

2022

ANNUAL FINANCIAL STATEMENTS OF
RATH AKTIENGESELLSCHAFT

2022 ANNUAL FINANCIAL STATEMENTS

OF RATH AKTIENGESELLSCHAFT

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TYPESETTING AND PRINTING ERRORS RESERVED

MANAGEMENT REPORT

MANAGEMENT REPORT FOR THE BUSINESS YEAR 2022

Business and General Conditions

RATH Aktiengesellschaft (hereinafter referred to as "RATH AG") is a company listed on the Vienna Stock Exchange in official trading ("Standard Market Auction"). It acts as the holding company of the RATH Group and essentially provides central control of the reporting of its individual subsidiaries as well as the strategic development of our product portfolio, our application solutions, and our sales markets.

Furthermore, the financing of the entire RATH Group is the responsibility of RATH Aktiengesellschaft. There are no branch offices or permanent establishments. RATH AG finances the RATH Group primarily through structured financing from promissory note bonds. As of December 31, 2022, as in the previous year, the Company holds no derivative financial instruments.

BUSINESS PERFORMANCE

Sales development and profitability

The stated sales revenues amounting to k€ 3,402 (previous year: k€ 2,772) mainly result from license fee settlements. The increase compared to the previous year results from the increase in sales revenues at the subsidiaries.

The personnel expenses amounting to k€ 964 (previous year: k€ 1,388) decreased by k€ 424. Essentially, the reduction is due to the reversal of a pension provision in the current business year, which is reported under other operating income, and the Group internal restructuring in the area of Executive Board salaries.

The other operating expenses amounted to k€ 3,398 (previous year: k€ 2,945). They mainly include expenses for marketing amounting to k€ 1,218 (previous year: k€ 789), marketing expenses amounting to k€ 867 (previous year: k€ 803), consulting expenses amounting to k€ 385 (previous year: k€ 378), as well as foreign currency losses amounting to k€ 81 (previous year: k€ 239).

The operating result is k€ 650 (previous year: k€ 723) and was positively influenced by exchange rate changes amounting to k€ 862 (previous year: k€ 2,163 positively).

In the business year, dividend income amounting to k€ 2,500 (previous year: k€ 0) from subsidiaries to the company was recognized, of which a simultaneous distribution from RATH GmbH, Germany, in the amount of k€ 2,000. Interest income from loans to affiliated companies amounted to k€ 739 (previous year: k€ 657). The income from the write-up of financial assets k€ 5,078 (previous year: k€ 0) concern RATH Inc., USA. The expenses from financial assets essentially concern the depreciation of the participation of RATH Ukrajina TOW, € 39,427 and the loans to RATH Group S. DE R.L. DE C.V., Mexico, amounting to k€ 339. The interest expenses include interest for the promissory note bonds amounting to k€ 868 (previous year: k€ 615).

The Company closes the books at an annual surplus amounting to k€ 7,406 (previous year: k€ 284).

MANAGEMENT REPORT

Assets and financial position

The balance sheet total of RATH AG increases to k€ 77,775 (previous year: k€ 62,255). A major reason for this is the increase in financing via promissory note loans and the write-up of the investment in RATH Inc, USA. Fixed assets in the field of tangible assets (property, plant and equipment) decreased by k€ 34 at book value (previous year: k€ 85). The capital ratio amounts to 40 % (previous year: 39 %).

The operating cash flow, determined in accordance with AFRAC Opinion 36 "Statement of Cash Flows (Austrian Commercial Code)" (June 2020), amounts to k€ -3,896 for the business year (previous year: k€ -3,450) and resulted from the increase in working capital. The increase in cash flow from investment activities to k€ 7,287 (previous year: k€ 3,667) mainly results from the repayment of loans granted by RATH AG including interest to affiliated companies and the settlement of dividend receivables by affiliated companies. The cash flow from investing activities amounts to k€ 7,695 (previous year: k€ -1,117) and resulted primarily from the raising of promissory note loans in the amount of k€ 40,000 with the simultaneous repayment of existing promissory note loans in the amount of k€ 31,000 less the distribution and current interest payments.

In the previous year, a dividend of € 0.33 per share, i.e. a total of k€ 495 was distributed, and the remaining amount carried forward to new account. A dividend distribution for the 2022 business year will be proposed amounting to € 1.30 per share, i.e. a total of k€ 1,950, from retained earnings, and the remaining amount carried forward to new account.

In the past year, the share price changed from € 30.00 on December 31, 2021, to € 26.20 on December 31, 2022. The year-end market capitalization therefore amounts to k€ 39,300 (previous year: k€ 45,000).

FORECAST REPORT

As the Company is a holding company, its performance relies solely on the revenues of its subsidiaries and their billable services. In January 2023, the International Monetary Fund (IMF) expects global economic output to increase by 2.8 % in 2023 and by 3.0 % in 2024. Economic output in the eurozone as a whole is expected to grow by 0.8 % in 2023. The gross domestic product (GDP) is forecast to decrease by -0.1 % in Germany and by 1.6 % in the USA. For Austria, the Austrian Institute of Economic Research (WIFO) expects the gross domestic product (GDP) to increase by 0.3 % in 2023.

Despite the historical turnaround in February 2022, our Group was able to hold its own and implement corresponding price adjustments on the market with a time lag, which will lead to a catch-up effect in 2023. We are therefore assuming that we will see a slight increase in both sales and profitability if the general conditions remain stable.

The RATH Group finances itself through RATH AG; the Company relies on a structured form of financing, promissory note bonds. In July 2022, a promissory note loan amounting to M€ 40 was taken out and at the

MANAGEMENT REPORT

same time an expiring promissory note loan in the same month in the amount of M€ 31 repaid. At present, the liquidity forecasts including sensitivities do not show any need to take out additional financing.

RISK REPORT

The internal control system (ICS) is secured via a holistic quality management. There, signature regulations are defined on the basis of a dual-control principle as well as separation of critical functions in all areas of the Company. The risk management system ensures that risks are regularly analyzed and assessed. This is the only way to be sure that they can be detected at an early stage, and countermeasures can be implemented quickly should a risk arise. Special risks can arise due to the financing functions of the holding company. For that reason, exchange rates and the development of interest rates are being continually monitored.

RESEARCH REPORT

RATH AG performs a central function in the area of R&D. Here the individual projects are planned, coordinated and accompanied during implementation. RATH AG also provides test equipment for group-wide activities. The central research and development department, with its focus on innovation, development and process optimization, was once more challenged in 2022. Due to the shortage of raw materials, new suppliers and alternative materials had to be tested and approved. As a result, the ability to deliver could be ensured to the greatest possible extent.

Further topics and projects in the area of research, technology, development and innovation were advanced in 2022. These include solgel-based materials and the further development of nitride-bonded products for waste incineration plants.

IMPORTANT CHARACTERISTICS OF THE INTERNAL CONTROL SYSTEM

The internal control system (ICS) defines all processes for securing economic efficiency and correctness of the accounting. It reduces the error rate of transactions, protects assets from losses by damages and fraud, and ensures conformity of business procedures regarding the Articles of Association and current legislation. The control environment of the accounting process is marked by a clear structural and process organization, with persons assigned uniquely to the individual functions (e.g. in Financial Accounting and Controlling).

The employees involved in the accounting process fulfill the professional requirements. SAP is used in accounting. The rules of procedure refer, among other things, to the mandatory compliance with terms of the management handbook and define a list of business cases that require approval by the Company's management. The RATH AG Management Handbook contains, among other things, the information and regulations necessary for the accounting process, such as the reporting guidelines, accounting and

MANAGEMENT REPORT

valuation rules or IT guidelines. A standardized monthly management reporting system includes all individual companies consolidated in the RATH Group.

The Supervisory Board of RATH AG regularly discusses information regarding the internal control system during its meetings. The task of the Audit Committee is to monitor the effectiveness of the control system.

CORPORATE SOCIAL RESPONSIBILITY

The Supervisory Board and Management of the RATH Group attach high value to sustainable corporate governance. Thus, strategic decision-making as well as operational leadership are influenced equally by ecological, economic and social factors.

The most important cross-company strategies for sustainability include RATH's brand and product development strategies, innovation and production procedures to optimize the economy and ecology during the production process as well as in the product. In addition, the resource-conserving use of energy and water is a key issue at RATH.

Reporting of important basic data of the Group companies was continued in the business year 2022. Our colleagues are the most important asset for a positive, sustainable development of our company's success. Open, appreciative dealings with colleagues of all sectors beyond function levels are the foundation of our company. During the business year 2022, RATH AG had an average of 4 (previous year: 5) employees on our payroll.

The proportion of women in the RATH AG workforce amounts to around 40 % (previous year: 40 %), the proportion in the Supervisory Board to 20 % (previous year: 20 %).

INFORMATION ACCORDING TO § 243A OF THE AUSTRIAN COMMERCIAL CODE (UGB)

Capital composition is explained in more detail in the Notes. There are no restrictions in the Articles of Association regarding the exercise of voting rights in RATH AG. The Company is unaware of any restrictions on the transfer of voting rights.

AS OF DECEMBER 31, 2022

66,7 %
.....
18,8 %
.....
14,5 %
.....

RATH Holding GmbH
.....
Rath family members
.....
Widely held stock
.....

STOCKHOLDER STRUCTURE <

RATH AG does not operate an employee stock options scheme. There are no regulations deviating from the statutory stipulations with regard to the appointment and dismissal of members of the Executive

MANAGEMENT REPORT

Board and of the Supervisory Board, changes to the Company's Articles of Association, and the powers of the members of the Executive Board, in particular their ability to issue or redeem shares. The Company does not hold any treasury shares as of the balance sheet date, as of the previous year's balance sheet date. There are no existing agreements that become effective in the event of a change in control. In the event of a public takeover bid, there are no provisions for compensation.

VIENNA, APRIL 26, 2023

THE EXECUTIVE BOARD

Andreas Pfneiszl (m.p.)

Member of the Executive Board

DI Ingo Gruber (m.p.)

Member of the Executive Board

ANNUAL FINANCIAL STATEMENT
RATH AG 2022

BALANCE SHEET

	31.12.2022 €	31.12.2021 k€
ASSETS		
A. Fixed assets		
I. Intangible assets		
Industrial property rights and similar rights, and licenses derived therefrom	27,177	66
II. Tangible assets (property, plant and equipment)		
1. Other assets, company and business equipment	110,872	145
III. Financial assets		
1. Interest in affiliated companies	25,677,701	20,640
2. Loans to affiliated companies of which with a remaining term > 1 year € 21,132,331; previous year: k€ 25,179	25,379,996	29,197
3. Investment securities	464,641	574
	51,522,338	50,411
	51,660,387	50,622
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies of which from dividends € 4,000,000; previous year: k€ 2,500 of which with a remaining term > 1 year € 0; previous year: k€ 0	13,969,307	10,737
2. Other receivables and assets of which with a remaining term > 1 year € 0; previous year: k€ 0	73,199	26
	14,042,506	10,763
II. Cash balance, bank balances	11,719,772	634
	25,762,278	11,398
C. Accruals and deferrals		
Other accruals and deferrals	37,230	21
D. Deferred tax assets		
Deferred tax assets	315,126	215
	77,775,021	62,255

BALANCE SHEET

	31.12.2022 €	31.12.2021 k€
LIABILITIES AND EQUITY		
A. Stockholders' Equity		
I. Called-up, paid, subscribed authorized capital	10,905,000	10,905
II. Capital reserves		
Fixed	1,118,067	1,118
III. Retained earnings		
Other reserves (free reserves)	2,972,839	2,973
IV. Net profit	15,929,928	9,019
of which profit carried forward € 8,524,158; previous year: k€ 8,736		
	30,925,834	24,015
B. Accruals and provisions		
1. Accruals and provisions for severance payments	23,806	31
2. Accruals and provisions for pensions	1,207,779	2,111
3. Accruals and provisions for taxes	104,475	64
4. Other accruals and provisions	466,815	410
	1,802,875	2,616
C. Liabilities		
1. Promissory note bonds		
of which with a remaining term < 1 year € 430,930; previous year: k€ 15,168	44,430,930	35,168
of which with a remaining term > 1 year € 44,000,000; previous year: k€ 20,000		
2. Trade payables		
of which with a remaining term < 1 year € 101,078; previous year: k€ 217	101,078	217
of which with a remaining term > 1 year € 0; previous year: k€ 0		
3. Liabilities to affiliated companies		
of which with a remaining term < 1 year € 499,029; previous year: k€ 201	499,029	201
of which with a remaining term > 1 year € 0; previous year: k€ 0		
4. Other liabilities		
of which from taxes € 2,328; previous year: k€ 19		
of which in the context of social security € 11,584; previous year: k€ 12	15,275	37
of which with a remaining term < 1 year € 15,275; previous year: k€ 37		
of which with a remaining term > 1 year € 0; previous year: k€ 0		
total of which with a remaining term < 1 year € 1,046,313; previous year: k€ 15,624		
total of which with a remaining term > 1 year € 44,000,000; previous year: k€ 20,000		
	45,046,312	35,624
	77,775,021	62,255

P&L ACCOUNT

	2022 €	2021 €
1. Sales revenue	3,401,658	2,772
2. Miscellaneous other operating income		
a) Income from the reversal of accruals and provisions	747,605	0
b) Miscellaneous	943,893	2,403
	1,691,498	2,403
3. Personnel expenses		
a) Salaries	-810,461	-901
b) Social expenses	-153,424	-487
of which expenses for old-age pensions € 0; previous year: k€ -279		
of which expenses for severance payments and benefits to internal employee pension funds € -5,280; previous year: k€ -78		
of which expenses for statutory social contributions as well as taxes and statutory deductions that are dependent on salary payment € -145,958; previous year: k€ -128		
	-963,885	-1,388
4. Depreciations and amortization of intangible and tangible fixed assets	-81,230	-119
5. Other operating expenses	-3,398,352	-2,945
of which taxes not falling under item 15 € -17,538; previous year: k€ -22		
6. Subtotal of items 1 to 5	649,689	723
7. Income from investments	2,500,000	0
of which from affiliated companies € 2,500,000; previous year: k€ 0		
8. Earnings from other securities and loans held as financial assets	748,082	666
of which from affiliated companies € 738,952; previous year: k€ 657		
9. Other interest and similar income	598	0
10. Income from the write-up of financial assets	5,077,570	0
11. Expenses from financial assets	-486,778	-22
of which profit carried forward € -486,778; previous year: k€ -22		
of which expenses from affiliated companies € 377,212; previous year: k€ 0		
12. Interest and similar expenses	-1,072,796	-622
13. Subtotal of items 7 to 12	6,766,676	21
14. Earnings before taxes	7,416,365	744
15. Taxes on income and earnings	-10,596	-460
of which from deferred taxes € 100,575; previous year: k€ -481		
of which from group taxation € -104,474; previous year: k€ 374		
16. Earnings after taxes = annual surplus	7,405,769	284
17. Profit carried forward from the previous year	8,524,158	8,736
18. Net profit	15,929,927	9,019

NOTES

A. ACCOUNTING AND VALUATION PRINCIPLES

1. GENERAL PRINCIPLES

The valid version of the annual financial statement was created taking into account the Austrian Commercial Code (UGB) and the principles of proper bookkeeping as well as the general standard of presenting a maximally faithful image of the asset, financial and earnings position of the Company. The Company is to be classified as a large corporation pursuant to § 221 of the Austrian Commercial Code (UGB).

The principle of completeness was adhered to during creation of these annual financial statement. The P&L account was prepared according to the total cost method. The accounting and valuation methods applied before have been retained.

RATH Aktiengesellschaft ("RATH AG"), as the parent company of the Group, prepares the consolidated financial statements for the smallest and largest group of companies published at the Vienna Commercial Register Court under FN 83203 h. The legal relationships with the affiliated companies as of the balance sheet date are shown in Supplement 2 to the Notes.

For the valuation of individual assets and liabilities, the principle of individual assessment and a continuation of the Company were assumed. Thus, the prudence principle was complied with by reporting only revenues realized on the reporting date. All foreseeable risks and imminent losses were taken into consideration.

Estimates are based on a prudent assessment. If and insofar as statistically ascertainable experience from similar circumstances exists, the Company has taken this into account in its estimates.

2. FIXED ASSETS

a) Intangible assets

Intangible assets acquired are assessed at purchase cost less scheduled depreciations. The scheduled depreciation is applied using the straight-line method. The following useful life is used as a basis for the scheduled depreciation:

> INTANGIBLE ASSETS	YEARS
Software and licenses	3 to 4

Acquisitions in the first half of the business year are depreciated at the full annual rate; additions in the second half at one-half the annual rate. Low-value assets (individual acquisition value of up to € 800) are capitalized in the year of addition and immediately depreciated. Unscheduled depreciations take place if the impairments are expected to be permanent. As in the previous year, no unscheduled depreciations took place in the business year.

NOTES

b) Tangible assets (property, plant and equipment)

Property, plant and equipment are assessed at purchase cost less scheduled linear depreciations.

The scheduled depreciations are performed on the basis of the following depreciation rates:

YEARS	TANGIBLE ASSETS (PROPERTY, PLANT AND EQUIPMENT) <
3 to 10	Other assets, company and business equipment

Acquisitions in the first half of the business year are depreciated at the full annual rate; additions in the second half at one-half the annual rate. Low-value assets (individual acquisition value of up to € 800) are capitalized in the year of addition and immediately depreciated. Unscheduled depreciations take place if the impairments are expected to be permanent. As in the previous year, no unscheduled depreciations took place in the business year.

Investment grants are presented using the gross method.

c) Financial assets

Shares of affiliated companies are as a matter of principle assessed at purchase cost, if appropriate less depreciations in consideration of impairments.

If there are indications of a permanent significant decrease in fair value, the investments are valued.

If and insofar as the carrying amounts of the shares are not sufficiently covered by the pro rata stockholders' equity of the subsidiaries, a valuation is carried out on the basis of discounted net cash surpluses. Here, estimates must be made under uncertainty, especially with regard to future cash surpluses. A future change in the macroeconomic, industry or company situation may lead to a reduction or increase in planned cash surpluses and thus to impairment losses or appreciations in value.

The valuations are based on a net present value-oriented method based on the expected development, in which the weighted average cost of capital (WACC) is used. These are equivalent to the weighted average return on equity and borrowed capital. The weighting of return on equity and borrowed capital is based on the capital structure of the respective investment. Against the background of the currently volatile financial market environment, the development of the cost of capital represents an uncertainty and is continuously monitored.

Loans and investment securities are reported at purchase cost, reduced by depreciations to reflect impairment where applicable. Unscheduled depreciations take place if the impairments are expected to be permanent. As in the previous year, no unscheduled depreciations took place in the business year.

Loans denominated in foreign currencies are recognized at the lower of cost or the foreign exchange buying rate at the balance sheet date.

NOTES

Unscheduled depreciations take place if the value at the reporting date is lower than their carrying amount is. In the business year, unscheduled depreciations were made on investments to the amount of € 39,427 (previous year: k€ 0). This relates in its entirety to the investment in RATH Ukrajina TOW, Dnipro, Ukraine. In addition, loans to affiliated companies, which are owed to RATH Group S. DE C.V., Mexico, underwent a value correction amounting to € 337,785 (previous year: k€ 0).

d) Write-ups to fixed assets

Write-ups to the fixed assets is made when the reasons for the unscheduled depreciation have ceased to apply. The appreciation is made to a maximum of the net carrying amount resulting from consideration of the normal depreciations that would have had to be carried out in the meantime.

In the business year, a write-up of the investment in RATH Inc., Newark, USA, was made amounting to € 5,077,570 (previous year: k€ 0).

3. CASH BALANCE, BANK BALANCES

Bank balances denominated in foreign currency are reported at the exchange rate on the balance sheet date.

4. RECEIVABLES AND OTHER ASSETS

Receivables and other assets are assessed at nominal value unless, in case of foreseeable individual risks, the lower applicable value is recognized. Receivables denominated in foreign currencies are recognized at the lower of cost or the foreign exchange buying rate at the balance sheet date.

5. PREPAID EXPENSES AND DEFERRED CHARGES

Accruals include expenses prior to the reporting date if they represent expenses for a specific period after that date.

6. DEFERRED TAX ASSETS

Deferred tax assets are recognized for differences between the carrying amounts of assets, provisions, liabilities and prepaid expenses and deferred charges under corporate law and the tax base of assets, accruals and provisions, liabilities and prepaid expenses, which are expected to be reduced in subsequent business years. Deferred taxes are measured at a tax rate of 24 % for differences that are expected to be utilized in 2023 and 23 % for differences that are expected to be utilized in 2024 and subsequent years (previous year: 25 %). The valuation is carried out without taking discounting into account. In addition, deferred tax assets are recognized for existing fiscal loss carry-forwards to the extent that sufficient deferred fiscal liabilities are available or there are convincing substantial indications that sufficient taxable earnings will be available in future to utilize these loss carry-forwards. In addition to appropriate tax planning, the consistently positive results of past periods are also used as substantial indications.

NOTES

Deferred tax assets and deferred tax liabilities were netted, since it was legally possible to offset actual tax refund claims against actual tax liabilities.

7. ACCRUALS AND PROVISIONS

a) Accruals and provisions for pensions

Accruals and provisions for pensions are calculated on the basis of AFRAC Opinion 27 "Provisions for pensions, severance payments, anniversary bonuses and comparable non-current obligations under the Austrian Commercial Code" (June 2022) using actuarial principles in accordance with the projected unit credit method, using the biometric tables AVÖ 2018-P and an interest rate of 3.96 % (previous year: 0.69 %) and with a retirement age according to AVÖ-2018-P. The calculation was based on a salary trend of 3.0 % (previous year 2.0 %) and a fluctuation of 0 % (previous year: 0 %). The accumulation period begins at the time when the employee's work performance first gives rise to benefits under the plan and continues until the date of full vesting.

The discount rate used is a key date interest rate. The key date interest rate is the interest rate at which a company with a high credit rating can obtain debt capital on the reporting date that is essentially equivalent to the average remaining term of the obligations. The interest expenditures relating to pension provisions and the effects of a change in the interest rate are reported under personnel expenses.

The change in the provision in the amount of € -902,839 (previous year allocation: k€ 279) is the result of a reversal in the amount of € 747,605 reported under other operating income and an appropriation of € 155,234 (previous year: k€ 174).

In the business year, one entitled person died, and these entitlements were not transferred.

b) Accruals and provisions for entitlements to severance payments

The accruals and provisions for severance payments are calculated in accordance with AFRAC Opinion 27 "Provisions for pensions, severance payments, anniversary bonuses and comparable non-current obligations under the Austrian Commercial Code" (June 2022) in accordance with recognized actuarial principles using the projected unit credit method based on the biometric tables AVÖ 2018-P with an interest rate of 4.16 % (previous year: 1.05 %). The retirement age is set at the ASVG (Austrian General Social Security Act) retirement age in accordance with the transitional provisions of the Budget Accompanying Act of 2003. The calculation was based on a salary trend of 3.0 % (previous year: 2.5 %) and, as in the previous year, no fluctuation was assumed. The accumulation period begins at the time when the employee's work performance first gives rise to benefits under the plan and continues until the date of full vesting.

The discount rate used is a key date interest rate. The key date interest rate is the interest rate at which a company with a high credit rating can obtain debt capital on the reporting date that is essentially equivalent to the average remaining term of the obligations. The interest expenditures relating to severance provisions and the effects of a change in the interest rate are reported under the relevant personnel expenses.

NOTES

The change amounting to € -2,621 (previous year: k€ 2) is therefore included in the salary expenditures. As in the previous year, there were no disbursements in the business year.

c) Accruals and provisions for anniversaries

The calculation of provisions for anniversary bonuses is based on the same methodology as for entitlements to severance payments, with an interest rate of 4.11 % (previous year 0.88 %) and a retirement age in accordance with the ASVG with the transitional provisions of the 2003 Budget Accompanying Act. The calculation was based on a salary trend of 3.0 % (previous year: 2.5 %) and a fluctuation of 5 % (previous year: 15 %). As in the previous year, there were no disbursements in the business year.

d) Miscellaneous other accruals and provisions

All foreseeable risks and uncertain liabilities were taken into account according to the prudence principle to the amount of miscellaneous other accruals and provisions that are required according to reasonable entrepreneurial judgment. The other accruals and provisions were formed to the amount of the settlement, which was estimated as best as possible.

8. LIABILITIES

Liabilities are recognized at the settlement amount, taking into account the principle of prudence.

9. CURRENCY CONVERSION

As in the previous year, the foreign-currency liabilities will be assessed at the rate applying on the day of the transaction or the lower currency buying rate on the balance sheet date. As in the previous year, the foreign-currency obligations are assessed with the rate applying on the day of the transaction or the higher currency selling rate on the balance sheet date.

NOTES

B. NOTES ON THE BALANCE SHEET AND P&L ACCOUNT OF RATH AG

NOTES ON THE BALANCE SHEET

1. Fixed assets

The development of fixed assets is shown on the Summary of Fixed Assets (Supplement 1 to the Notes).

Of the loans, an amount of € 4,247,665 (previous year: k€ 4,018) is due within the next year.

2. Receivables and other assets

Other receivables do not comprise any substantial income affecting payment only after the balance sheet date.

Receivables from affiliated companies include not only receivables from Group apportionment and settlement of licenses but also € 4,000,000 (previous year: k€ 2500) receivables from dividends, of which € 2,000,000 resulted from a simultaneous distribution of RATH GmbH, Germany, in the current financial year, € 1,298,321 (previous year: k€ 1,553) in receivables from accrued interest and € 0 (previous year: k€ 562) receivables from tax contributions.

3. Deferred tax assets

Deferred taxes are recognized in accordance with § 198 (9) and (10) of the Austrian Commercial Code (UGB) using the balance sheet approach and without discounting on the basis of a corporate income tax rate of 24 % for 2023 and 23 % for 2024 and subsequent years (previous year: 25 %). The deferred tax assets amounting to € 315,126 (previous year: k€ 215) as of the balance sheet date were formed for temporary differences between the valuations under fiscal and company law for the following items:

31.12.2021 IN K€	31.12.2022 IN €		DEFERRED TAX ASSETS <
5	0	Financial assets	
818	300,871	Non-current personnel provisions	
35	204,849	Cost of procuring money	
858	505,720	Amount of total differences	
0	826,483	Loss carryforwards Group	
215	315,126	Resulting deferred tax as of 31.12.	

NOTES

4. Stockholders' Equity

As in the previous year, the called-up and paid authorized capital amounts to € 10,905,000 and is composed of 1,500,000 no-par shares.

A dividend distribution for the current business year will be proposed amounting to € 1.30 per share, i.e. a total of € 1,950,000, from retained earnings, and the remaining amount carried forward to new account.

The net profit is not subject to a distribution ban pursuant to § 235 (2) of the Austrian Commercial Code, as the reserves that can be released at any time exceed the amount of capitalized deferred tax assets.

5. Other accruals and provisions

Other accruals and provisions consisted of the following:

> ACCRUALS AND PROVISIONS	2022		2021	
	€		k€	
Premiums		291,500		230
Unused leave		6,694		9
Legal and consultancy costs		51,700		53
Anniversary bonuses		34,221		35
Miscellaneous		82,700		83
		466,815		410

6. Liabilities

As in the previous year, the item "Other liabilities" does not comprise any significant expenditures affecting payment only after the balance sheet date.

Total liabilities with a term of more than five years amounted to € 18,500,000 as of the balance sheet date (previous year: k€ 0).

As in the previous year, there are no liabilities for which collateral has been provided.

Liabilities to affiliated companies include current settlements with Group companies.

NOTES

7. Liability relationships and obligations from using property, plant and equipment not listed in the balance sheet**a) Contingencies**

As in the previous year, the company issued a letter of comfort to Unicredit Bank Austria AG for Chamottewaren- und Thonöfenfabrik Aug. RATH jun. GmbH, Krummnußbaum, to the amount of € 1,000,000.

There are no other contingent liabilities.

b) Obligations from the use of tangible assets (property, plant and equipment) not listed in the balance sheet

OF THE FOLLOWING BUSINESS YEAR IN €	OF THE FOLLOWING FIVE BUSINESS YEARS IN €	OFF-BALANCE-SHEET TANGIBLE ASSETS <
€ 113,720 (previous year: k€ 119)	€ 156,050 (previous year: k€ 221)	Obligations from rentals and leases

NOTES ON THE P&L ACCOUNT

1. Sales revenue

The sales revenue consists of Group contribution and license fee settlements. The safeguard clause pursuant to § 240 of the Austrian Commercial Code (UGB) was invoked.

The increase in sales compared to the previous year is primarily due to the increase in sales revenue in the subsidiaries and the associated higher license fee settlements.

2. Other operating income

Income from the reversal of provisions is allocated in full to pension provisions.

The miscellaneous other operating income is composed as follows:

31.12.2021 k€	31.12.2022 €	OTHER OPERATING INCOME <
2,402	943,096	Foreign currency income
1	797	Miscellaneous
2,403	943,893	

The foreign currency income is based on the one hand on the valuation of loans and receivables from affiliated companies in US\$, and on the other hand on realized income from transactions in US\$ with affiliated companies.

NOTES

3. Personnel expenses

In the business year 2022, we had an average of 4 (previous year: 5) employees on our payroll.

The expenses for severance payments include benefits to internal employee pension funds amounting to € 12,424 (previous year: k€ 11).

4. Other operating expenses

The miscellaneous other operating expenses are composed as follows:

> MISCELLANEOUS OTHER OPERATING EXPENSES

	2022 €	2021 k€
Expenses passed on by affiliated companies	1,218,477	789
Marketing	867,213	803
Legal counseling and other consulting	384,867	378
Rental and leasing	207,192	165
Insurances	190,775	157
Travel expenses	159,470	97
Foreign exchange losses	81,069	239
Miscellaneous	271,751	295
	3,380,814	2,923

The expenses for the annual auditor are listed in the consolidated financial statement.

5. Income tax

The company is a parent company that is required to be consolidated as defined in § 244 of the UGB (Austrian Commercial Code). In 2005, a tax allocation agreement was signed in accordance with § 9 (8) of the Corporate Income Tax Act 1988 (KStG) (group parent RATH AG – group members Chamottewaren- und Thonöfenfabrik Aug. RATH jun. GmbH, Krummnußbaum, and RATH Business Services GmbH, Vienna, since 2016) for the purpose of group taxation.

The group parent debits or (in the event of a loss) credits the group members with the amounts of corporate income tax they have incurred, calculated according to the debit method, via tax contributions. In the case of a positive fiscal result, the tax contribution is calculated by applying a fiscal rate of 25 % or 12,5 %, depending on whether the positive fiscal result of the group members is covered by the combined positive result of the group parent. That part of the attributed negative income of the group member which causes or increases a negative combined result is kept evident by the group parent. In accordance with AFRAC Statement 30 "Deferred taxes in the annual and consolidated financial statements" (December 2020), a provision is made for future tax charges.

NOTES

The tax expenditure (-) or tax income (+), respectively, for the business year results from the following:

2021 K€	2022 €		TAX EXPENDITURE 2022 ◀
-354	-6,697	Current corporate income tax	
374	-104,474	Corporate income tax from group allocation	
-481	100,575	Deferred tax income/expense	
-460	-10,596		

6. Events after the balance sheet date

No significant events have occurred since the balance sheet date.

NOTES

C. ORGANS OF THE COMPANY

Mr. Andreas Pfneiszl, born in 1969, has been a member of the Executive Board since June 10, 2013 (initial appointment) and responsible for Sales, Finance, Human Resources and IT since October 01, 2019. The management contract is in force until December 31, 2027.

DI Ingo Gruber, born in 1962, has been a member of the Executive Board since October 01, 2019, responsible for the divisions Production and Research & Development. The management contract is in force until December 31, 2025.

In the following, the total remuneration of the Executive Board is shown with its respective fixed and variable shares:

> EXECUTIVE BOARD REMUNERATIONS	TOTAL	OTHER	VARIABLE	OF WHICH	FIXED
	2022	REMUNERATIONS	k€	AFFILIATED COMPANY	k€
Andreas Pfneiszl	372	10	120	62	241
DI Ingo Gruber	372	10	120	62	241
	744				
	TOTAL	OTHER	VARIABLE	OF WHICH	FIXED
	2021	REMUNERATIONS	k€	AFFILIATED COMPANY	k€
Andreas Pfneiszl	341	10	96	0	235
DI Ingo Gruber	338	10	93	0	235
	680				

Upon termination of his/her function and provided that his/her employment is terminated at the same time, a member of the Executive Board is entitled to a severance payment as defined in § 23 of the Angestelltengesetz (Austrian Salaried Employees Act), unless the termination is due to a justified dismissal. It should be noted here that the old severance payment entitlements were frozen as of December 31, 2002, and the entitlements increase further only as a result of salary adjustments and on December 31, 2022, amounted to € 23,806 (previous year: k€ 31).

Pension payments were made to former executive bodies to the amount of € 155,234 (previous year: k€ 174). No advances or loans were granted to members of the Company's executive bodies.

NOTES

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board currently consists of five members elected by the Annual General Meeting, who are characterized by strong managerial and legal expertise, personal qualifications and long-standing experience. All the members are Austrian citizens.

END OF CURRENT TERM OF OFFICE	INITIAL APPOINTMENT	YEAR OF BIRTH	MEMBERS OF THE SUPERVISORY BOARD <
in 2023	25.06.2013	1964	Mag. Stefan Ehrlich-Adám (Chairman), independent
in 2023	17.07.2003	1966	CPA Mag. Mag. Philipp Rath (Vice Chairman), dependent
in 2023	25.06.2013	1966	Mag. Dieter Hermann , independent
in 2023	01.06.2016	1962	Dr. Andreas Meier , independent
in 2023	27.05.2018	1968	Mag. Dr. Ulla Reisch , independent

The Supervisory Board remuneration (including attendance fees) for the business year 2022, subject to the approval of the Annual General Meeting, amounts to a total of € 90,500 (previous year: k€ 83) distributed among the Members of the Supervisory Board as follows:

REMUNERATION (INCL. ATTENDANCE FEES)	MEMBERS OF THE SUPERVISORY BOARD <
21,300	Mag. Stefan Ehrlich-Adám (Chairman)
19,050	CPA Mag. Mag. Philipp Rath (Vice Chairman)
17,150	Mag. Dieter Hermann
16,500	Dr. Andreas Meier
16,500	Mag. Dr. Ulla Reisch

The remunerations for Members of the Supervisory Board consist of fixed and attendance-dependent components. The fixed components consist of a total amount. In addition, the participation of members is remunerated at a flat rate per meeting.

THE EXECUTIVE BOARD

VIENNA, APRIL 26, 2023

Andreas Pfneiszl (m.p.)
Member of the Executive Board

DI Ingo Gruber (m.p.)
Member of the Executive Board

SUPPLEMENT 1: SUMMARY OF FIXED ASSETS

	ACQUISITION AND MANUFACTURING COSTS			
	AS OF 1.1.2022 €	ADDITIONS €	DISPOSALS €	AS OF 31.12.2022 €
I. Intangible assets				
Industrial and intellectual property rights and similar rights and benefits, as well as licenses derived from this	810,839	0	0	810,839
	810,839	0	0	810,839
II. Tangible assets (property, plant and equipment)				
1. Other assets, company and business equipment*	1,105,690	8,267	-918	1,113,038
	1,105,690	8,267	-918	1,113,038
III. Financial assets				
1. Interest in affiliated companies	30,530,403	0	0	30,530,403
2. Loans to affiliated companies	29,598,586	500,000	-4,380,806	25,717,780
3. Investment securities	596,526	0	0	596,526
	60,725,515	500,000	-4,380,806	56,844,709
	62,642,044	508,267	-4,381,724	58,768,586
* of which low-value assets in accordance with § 13 of the Austrian Income Tax Act (EStG)		4,021		

SUPPLEMENT 1: SUMMARY OF FIXED ASSETS

CUMULATED DEPRECIATIONS						NET CARRYING AMOUNTS	
AS OF 1.1.2022 €	ADDITIONS €	WRITE-UPS €	DISPOSALS €	VALUE ADJUSTMENT FOREIGN CURRENCY €	AS OF 31.12.2022 €	CARRYING AMOUNT 31.12.2021 €	CARRYING AMOUNT 31.12.2022 €
-744,428	-39,234	0	0	0	-783,662	66,411	27,177
-744,428	-39,234	0	0	0	-783,662	66,411	27,177
-961,089	-41,996	0	918	0	-1,002,166	144,601	110,872
-961,089	-41,996	0	918	0	-1,002,166	144,601	110,872
-9,890,844	-39,427	5,077,570	0	0	-4,852,701	20,639,559	25,677,702
-401,598	-337,785	0	0	401,598	-337,785	29,196,988	25,379,996
-22,319	-109,566	0	0	0	-131,885	574,207	464,641
-10,314,761	-486,778	5,077,570	0	401,598	-5,322,371	50,410,754	51,522,339
-12,020,278	-568,008	5,077,570	918	401,598	-7,108,199	50,621,766	51,660,388
	-4,021						

SUPPLEMENT 2: INVESTMENTS

COMPANY NAME AND HEADQUARTERS	SHARE %	STOCKHOLDERS' EQUITY AS OF 31.12.2022* €	ANNUAL RESULT 2022* €
RATH GMBH, MEISSEN, GERMANY	100.00 %	24,776,017	1,429,046
PREVIOUS YEAR	100.00 %	25,346,971	-738,552
RATH HUNGARIA KFT., BUDAPEST, HUNGARY	100.00 %	2,515,702	85,340
PREVIOUS YEAR	100.00 %	2,556,082	-297,056
RATH INC., NEWARK, DE, USA	100.00 %	2,662,077	1,948,071
PREVIOUS YEAR	100.00 %	710,108	593,984
CHAMOTTEWAREN- UND THONÖFENFABRIK AUG. RATH JUN. GMBH, KRUMMNUSSBAUM, AUSTRIA	99.98 %	15,277,996	617,910
PREVIOUS YEAR	99.98 %	14,660,086	2,152,556
RATH ŽÁROTECHNIKA SPOL. S R.O, DVŮR KRÁLOVÉ NAD LABEM, CZECH REPUBLIC	100.00 %	1,235,504	95,969
PREVIOUS YEAR	100.00 %	1,586,052	47,464
RATH POLSKA SP. Z O.O., DĄBROWA GÓRNICZA, POLAND	100.00 %	260,529	20,015
PREVIOUS YEAR	100.00 %	244,310	141,035
RATH UKRAJINA TOW, DNIPRO, UKRAINE	100.00 %	-67,709	-141,853
PREVIOUS YEAR	100.00 %	92,074	-101,399
RATH GROUP S. DE R.L. DE C.V., GUADALUPE, MEXICO	100.00 %	-3,698	122,128
PREVIOUS YEAR	100.00 %	-114,746	116,690
RATH BUSINESS SERVICES GMBH, VIENNA, AUSTRIA	100.00 %	-51,212	-204
PREVIOUS YEAR	100.00 %	-51,009	-359,735

* according to preliminary local financial statement

AUDITOR'S CERTIFICATE

Report to the annual financial statements

AUDIT OPINION

We have audited the annual financial statement of Rath Aktiengesellschaft, Vienna, consisting of the balance sheet as per December 31, 2022, the P&L account for the business year ending on this reporting date, and the Notes.

According to our assessment, the annexed annual financial statements corresponds to the legal provisions and give a maximally true and fair view of the assets and financial position of the Company as of December 31, 2022, as well as of the profitability of the Company for the business year ending on this reporting date, in agreement with the provisions of Austrian corporate law.

BASIS FOR THE AUDIT OPINION

We conducted our audit in accordance with EU Regulation Nr. 537/2014 (hereinafter EU-Reg) and generally accepted Austrian standards for the auditing of financial statement. These principles require application of the International Standards on Auditing (ISA). According to these provisions and standards, our responsibilities are described further in the section of our Auditor's Certificate entitled "Responsibilities of the annual auditor for the auditing of the annual financial statement". We are independent of the Company, in agreement with the provisions of Austrian corporate and professional law, and we have fulfilled our other professional obligations in agreement with these requirements. We believe that the documentary audit evidence we obtained for auditing up to the date of the auditor's certificate is sufficient and appropriate to serve as a basis for our Audit Opinion at this date.

PARTICULARLY IMPORTANT AUDITING MATTERS

Particularly important auditing matters are circumstances that were most important for our audit of the annual financial statement from the business year according to our best judgment. These circumstances were considered in connection with our audit of the annual financial statement as a whole and during the formation of our Audit Opinion, and we do not provide a separate Audit Opinion on these circumstances.

We have structured our presentation of these particularly important auditing matters as follows:

- Facts
- Audit procedure and findings
- Reference to further information

AUDITOR'S CERTIFICATE

RECOVERABILITY OF SHARES IN AFFILIATED COMPANIES AND LOANS TO AFFILIATED COMPANIES

- Facts

The shares in affiliated companies to the amount of € 25,677,701 (previous year: k€ 20,640) as well as loans to affiliated companies totaling € 25,379,996 (previous year: k€ 29,197) represent 66 % (previous year: 80 %) of the balance sheet total of Rath Aktiengesellschaft, Vienna, as of December 31, 2022.

In the business year, there were write-ups to shares in affiliated companies amounting to € 5,077,570 relating to the investment in Rath Inc., Newark, Delaware, USA. Furthermore, the total book value of shares in affiliated companies relating to Rath Ukrajina TOW, Ukraine, in the amount of € 39,427, as well as loans to affiliated companies relating to Rath Group S. DE C.V., Mexico, in the amount of € 337,785 were written off.

Pursuant to § 204 (2) of the Austrian Commercial Code (UGB), shares in affiliated companies and loans to affiliated companies are to be written down on an unscheduled basis to the lower value to be attributed on the reporting date in the event of an expected permanent impairment, whereby a depreciation may also be made if the reduction in value is not expected to be permanent. A reversal of an impairment loss pursuant to § 208 (1) of the Austrian Commercial Code must be carried out if, in the case of shares in affiliated companies or loans to affiliated companies that have been written down on an unscheduled basis, it becomes apparent in a later business year that the reasons for the unscheduled depreciation no longer exist. The appreciation is to be made to the extent of the increase in value.

The Executive Board carries out an impairment test for shares in affiliated companies and loans to affiliated companies if there are, or cease to be, indications of permanent impairment. If and insofar as the carrying amount of the shares in affiliated companies is not sufficiently covered by the prorated stockholders' equity, or for the purpose of determining write-ups, a valuation is carried out on the basis of a discounted cash flow method. The determination of the fair value of the financial assets incorporates various valuation-relevant assumptions with regard to the future cash flows expected by the legal representatives ("free cash flows", such as assumptions on the development of sales and profitability, as well as the growth rate for the perpetual annuity), which are associated with considerable estimation uncertainties and discretion. The capitalization interest rate (WACC) to be used to determine the fair value is a significant input parameter and is also to be classified as highly discretionary.

Due to these estimation uncertainties, there is a risk for the financial statements that the shares in affiliated companies or the loans to affiliated companies are not recoverable. The recoverability of shares in affiliated companies and loans to affiliated companies is therefore considered to be a key audit matter.

- Audit procedure and findings

AUDITOR'S CERTIFICATE

We assessed the impairment tests performed by the Executive Board on shares in affiliated companies and loans to affiliated companies to determine whether they appropriately identified a potential need for impairment or write-ups.

To test the Company's recoverability assessment, we assessed in particular the valuation model itself and dealt with the key value drivers of the fair values.

The expected future cash flows were derived from the budget approved by the management and adopted by the Supervisory Board.

With the involvement of our internal valuation specialists, we examined whether the selected valuation method complies with recognized valuation principles and assessed the parameters used by the company (planned cash flows, growth rates and discount rates) to determine whether they are plausible and appropriate.

The valuation model used by the company is suitable for testing the recoverability of shares in affiliated companies and loans to affiliated companies. The assumptions and valuation parameters underlying the determination of the fair value and the associated disclosures are plausible and appropriate.

- Reference to further information

For further information, please refer to the Notes to the financial statement of Rath Aktiengesellschaft, Vienna, section A. Accounting and Valuation Principles, 2. Fixed assets, c) financial assets and d) write-ups to fixed assets as well as B. Notes to the Balance Sheet and P&L Account of Rath AG, Notes to the Balance Sheet, 1. Fixed assets.

FURTHER INFORMATION

The legal representatives are responsible for the further information. The further information comprises all the information in the annual report, excluding the annual financial statement, the management report and the Auditor's Certificate.

Our Audit Opinion on the annual financial statement does not cover such other information, and we do not express any form of assurance conclusion thereon.

In the context of our auditing of the annual financial statement, we have a responsibility to read this other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statement or our knowledge obtained in the audit or otherwise appears to be misstated.

If, based on our work performed on the other information obtained before the date of this Auditor's Certificate, we conclude that there has been a material misstatement of such other information, we are required to report that fact. We have nothing to report in this respect.

AUDITOR'S CERTIFICATE

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND THE AUDIT COMMITTEE FOR THE ANNUAL FINANCIAL STATEMENT

The legal representatives are responsible for the creation of the annual financial statement and for making sure that this provides a maximally faithful representation of the Company's asset, financial and earnings position in agreement with the provisions of Austrian corporate law. Furthermore, the legal representatives are responsible for the internal controls that they deem necessary to enable preparation of annual financial statement free of significant – fraudulent or accidental – misrepresentations.

During the creation of the financial statement, the legal representatives are responsible for assessing the capability of the company to continue their company activities, to specify circumstances in connection with the continuation of their company activities – if and insofar as relevant – and to apply the accounting principle of the continuation of company activities; unless the legal representatives intend to either liquidate the company or to stop their company activities or do not have any realistic alternatives to this.

The Audit Committee is responsible for monitoring the accounting process of the Company.

RESPONSIBILITIES OF THE ANNUAL AUDITOR FOR THE AUDITING OF THE CONSOLIDATED FINANCIAL STATEMENT

Our goals are to obtain sufficient certainty as to whether the annual financial statement as a whole is free of significant – fraudulent or accidental – misrepresentations, and to provide an Auditor's Certificate that contains our Audit Opinion. Sufficient certainty is a high level of certainty, but not a guarantee that an audit executed in agreement with the EU-Reg and the Austrian principles of proper auditing, which mandate application of the ISA, will always discover a significant misrepresentation if such exists. Misrepresentations may result from fraudulent acts or mistakes and are to be considered significant if it can be expected that they – individually or altogether – will influence the economic decisions of users made on the basis of these annual financial statement.

As a part of an audit in agreement with the EU-Reg and the Austrian principles of proper auditing, which mandate application of the ISA, we exercise discretion according to our best judgment during the entire audit and maintain a critical approach.

Furthermore, the following applies:

- We identify and assess risks of significant – fraudulent or accidental – misrepresentations in the statement, plan auditing measures as a response to these risks, execute them and obtain documentary audit evidence that is sufficient and suitable to serve as a basis for our Audit Opinion. The risk that significant misrepresentations resulting from fraudulent actions not being discovered is greater than a risk of misrepresentations resulting from mistakes, because fraudulent actions may

AUDITOR'S CERTIFICATE

comprise collusive collaborations, falsifications, intended incompleteness, misleading representations or the bypassing of internal controls.

- We gain an understanding of the internal control system relevant for the audit in order to plan auditing measures that are appropriate under the specified circumstances, however not with the goal of submitting an Audit Opinion of the effectiveness of the Company's internal control system.
- We assess the appropriateness of the accounting methods applied by the legal representatives as well as the plausibility of the estimated values in the accounting presented by the legal representatives and related information.
- We draw conclusions about the appropriateness of the application of the accounting principles for the continuation of operations by the legal representatives as well as on the basis of the obtained documentary audit evidence as to whether there is a significant discrepancy in connection with events or circumstances that may cause significant doubt in the ability of the Company to continue its operations. If we come to the conclusion that a significant uncertainty exists, we are obligated to point in our Auditor's Certificate to the relevant information in the annual financial statements or, if this is inappropriate, to modify our Audit Opinion. We draw our conclusion on the basis of the documentary audit evidence that we have obtained up to the date of our Auditor's Certificate. Future events or circumstances may nevertheless result in the Company ceasing to continue its operations.
- We evaluate the entire representation, the structure and the content of the annual financial statements, including the specifications, as well as if the financial statements represents the business transactions and events in a manner that creates a maximally faithful image.

We talk to the Audit Committee about the planned scope and the planned time needed for the audit, as well as about important findings, including any important deficiencies in the internal control system that we detect during our audit.

We also provide the Audit Committee with a statement that we complied with the relevant professional behavior requirements regarding independence and we inform them of all relationships and other circumstances from which it can be reasonably assumed that they have an effect on our independence and – if and insofar as relevant – any affiliated protective measures.

On the basis of the issues that we discuss with the Audit Committee, we determine which issues were most important for the audit of the annual financial statements for the business year and are therefore particularly important auditing matters. We describe these issues in our Auditor's Certificate unless laws or other legal provisions rule out publication of the issues, or we determine in extremely rare cases that an issue should not be included in our Auditor's Certificate because it is reasonably expected that the negative consequences of such a notification would outweigh their advantages for the public interest.

AUDITOR'S CERTIFICATE

Further legal and other statutory requirements

REPORT ON THE MANAGEMENT REPORT

Due to the provisions of Austrian corporate law, the management report must be examined to check that it is in agreement with the annual financial statement and was issued according to the applicable legal requirements.

The legal representatives are responsible for the preparation of the management report in agreement with the provisions of Austrian corporate law.

We have executed our audit in agreement with the professional principles for the auditing of the management report.

Audit Opinion

According to our assessment, the management report was created in compliance with the applicable legal requirements, comprises correct information according to § 243a of the Austrian Commercial Code (UGB), and is in agreement with the annual financial statement.

Statement

In light of the knowledge and understanding about the Company and its environment gained during the auditing of the annual financial statement, we did not find any significant misrepresentations in the annual report.

ADDITIONAL INFORMATION UNDER ARTICLE 10 OF THE EU-REG

We were elected as annual auditors by the Annual General Meeting on June 10, 2022. We were commissioned by the Supervisory Board on October 10, 2022. We have been annual auditors without interruption since the business year 2019.

We declare that the Audit Opinion in Section "Report on the annual financial statement" is consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU-Reg.

We declare that we have not performed any prohibited non-auditing services (Article 5 (1) of the EU-Reg), and that we have maintained our independence from the audited company in the performance of the audit.

FINANCIAL AUDITOR RESPONSIBLE FOR THE ORDER

The auditor responsible for the final audit is Dipl.-BW (FH) Marius Richter.

Publication or disclosure of these annual financial statements with our Auditor's Certificate is permissible only with our approval. This Auditor's Certificate is valid only for the complete annual financial statements in the German language, including the management report. To any deviating versions, the regulations of § 281 (2) of the Austrian Commercial Code (UGB) apply.

VIENNA, APRIL 26, 2023

PwC Wirtschaftsprüfung GmbH

Dipl.-BW (FH) Marius Richter

Certified Public Accountant

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS:

In the business year 2022, the supervisory board of RATH AG performed the duties incumbent upon it according to the law and the articles of association with great care. It regularly monitored the management activities of the Executive Board and provided advice on the strategic development of the Company and key individual measures.

The Supervisory Board was regularly informed in detail about this by the Executive Board. This was done within and outside the meetings of the Supervisory Board and its committees by means of written and oral reports, for example, on all pivotal economic figures of the RATH Group, on the economic situation and on deviations of the business performance from the budget. In addition, the Supervisory Board dealt with fundamental issues of corporate planning, including financial, investment, sales and personnel planning, as well as measures to shape the future in research and development, and growth.

The Supervisory Board discussed the reports of the Executive Board in detail and expounded on the development prospects of the Group with the Executive Board. In doing so, it confirmed that the management of the Company by the Executive Board was lawful, expedient and proper. The Chairman of the Supervisory Board and the members of the Executive Board were in regular contact also outside the Supervisory Board meetings. The Chairman of the Supervisory Board was always informed promptly and comprehensively about current developments and significant individual matters. The Supervisory Board was involved at an early stage in decisions of major importance. Where the approval of the Supervisory Board was required by law or the Articles of Association for individual measures taken by the Executive Board, the Supervisory Board passed resolutions to this effect.

In the reporting year 2022, the Executive Board and the Supervisory Board exchanged information in five meetings, consulting on the economic situation and the strategic development of our Group, as well as on important events, investments and actions. The Supervisory Board was given ample opportunity to comply with its obligation to inform and supervise. We have thereby fulfilled our legal obligations and those laid out in our Articles of Association. We have advised the Executive Board regarding the management of the Company and supervised the activities of the executive management. There were no reasons for complaints concerning the business activities of the Executive Board.

Meetings of the Supervisory Board

Five meetings (including the inaugural meeting of the Supervisory Board) were held in the business year 2022. All members participated personally in all meetings. The meeting in March 2022 reported on the business year 2021 and business performance and plant capacity utilization in 2022, as well as on the expected impact of the war in Ukraine, above all the rise in energy prices and sufficient availability.

At the meeting in Vienna in April 2022, the annual financial statements and management report for 2021, as well as the consolidated financial statements and management report for 2021 were audited, the annual financial statements for 2021 were adopted in accordance with the recommendation of the Audit

REPORT OF THE SUPERVISORY BOARD

Committee, and the proposal for the appropriation of earnings for the business year 2021 was approved. In addition, the proposal for the election of the auditor was approved and the current business situation, the availability of energy and its prices, as well as the status of the new issue of the promissory note loan were reported on. The meeting in June 2022 served primarily for the preliminary discussion of the Annual General Meeting and the report on the current business situation; an update on the status of the promissory note loan and on the subject of energy prices was also given. During the inaugural meeting of the Supervisory Board, which took place on the same day after the Annual General Meeting, members of the Supervisory Board were elected to the committees.

At the meeting in Krummnußbaum in September 2022, the current business situation was presented, including an overview of our capacity utilization at our production plants. In the last meeting of the year in December 2022, primarily the outlook into the next year and the budget for 2023 were discussed and approved.

Committees

The Supervisory Board established three committees during the reporting year. The Audit Committee met twice in 2022. In April 2022, the Audit Committee carried out the final meeting for the business year 2021 in the presence of the annual auditor. The annual financial statements and management report as well as the consolidated financial statements and management report were reviewed, and a recommendation was made to the Supervisory Board to adopt the annual financial statements and (without the presence of the auditor) to appoint the auditor for the following year. At the meeting in December 2022, the annual auditors reported on the status of the preliminary audit of the annual financial statement and consolidated financial statement.

The Strategy Committee met once in 2022. The meeting in December 2022 focused on the presentation of the 2030+ strategy. The Remuneration Committee met four times in the past business year. The focus of the meeting in March 2022 was to determine the Executive Board's target achievement in 2021 as the basis for the variable remuneration component and to set the targets for 2022.

At the meetings in September, October and December 2022, the Remuneration Committee dealt with the planned expansion of the Executive Board due to increased future requirements in the Group, the definition of the requirements for the search for personnel for the expansion of the Executive Board, the involvement of a personnel consulting firm and a candidate screening.

Annual Financial Statement

The annual financial statements of RATH AG as of December 31, 2022, and the management report of the Executive Board, as well as the consolidated financial statements as of December 31, 2022, in accordance with IFRS and the consolidated annual report of the Executive Board, including the accounting, were audited by PwC Wirtschaftsprüfung GmbH, Vienna, which was appointed as auditor by the Annual General Meeting on June 10, 2022, and issued with an unqualified audit opinion. The Audit Committee of the Supervisory Board analyzed the result of the audit in cooperation with the annual auditors during the

REPORT OF THE SUPERVISORY BOARD

meeting on April 26, 2023, and recommended approval of the annual financial statement to the Supervisory Board. By resolution of April 26, 2023, the Supervisory Board approved the consolidated financial statements. The Supervisory Board has reviewed the documents according to § 96 of the Austrian Stock Corporation Act (AktG) as well as the corporate governance report, and approved the annual financial statement, which are therefore established pursuant to § 96 (4) of the AktG; the Supervisory Board has also reviewed and approved the proposal for the appropriation of profits submitted to it by the Executive Board. The final result of the audits gave no reasons for complaints.



Mag. Stefan Ehrlich-Adám
Chairman of the Supervisory Board

VIENNA, APRIL 26, 2023

Mag. Stefan Ehrlich-Adám
Chairman of the Supervisory Board

STATEMENT BY ALL LEGAL REPRESENTATIVES
PURSUANT TO § 124 (1) 3 OF THE
AUSTRIAN STOCK EXCHANGE ACT (BÖRSEGESETZ)

STATEMENT BY ALL LEGAL REPRESENTATIVES PURSUANT TO § 124 (1) 3 OF THE AUSTRIAN STOCK EXCHANGE ACT (BÖRSEGESETZ)

We confirm to the best of our knowledge that the consolidated financial statement as of December 31, 2022 established according to the International Financial Reporting Standards (IFRS) in the European Union (EU) provides a maximally faithful representation of the Group's asset, financial and earnings position, and that the consolidated annual report as of December 31, 2022 presents the business performance, the operating results and the situation of the Group so as to give a maximally precise representation as possible of the Group's assets, financial and earnings position, and that the consolidated annual report describes the main risks and uncertainties faced by the Group.

We confirm to the best of our knowledge that the parent company's annual financial statement as of December 31, 2022, established according to the Austrian Commercial Code (UGB), provides a maximally faithful representation of the company's asset, financial and earnings position, and that the management report as of December 31, 2022 presents the business performance, the operating results and the situation of the company so as to give a maximally precise representation as possible of the assets, financial and earnings position, and that the management report describes the main risks and uncertainties faced by the company.

The results of the business year ending on December 31, 2022 are not necessarily indicative of the development of future results.

VIENNA, APRIL 26, 2023

Andreas Pfneiszl (m.p.)

Member of the Executive Board

DI Ingo Gruber (m.p.)

Member of the Executive Board

