



DF Deutsche Forfait AG

Moving forward

Annual Report for the fiscal year
1 January to 31 December 2022



DF Deutsche Forfait AG

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FOREWORD BY THE MANAGEMENT BOARD

DEAR SHAREHOLDERS, DEAR READERS,

The year 2022 will be remembered for many reasons. On the one hand, the start of the war in Ukraine caused great human suffering; on the other hand, the subsequent rise in energy prices presented many companies and private households with unexpected challenges. But in this case – just as with the COVID-19 pandemic, which has been a driver of digitalization – the new vulnerability with regard to fossil fuels has raised society’s awareness of sustainability. This is a topic on which we, the Management Board of DF Deutsche Forfait AG, will also increasingly focus at company level in the future.

Last year’s geopolitical and economic uncertainties clearly left their marks on foreign trade. Declining trade volumes, the pandemic-related closure of an entire republic and the tightening of sanctions against selected countries had a strong impact on exports. Russia’s war against Ukraine has not left DF Group unaffected.

Due to these events, we had to put the planned geographical expansion to the Russian market on hold to reassess the possibilities taking the sanctions into account. In this difficult market environment, DF Group’s business model again demonstrated its resilience. We owe this corporate resilience primarily to our product diversification of the past years, our strategic partnerships and the special knowledge of our employees.

DF Group was once again able to move forward successfully in 2022. The addition of the factoring business, which is handled by our Prague-based subsidiary, to our existing product portfolio and the resumption of the forfaiting activities paid off last year. Gross profit increased by 13% compared to the previous year to more than EUR 10 million. At EUR 6.3 million, earnings before taxes reached the highest level in over seven years. We expect a similarly gratifying operating performance in the current financial year. The changed global and political conditions entail not only challenges but also offer opportunities for DF Group. Thanks to our experience, we are quick to identify the changed needs and requirements of our customers and adapt flexibly to new situations. Our Business Development unit, for instance, has worked closely with our experienced Sales Team to successfully establish the new “Trading” product in our portfolio. Here, DF Group acts as a trader and – in compliance with applicable regulations – enters into direct contact with the respective customers.

Our mission remains unchanged: We want to be reliable partners to our customers. We want to support them as a competent advisor, service provider and trader in all matters of foreign trade finance and be part of their solution. We want to keep moving forward.

Kind regards,

The Board of Management of DF Deutsche Forfait AG

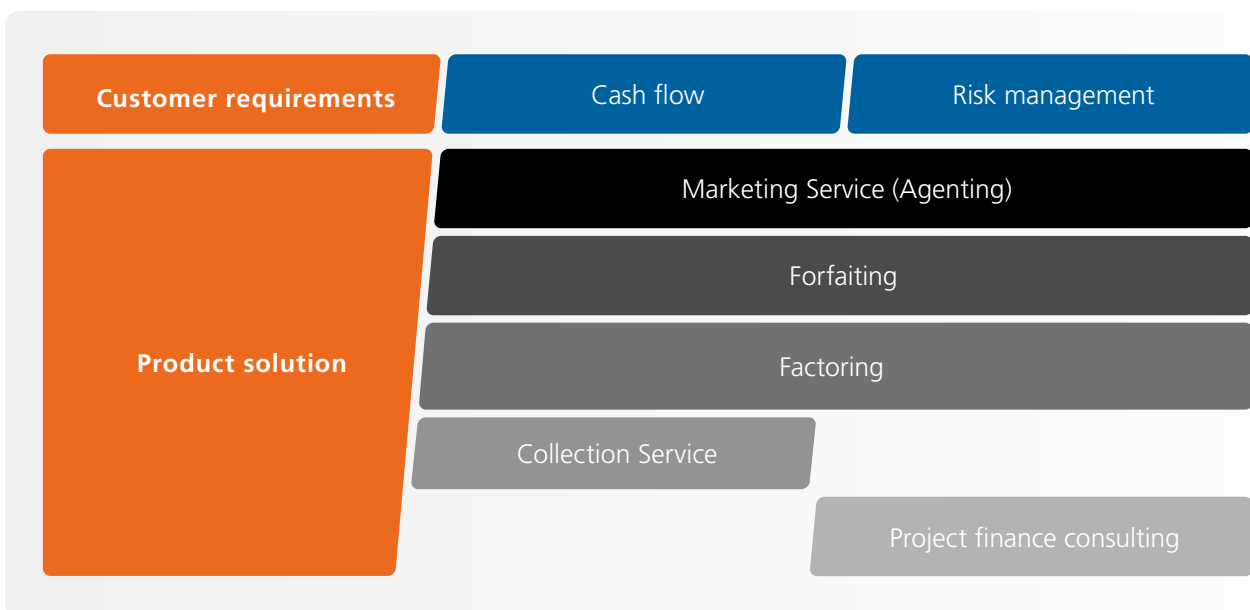
I. FUNDAMENTALS OF THE GROUP

1) Business model of the Group

DF Group is a specialist for foreign trade finance and related services. Its customers include exporters, importers and other financial companies. With its product solutions, DF Group currently specializes in the countries of the Near and Middle East, with the main focus on Iran. Where trade with Iran is concerned, it has focused its activities exclusively on humanitarian goods since the summer of 2018 for business policy reasons.

DF Group’s product portfolio is tailored to the geographical focus and specific customer needs. In the context of its marketing services, the Group – after having carried out its own compliance check – brokers transactions relating to the food, pharmaceuticals and healthcare sectors to its strategic partners for further processing. As part of the forfaiting activities, receivables are purchased by Deutsche Forfait GmbH taking individual risks into account. The Group also collects foreign trade receivables, which is done via its Czech subsidiary DF Deutsche Forfait Middle East s.r.o. for the Near and Middle East region. DF Deutsche Forfait s.r.o. covers the remaining geographies with a focus on emerging markets in Eastern Europe. The factoring business, which was added to DF Group’s product portfolio in late 2020, is also offered by the Prague-based subsidiary, primarily to Czech customers. DF Group generally originates business through its own sales force or through agents or strategic partners in the country of the importer. DF Group moreover markets its country-specific know-how, its network as well as its compliance expertise by providing compliance consulting and training services.

The chart below shows the structure of the product solutions offered by DF Group in the reporting year.



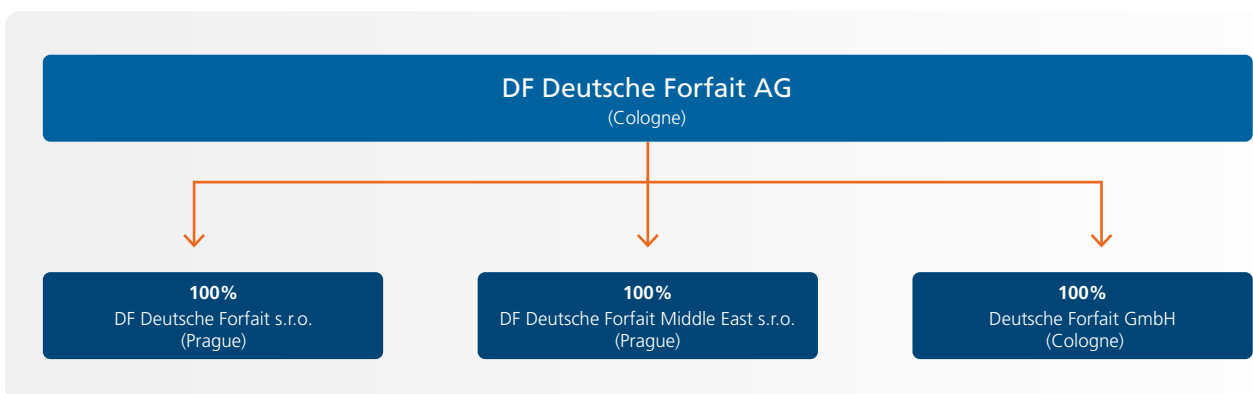
For further diversification, DF Group has added project finance activities to its product portfolio, which made the first contribution to revenues in the reporting period. Here, the focus is on consulting and other services in the context of project financing, which will also be offered beyond the target region – primarily in emerging markets. This will increase the geographical diversification of DF Group’s business activity.

The Group is pushing forward not only with its geographical diversification but is also diversifying its product portfolio, taking into account changing conditions. After the balance sheet date, the new “Trading” product was added to DF Group’s portfolio; it was designed by the Business Development unit and further developed by the Sales Department, also with a view to changed market conditions. Here, DF Group acts as a trader and – in compliance with applicable regulations – enters into direct contact with its respective customers, offering them liquidity-related as well as risk management solutions. The “Trading” product is handled by DF Deutsche Forfait Middle East s.r.o. mostly in the Near and Middle East region and has so far been confined to food trading.

DF Group’s business model is subject to legal, political and economic factors, especially with regard to sanctions and trade restrictions. The company’s internal and experienced Compliance Team primarily monitors compliance with restrictions.

Structure of DF Group

DF Deutsche Forfait AG (“**DF AG**” or “**company**”), now headquartered in Cologne, is the holding company and ultimate parent of DF Group. In accordance with the resolution adopted by the Annual General Meeting on 18 August 2022, the company relocated its headquarters from Grünwald near Munich to Cologne with effect from 15 November 2022. DF AG has three operating subsidiaries, namely Deutsche Forfait GmbH (“DF GmbH”) in Cologne, Germany, DF Deutsche Forfait s.r.o. (“DF s.r.o.”) as well as DF Deutsche Forfait Middle East s.r.o. (“DF ME s.r.o.”) in Prague, Czech Republic.



DF GmbH focuses its products, which mainly comprise marketing services, forfaiting and the collection of foreign trade receivables as well as consulting services, on the Near and Middle East. In addition, the company provides services to other DF Group entities. These include, among other things, accounting, contract management, compliance, sales and risk management.