements are duly prepared free of any material intentional (i.e. manipulation of the accounts and financial loss) or unintentional misrepresentations.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. As well as this, they are responsible for preparing the consolidated financial statements on the basis of the going-concern assumption unless they intend to liquidate the Group or discontinue its business operation or there is no realistic alternative to this. Moreover, the executive directors are responsible for preparing the Group management report which provides a true and fair view of the Group's position, is consistent in all material respects with the consolidated financial statements, conforms to the German statutory provisions and suitably presents the opportunities and risks of the Group's future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

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

Auditor's responsibility for auditing 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 misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code 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. Misrepresentations may arise from fraud or errors and are considered to be material if they can be reasonably expected to individually or collectively influence business decisions made on the basis of these consolidated financial statements and this Group management report by the users.

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

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

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

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

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

- evaluate the presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements provide a true and fair view of the group's assets, liabilities and financial performance in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) and (3) of the German Commercial Code.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the Group management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our 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 forward-looking statements promulgated by the Company's executive directors in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the forward-looking information, and evaluate the proper derivation of the forward-looking information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Hamburg, March 27, 2024

Baker Tilly GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Britta Martens	Stefanie Hartmann
– German Public Auditor –	– German Public Auditor –

Financial calendar

2024

Annual report for 2023	March 28
Annual general meeting	August 29
Report on the first half of 2024	August 30

All dates are provisional only and subject to change without notice.

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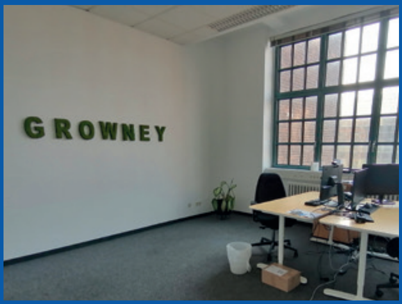

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NB:

LAIQON AG's annual report for 2023 is also available as a PDF file in the Investor Relations/Annual Report section at www.laiqon.ag.
The translation of the German annual report has been made to the best of our knowledge and belief. In case of any doubt, the German annual report alone shall be authoritative.

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