

# 2023

ANNUAL FINANCIAL STATEMENTS OF  
RATH AKTIENGESELLSCHAFT



# 2023 ANNUAL FINANCIAL STATEMENTS

OF RATH AKTIENGESELLSCHAFT

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## IMPRINT

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TYPESETTING AND PRINTING ERRORS RESERVED

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# MANAGEMENT REPORT

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## MANAGEMENT REPORT FOR THE BUSINESS YEAR 2023

### 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, 2023, 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€ 3,553 (previous year: k€ 3,402) 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€ 1,660 (previous year: k€ 964) increased by k€ 696. The change results from the adjustment of Executive Board salaries and the election of a further Executive Board member, Mag. Alexandra Rester. Pension provisions also increased by k€ 96.

The other operating expenses amounted to k€ 4,129 (previous year: k€ 3,398). They mainly comprise expenses for services provided by Group subsidiaries amounting to k€ 1,362 (previous year: k€ 1,218), marketing expenses amounting to k€ 985 (previous year: k€ 867), consulting expenses amounting to k€ 460 (previous year: k€ 385), expenses for rent and leasing k€ 255 (previous year: k€ 207), and expenses for insurance and contributions in the amount of k€ 243 (previous year: k€ 191).

The operating result (see P&L account 6. Subtotal from items 1 to 5) amounts to k€ -2,152 (previous year: k€ 650).

In the business year, dividend income amounting to k€ 4,000 (previous year: k€ 2,500) from subsidiaries to the company was recognized, of which a distribution from RATH GmbH, Germany, amounting to k€ 3,500 (previous year: k€ 2,000). Interest income from loans to affiliated companies amounted to k€ 790 (previous year: k€ 739). The income from the write-up of financial assets amounting to k€ 18 (previous year: k€ 5,078) relates to the value adjustment of securities in the current business year and the subsidiary Rath Inc., USA, in the previous year. In the previous year, the expenses from financial assets related to the depreciation of the investment of RATH Ukrajina TOW, Ukraine, in the amount of k€ 39 and the loans to RATH Group S.DE R.L.DE C.V, Mexico in the amount of k€ 339).

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## MANAGEMENT REPORT

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The interest expenses include interest for the promissory note bonds amounting to k€ 1,896 (previous year: k€ 868).

The Company closes the books at an annual surplus amounting to k€ 1,379 (previous year: k€ 7,406).

### Assets and financial position

The balance sheet total of RATH AG increases to k€ 84,427 (previous year: k€ 77,775). The main reasons for this are the increase in loans to affiliated companies and the increase in current receivables from affiliated companies.

Loans decreased on the one hand by k€ 2,395 in the business year and increased on the other hand due to a loan commitment to RATH Inc. USA amounting to k€ 3,619 and RATH LLC, USA amounting to k€ 2,714. The loan was granted to both subsidiaries on and was also effective as of December 21, 2023. Due to the binding commitment to grant the loan and the fact that the loan amounts were paid out only in January 2024, the loans granted were capitalized as non-current loans under financial assets, and the corresponding current financial liabilities were recognized as financial liabilities to affiliated companies.

As in the previous year, a phase-congruent recognition of dividends on short-term receivables from affiliated companies took place, leading to a recognized dividend receivable from Rath GmbH that was k€ 1,500 higher (previous year: k€ 2,000), as well as higher onward charges to the subsidiaries at year-end.

k€ 4,000 of the promissory note bonds must be repaid in September 2024 and were therefore reclassified as current liabilities.

The capital ratio amounts to 36 % (previous year: 40 %).

The operating cash flow, determined in accordance with AFRAC Statement 36 "Cash Flow Statement (UGB)" (June 2020), amounted to k€ -1,502 for the business year (previous year: k€ -3,896) and resulted on the one hand from the increase in working capital and on the other hand from the poorer result compared to the previous year. Cash flow from investing activities amounted to k€ 2,511 (previous year: k€ 7,287) and resulted primarily from the repayment of loans granted by RATH AG, a shareholder contribution to Rath Business Services GmbH (k€ 350), and a dividend received in the amount of k€ 500. The cash flow from investing activities amounts to k€ -3,331 (previous year: k€ 7,695) and results from the distribution in the amount of k€ 1,950 (previous year 495), as well as current interest payments.

In the previous year, a dividend of € 1.30 per share, i.e. a total of k€ 1,950 was distributed and the remaining amount carried forward to new account. For the business year 2023, a dividend distribution amounting to € 1.00 per share, i.e. a total of k€ 1,500, from the net profit is proposed and the remaining amount carried forward to new account.

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## MANAGEMENT REPORT

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The share price changed in the past year from € 26.2 on 31 December 2022 to € 27.2 on 31 December 2023. The market capitalization thus amounted to k€ 40,800 at the end of the year (previous year: k€ 39,300).

### OUTLOOK REPORT

As the Company is a holding company, its performance relies solely on the revenues of its subsidiaries and their billable services. The International Monetary Fund (IMF) expects global economic output to move sideways in 2024, with the global economy set to grow slightly only in 2025. Economic output in the eurozone as a whole is expected to grow by 0.9 % in 2024. For Germany, an increase in gross domestic product (GDP) amounting to 0.5%, and for the USA an increase amounting to 2.1 % is predicted. For Austria, the Austrian Institute of Economic Research (WIFO) expects the gross domestic product (GDP) to increase by 0.9 % in 2024.

Europe is in a state of flux, governments are in the process of adapting to future energy sources, possible political changes and, in connection with this, shifting international trade relations. We anticipate a sideways movement in sales and a slight deterioration in our profitability for 2024.

In February 2024, the RATH Group was able to participate in a joint venture in India; together with our new Indian partner, we will set up a production facility in India and serve both the Indian market and RATH's international customer base. RATH's investment in India was awarded based on the fact that India is one of the largest growth markets of the future and offers an excellent environment for energy-intensive industrial companies.

### 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 counter-measures 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

The RATH Group is organized by a central Research and Development department with the priority areas Innovation, Development, Process Optimization, and Materials Science. Intensive and sustainable research and development are important elements of our strategy as a premium supplier. Topics and projects in the area of research, technology and innovation are of the highest priority and mainstays of our company success, and therefore crucial for a sustainable competitive advantage and growth.

## MANAGEMENT REPORT

In 2023, the following projects were successfully implemented:

- Development of a new Altra fiber for an application temperature of up to 1,500 °C.
- Preparation of continuous fiber technology. The commissioning and large-scale implementation of a new production line at the Mönchengladbach plant is planned for the second half of 2024.
- Further developments in the area of hot-gas filters
- Development of two products for use in the forehearth area

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

The Audit Committee is regularly informed about the internal control system and monitors the accounting process.

### 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 by ecological, economic and social factors alike.

The most important cross-company strategies for sustainability include RATH's brand and product development strategies, innovations, 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 2023. Our colleagues are the most important asset for a positive, sustainable development of our company's

# MANAGEMENT REPORT

success. Open, appreciative dealings with colleagues of all sectors beyond function levels are the foundation of our company. During the business year 2023, RATH AG had an average of 6 (previous year: 4) employees on the payroll.

The proportion of women in the RATH AG workforce amounts to around 50 % (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.

#### > STOCKHOLDER STRUCTURE

AS OF 31.12.2023

<b>RATH Holding GmbH</b>	66.7 %
<b>Rath family members</b>	18.8 %
<b>Widely held stock</b>	14.5 %

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 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 03, 2024

### THE EXECUTIVE BOARD

**Andreas Pfneiszl (m.p.)**

Member of the Executive Board

**DI Ingo Gruber (m.p.)**

Member of the Executive Board

**Mag. Alexandra Rester**

Member of the Executive Board



ANNUAL FINANCIAL STATEMENT  
RATH AG 2023

## BALANCE SHEET

	31.12.2023 €	31.12.2022 k€
<b>ASSETS</b>		
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
Industrial property rights and similar rights, and licenses derived therefrom	195,000	27
<b>II. Tangible assets (property, plant and equipment)</b>		
1. Other assets, company and business equipment	98,147	111
<b>III. Financial assets</b>		
1. Interest in affiliated companies	26,027,701	25,678
2. Loans to affiliated companies of which with a remaining term > 1 year € 27,079,488; previous year: k€ 21,132	29,319,970	25,380
3. Investment securities	482,902	465
	<b>55,830,573</b>	<b>51,522</b>
	<b>56,123,720</b>	<b>51,660</b>
<b>B. Current assets</b>		
<b>I. Receivables and other assets</b>		
1. Receivables from affiliated companies of which from dividends € 7,500,000; previous year: k€ 4,000 of which with a remaining term > 1 year € 0; previous year: k€ 0	18,098,884	13,969
2. Other receivables and assets of which with a remaining term > 1 year € 0; previous year: k€ 0	179,791	73
	<b>18,278,675</b>	<b>14,042</b>
<b>II. Cash balance, bank balances</b>	9,397,817	11,720
	<b>27,676,492</b>	<b>25,762</b>
<b>C. Accruals and deferrals</b>		
Other accruals and deferrals	182,159	37
<b>D. Deferred tax assets</b>		
Deferred tax assets	444,784	315
	<b>84,427,155</b>	<b>77,775</b>

## BALANCE SHEET

	31.12.2023 €	31.12.2022 k€
<b>LIABILITIES AND EQUITY</b>		
<b>A. Stockholders' Equity</b>		
<b>I. Called-up, paid, subscribed authorized capital</b>	10,905,000	10,905
<b>II. Capital reserves</b>		
Fixed	1,118,067	1,118
<b>III. Retained earnings</b>		
Other reserves (free reserves)	2,972,839	2,973
<b>IV. Net profit</b>	15,358,998	15,930
of which profit carried forward € 13,979,928; previous year: k€ 8,524		
	<b>30,354,904</b>	<b>30,926</b>
<b>B. Accruals and provisions</b>		
1. Accruals and provisions for severance payments	32,312	24
2. Accruals and provisions for pensions	1,303,990	1,208
3. Accruals and provisions for taxes	15,492	104
4. Other accruals and provisions	745,510	467
	<b>2,097,304</b>	<b>1,803</b>
<b>C. Liabilities</b>		
1. Promissory note bonds		
of which with a remaining term < 1 year € 4,953,613; previous year: k€ 431	44,953,613	44,431
of which with a remaining term > 1 year € 40,000,000; previous year: k€ 44,000		
2. Trade payables		
of which with a remaining term < 1 year € 212,741; previous year: k€ 101	212,741	101
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 € 6,745,647; previous year: k€ 499	6,745,647	499
of which with a remaining term > 1 year € 0; previous year: k€ 0		
4. Other liabilities		
of which from taxes € 3,293; previous year: k€ 2		
of which in the context of social security € 14,119; previous year: k€ 12	62,945	15
of which with a remaining term < 1 year € 62,945; previous year: k€ 15		
of which with a remaining term > 1 year € 0; previous year: k€ 0		
total of which with a remaining term < 1 year € 11,974,946; previous year: k€ 1,046		
total of which with a remaining term > 1 year € 40,000,000; previous year: k€ 44,000		
	<b>51,974,946</b>	<b>45,046</b>
	<b>84,427,155</b>	<b>77,775</b>

## P&amp;L ACCOUNT

	2023 €	2022 €
1. Sales revenue	3,553,019	3,402
2. Miscellaneous other operating income		
a) Income from the reversal of accruals and provisions	0	748
b) Miscellaneous	165,096	944
	165,096	1,691
3. Personnel expenses		
a) Salaries	-1,155,288	-810
b) Social expenses	-504,802	-153
of which expenses for old-age pensions € -235,649; previous year: k€ 0		
of which expenses for severance payments and benefits to internal employee pension funds € -82,482; previous year: k€ -5		
of which expenses for statutory social contributions as well as taxes and statutory deductions that are dependent on salary payment € -186,583; previous year: k€ -146		
	<b>-1,660,090</b>	<b>-964</b>
4. Depreciations and amortization of intangible and tangible fixed assets	-81,287	-81
5. Other operating expenses	-4,128,552	-3,398
of which taxes not falling under item 15 € -21,132; previous year: k€ -18		
<b>6. Subtotal of items 1 to 5</b>	<b>-2,151,814</b>	<b>650</b>
7. Income from investments	4,000,000	2,500
of which from affiliated companies € 4,000,000; previous year: k€ 2,500		
8. Earnings from other securities and loans held as financial assets	798,986	748
of which from affiliated companies € 789,855; previous year: k€ 739		
9. Other interest and similar income	202,582	1
10. Income from the write-up of financial assets	18,261	5,078
11. Expenses from financial assets	0	-487
of which depreciation € -0; previous year: k€ -487		
of which expenses from affiliated companies € 0; previous year: k€ -377		
12. Interest and similar expenses	-1,903,714	-1,073
<b>13. Subtotal of items 7 to 12</b>	<b>3,116,115</b>	<b>6,767</b>
<b>14. Earnings before taxes</b>	<b>964,301</b>	<b>7,416</b>
15. Taxes on income and earnings	414,769	-10
of which from deferred taxes € -129,657; previous year: k€ 101 of		
which from group taxation k€ 242,180; previous year: k€ -104		
<b>16. Earnings after taxes = annual surplus</b>	<b>1,379,070</b>	<b>7,406</b>
17. Profit carried forward from the previous year	13,979,928	8,524
<b>18. Net profit</b>	<b>15,358,998</b>	<b>15,930</b>



NOTES

A. ACCOUNTING AND VALUATION PRINCIPLES

1. GENERAL PRINCIPLES

The valid version of the annual financial statements 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 statements. The P&L account was prepared according to the total cost method. The accounting and valuation methods applied before have been maintained.

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 acquisition 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	3-4

Additions 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 € 1,000 (previous year € 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)

Tangible assets (property, plant and equipment) are assessed at acquisition cost less scheduled linear depreciations. The scheduled depreciations are performed on the basis of the following depreciation rates:

YEARS	TANGIBLE ASSETS <
3-10	Other assets, company and business equipment

Additions 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 € 1,000 (previous year € 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 acquisition 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 change in the overall economic, industry or company situation in the future may lead to a reduction or an increase in the planned cash surpluses and thus to impairments or reversals of impairment losses, respectively.

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 acquisition 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 amounting to € 0 (previous year: k€ 377).

### **d) Write-ups to fixed assets**

Write-ups to the fixed assets are 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.

The income from the write-up of financial assets amounting to € 18 261 (previous year: k€ 5,078 Rath Inc., USA) relate to the value adjustment to securities.

### **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 and deferrals include expenses prior to the reporting date if and insofar as 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 deferrals, liabilities and prepaid expenses, which are expected to be reduced in subsequent financial years. Deferred taxes are measured at a tax rate of 23 % for differences expected to be utilized from 2024 and onwards (previous year: 24 % for differences expected to be utilized in 2023 and 23 % for differences expected to be utilized in 2024 and onwards). 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. Deferred tax assets and deferred tax liabilities were netted, since it was legally possible to offset actual tax refund claims against actual tax liabilities.



## NOTES

### 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 3.37 % (previous year: 3.96 %) and with a retirement age according to AVÖ-2018-P. The calculation was based on a salary trend of 3.0 % (previous year: 3.0 %) 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 accrual recognized in the amount of € 1,303,990 (previous year: k€ 1,208) results from an allocation in the amount of € 235,649 and a utilization of € 139,438 (previous year: k€ 155).

In the previous year, one entitled person died, and these entitlements were not transferred. The accrual was therefore reversed in the previous year in the amount of € 747,605.

#### 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 3.49 % (previous year: 4.16 %). 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: 3.0 %) 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. The change amounting to € 8,506 (previous year: k€ -3) is therefore included in the salary expenditures. As in the previous year, there were no disbursements in the business year.

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## NOTES

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### **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 3.44 % (previous year: 4.11 %) and a retirement age according to ASVG with the transitional provisions of the 2003 Budget Accompanying Act. The calculation was based on a salary trend of 3.0 % (previous year: 3.0 %) and a fluctuation of 5 % (previous year: 5 %). 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 in the miscellaneous other accruals and provisions according to the prudence principle to the amount of miscellaneous other liabilities 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 are 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 at 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).

The loans in the amount of € 29,319,970 (previous year: € 25,379,996) decreased by k€ 2,395 in the business year and increased due to a loan commitment to RATH Inc. USA amounting to k€ 3,619 and RATH LLC, USA amounting to k€ 2,714. The loans were granted to both subsidiaries on and were also effective as of 21 December 2023. Due to the binding commitment to grant the loans and the fact that the loan amounts were not paid out only in January 2024, the loans granted were capitalized as non-current loans under financial assets, and the corresponding current financial liabilities were recognized as financial liabilities to affiliated companies. Of the loans, an amount of € 2,240,482 (previous year: k€ 4,248) 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 receivables from Group allocation and license fee settlements, receivables from dividend distributions in the amount of € 7,500,000 (previous year: k€ 4,000). These receivables result from disbursements by RATH GmbH, Germany, and relate to the 2023 business year in the amount of € 3,500,000. Furthermore, in the current business year there are € 789,855 (previous year: k€ 1,298) in receivables from accrued interest and € 242,180 (previous year: k€ 0) in 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 23 % (previous year: 24 % for 2023 and 23 % for 2024 and subsequent years). The deferred tax assets amounting to € 444,784 (previous year: k€ 315) as of the balance sheet date were formed for temporary differences between the valuations under fiscal and company law for the following items:

31.12.2022 IN K€	31.12.2023 IN €		DEFERRED TAX ASSETS <
0	0	Financial assets	
301	350,192	Non-current personnel provisions	
205	159,348	Cost of procuring money	
<b>506</b>	<b>509,540</b>	<b>Amount of total differences</b>	
826	1,424,302	Loss carryforwards Group	
315	444,784	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.

For the current business year, a dividend payment amounting to € 1.0 per share, i.e. a total of € 1,500,000, from the net profit is proposed and the remaining amount carried forward.

The unappropriated surplus is not subject to a restriction on distribution pursuant to § 235 (2) of the Austrian Commercial Code (UGB), as the reserves that can be released at any time exceed the amount of deferred tax assets.

### 5. Other accruals and provisions

Other accruals and provisions consisted of the following:

	2023	2022
	€	k€
> ACCRUALS AND PROVISIONS		
Premiums	370,755	292
Unused leave	2,101	7
Legal and consultancy costs	72,543	52
Anniversary bonuses	46,011	34
Supervisory Board remunerations	100,400	83
Miscellaneous	153,700	83
	<b>745,510</b>	<b>550</b>

### 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€ 18.500).

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. In addition, current financial liabilities amounting to k€ 6,334,842 from a binding loan commitment to Rath Inc, USA and Rath LLC, USA, which was paid out in January 2024 (see also item 1. Fixed assets).

## NOTES

## 7. Liability relationships and obligations from using tangible assets (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 in the amount of € 1,000,000 for Chamottewaren- und Thonöfenfabrik Aug. RATH jun. GmbH, Krummnußbaum.

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 €	OTHER OPERATING INCOME <
€ 120,729 (previous year: k€ 114)	€ 228,721 (previous year: k€ 156)	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

The miscellaneous other operating income is composed as follows:

31.12.2022 k€	31.12.2023 €	OTHER OPERATING INCOME <
943	161,642	Foreign currency income
1	3,454	Miscellaneous
<b>994</b>	<b>165,096</b>	

The foreign currency income is based on realized income from transactions in US\$ with affiliated companies.

### 3. Personnel expenses

In the business year 2023, there were an average of 6 (previous year: 4) employees on the payroll.

The expenses for severance payments include benefits to internal employee pension funds amounting to € 16,976 (previous year: k€ 12)

## NOTES

### 4. Other operating expenses

The miscellaneous other operating expenses are composed as follows:

#### > MISCELLANEOUS OTHER OPERATING EXPENSES

	2023 €	2022 K€
Expenses passed on by affiliated companies	1,362,422	1,218
Marketing	985,067	867
Legal counseling and other consulting	460,432	385
Rental and leasing	255,129	207
Insurances	242,792	191
Foreign exchange losses	182,629	81
Travel expenses	177,432	160
Supervisory Board remuneration	100,400	83
Vehicle costs	87,756	73
Out-of-pocket costs for monetary transactions	40,160	41
Occupancy costs	15,584	14
Energy costs	12,626	8
Skill enhancement	11,191	8
Miscellaneous	184,991	53
	<b>4,107,420</b>	<b>3,381</b>

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

### 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 sharing agreement was signed in accordance with § 9 (8) of the KStG 1988 (group parent RATH AG – group members Chamottewaren- und Thonöfenfabrik Aug. RATH jun. GmbH, Krummnußbaum, and RATH Business Services GmbH, 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 24 % or 12 %, 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" (September 2023), a provision is made for future tax charges.

## NOTES

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

2022 K€	2023 €		TAX EXPENDITURE 2023 ◀
-7	42,931	Current corporate income tax	
-105	242,180	Corporate income tax from group allocation	
101	129,657	Deferred tax income/expense	
<b>-11</b>	<b>414,768</b>		

### 6. Events after the balance sheet date

In January 2024, the company granted a subsidy to its subsidiary, Rath Inc., in the amount of US\$ 5,000,000.00 to in the form of a debt-equity swap.

As part of its strategic growth plan, Rath Aktiengesellschaft acquired 33 % of the shares in AVANEE REFSOL PRIVATE LIMITED, Hyderabad 500 081, A.P., India; the joint venture agreements were signed on February 6, 2024 in Hyderabad.

With this acquisition, the RATH Group is entering the Indian market and securing new growth opportunities and capacities for the global sales market. In addition to capital, Rath will provide the investment company with production and product know-how.

No other significant events have occurred since the balance sheet date.

### 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 is responsible for Strategy, Sales/Marketing, HR/IT, and Legal. 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 1, 2019, and is responsible for Production, Research & Development, SCM, Purchasing and Quality Management. The management contract is in force until December 31, 2025.

Mag. Alexandra Rester, born in 1971, has been a member of the Executive Board since June 1, 2023 and is responsible for Finance, Investor Relations, Compliance and Treasury. The management contract is in force until December 31, 2026.

## NOTES

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

> EXECUTIVE BOARD REMUNERATIONS	TOTAL 2023	OTHER REMUNERATIONS	VARIABLE K€	OF WHICH AFFILIATED COMPANY	FIXED K€
Andreas Pfneiszl	433	13	145	62	275
DI Ingo Gruber	430	10	145	62	275
Mag. Alexandra Rester	172	6	37	0	129
	<b>1,035</b>				
	TOTAL 2021	OTHER REMUNERATIONS	VARIABLE K€	OF WHICH AFFILIATED COMPANY	FIXED K€
Andreas Pfneiszl	372	10	120	62	241
DI Ingo Gruber	372	10	120	62	241
	<b>744</b>				

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. In this regard, it should be noted that the old severance entitlements were frozen as of December 31, 2002, the entitlements will only change as a result of salary adjustments and amount to € 32,312 as of December 31, 2023 (previous year: k€ 24).

All members of the Executive Board are entitled to a severance payment of half a month's salary per year of service upon termination of the Executive Board function and termination of the employment contract.

Pension payments were made to former members of the Company's bodies amounting to € 139,438 (previous year: k€ 155). No advances or loans were granted to members of the Company's bodies.

### 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.

> MEMBERS OF THE SUPERVISORY BOARD	YEAR OF BIRTH	INITIAL APPOINTMENT	END OF CURRENT TERM OF OFFICE
<b>Mag. Stefan Ehrlich-Adám</b> (Chairman), independent	1964	25.06.2013	in 2028
<b>CPA Mag. Philipp Rath</b> (Vice Chairman), dependent	1966	17.07.2003	in 2028
<b>Mag. Dieter Hermann</b> , independent	1966	25.06.2013	in 2028
<b>Dipl. Ing. Dr. Matthias Rath</b> , independent	1968	02.06.2023	in 2028
<b>Dr. Andreas Meier</b> , independent	1962	01.06.2016	until June 2, 2023
<b>Mag. Dr. Ulla Reisch</b> , independent	1968	28.05.2018	in 2028



NOTES

The Supervisory Board remuneration (including attendance fees) for the business year 2023, subject to the approval of the Annual General Meeting, amounts to a total of € 100,400 (previous year: k€ 91) and is distributed among the individual Members of the Supervisory Board as follows:

REMUNERATION (INCL. ATTENDANCE FEES)	MEMBERS OF THE SUPERVISORY BOARD <
21,950	Mag. Stefan Ehrlich-Adám (Chairman)
20,450	CPA Mag. Mag. Philipp Rath (Vice Chairman)
20,450	Mag. Dieter Hermann
8,850	Dr. Andreas Meier
19,800	Mag. Dr. Ulla Reisch
8,900	Dipl. Ing. Dr. Matthias Rath

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 03, 2024

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

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

Mag. Alexandra Rester  
Member of the Executive Board

## SUPPLEMENT 1: SUMMARY OF FIXED ASSETS

	ACQUISITION AND MANUFACTURING COSTS			
	AS OF 1.1.2023 €	ADDITIONS €	DISPOSALS €	AS OF 31.12.2023 €
<b>I. Intangible assets</b>				
Industrial property rights and similar rights and benefits as well as licenses derived therefrom	810,839	210,000	0	1,020,839
	<b>810,839</b>	<b>210,000</b>	<b>0</b>	<b>1,020,839</b>
<b>II. Tangible assets (property, plant and equipment)</b>				
1. Other assets, company and business equipment*	1,113,038	26,587	-201	1,139,424
	<b>1,113,038</b>	<b>26,587</b>	<b>-201</b>	<b>1,139,424</b>
<b>III. Financial assets</b>				
1. Interest in affiliated companies	30,530,403	350,000	0	30,880,403
2. Loans to affiliated companies	25,717,780	6,334,842	-2,394,867	29,657,755
3. Investment securities	596,526	0	0	596,526
	<b>56,844,709</b>	<b>6,684,842</b>	<b>-2,394,867</b>	<b>61,134,684</b>
	<b>58,768,586</b>	<b>6,921,429</b>	<b>-2,395,068</b>	<b>63,294,947</b>
* of which low-value assets in accordance with § 13 of the Austrian Income Tax Act (EStG)		8,054		

## SUPPLEMENT 1: SUMMARY OF FIXED ASSETS

CUMULATED DEPRECIATIONS						NET CARRYING AMOUNTS	
AS OF 1.1.2023 €	ADDITIONS €	WRITE-UPS €	DISPOSALS €	VALUE ADJUSTMENT FOREIGN CURRENCY €	AS OF 31.12.2023 €	CARRYING AMOUNT 31.12.2022 €	CARRYING AMOUNT 31.12.2023 €
-783,662	-42,177	0	0	0	-825,839	27,177	195,000
<b>-783,662</b>	<b>-42,177</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-825,839</b>	<b>27,177</b>	<b>195,000</b>
-1,002,166	-39,110	0	0	0	-1,041,277	110,872	98,147
<b>-1,002,166</b>	<b>-39,110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,041,277</b>	<b>110,872</b>	<b>98,147</b>
-4,852,701	0	0	0	0	-4,852,701	25,677,702	26,027,701
-337,785	0	0	0	0	-337,785	25,379,995	29,319,970
-131,885	0	18,261	0	0	-113,624	464,641	482,902
<b>-5,322,371</b>	<b>0</b>	<b>18,261</b>	<b>0</b>	<b>0</b>	<b>-5,304,110</b>	<b>51,522,338</b>	<b>55,830,573</b>
<b>-7,108,199</b>	<b>-81,287</b>	<b>18,261</b>	<b>0</b>	<b>0</b>	<b>-7,171,226</b>	<b>51,660,387</b>	<b>56,123,720</b>
	8,054						

## SUPPLEMENT 2: INVESTMENTS

COMPANY NAME AND HEADQUARTERS	SHARE %	STOCKHOLDERS' EQUITY AS OF 31.12.2023* €	ANNUAL RESULT 2023* €
RATH GMBH, MEISSEN, GERMANY	100.00 %	27,012,357	5,736,340
PREVIOUS YEAR	100.00 %	24,776,017	1,429,046
RATH HUNGARIA KFT., BUDAPEST, HUNGARY	100.00 %	6,012,823	3,421,964
PREVIOUS YEAR	100.00 %	2,515,702	85,340
RATH INC., NEWARK, DE, USA	100.00 %	3,574,667	1,028,363
PREVIOUS YEAR	100.00 %	2,662,077	1,948,071
CHAMOTTEWAREN- UND THONÖFENFABRIK AUG. RATH JUN. GMBH, KRUMMNUSSBAUM, AUSTRIA	99.98 %	17,959,618	2,388,427
PREVIOUS YEAR	99.98 %	15,277,996	617,910
RATH ŽÁROTECHNIKA SPOL. S R.O., DVŮR KRÁLOVÉ NAD LABEM, CZECH REPUBLIC	100.00 %	876,214	151,461
PREVIOUS YEAR	100.00 %	1,235,504	95,969
RATH POLSKA SP. Z O.O., DĄBROWA GÓRNICZA, POLAND	100.00 %	239,518	-14,158
PREVIOUS YEAR	100.00 %	260,529	20,015
RATH UKRAJINA TOW, DNIPRO, UKRAINE	100.00 %	-41,065	111,865
PREVIOUS YEAR	100.00 %	-67,709	-141,853
RATH GROUP S. DE R.L. DE C.V., GUADALUPE, MEXICO	100.00 %	501,628	494,530
PREVIOUS YEAR	100.00 %	-3,698	122,128
RATH BUSINESS SERVICES GMBH, VIENNA, AUSTRIA	100.00 %	229,913	-68,875
PREVIOUS YEAR	100.00 %	-51,212	-204

\* according to preliminary local financial statement







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## AUDITOR'S CERTIFICATE

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### Report on the annual financial statements

#### AUDIT PART

We have audited the annual financial statements of Rath Aktiengesellschaft, Vienna, consisting of the balance sheet as of December 31, 2023, 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, 2023, 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 statements". 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 statements from the business year according to our best judgment. These circumstances were considered in connection with our audit of the annual financial statements 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 € 26,027,701 (previous year: k€ 25,678) as well as loans to affiliated companies totaling € 29,319,970 (previous year: k€ 25,380) represent 66 % (previous year: 66 %) of the balance sheet total of Rath Aktiengesellschaft, Vienna, as of December 31, 2023.

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. An reversal of impairment pursuant to § 208 (1) of the Austrian Commercial Code (UGB) 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 write-up 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

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.

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## AUDITOR'S CERTIFICATE

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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 statements of Rath Aktiengesellschaft, Vienna, section A. Accounting and valuation methods, 2. Fixed assets, c) Financial assets and d) Write-ups to fixed assets and B. Notes to the balance sheet and income statement 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 statements, the management report and the Auditor's Certificate.

Our Audit Opinion on the annual financial statements 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 statements, 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 statements 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.

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## AUDITOR'S CERTIFICATE

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### RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND OF THE AUDIT COMMITTEE FOR THE ANNUAL FINANCIAL STATEMENTS

The legal representatives are responsible for the creation of the annual financial statements and for making sure that this provides a maximally faithful representation of the Company's asset, financial and earnings position and profitability 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 statements free of significant – fraudulent or accidental – misrepresentations.

During the creation of the annual financial statements, 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 cease its 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 ANNUAL FINANCIAL STATEMENTS

Our goals are to obtain sufficient certainty as to whether the annual financial statements as a whole are 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 statements.

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

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## AUDITOR'S CERTIFICATE

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risk of misrepresentations resulting from mistakes, because fraudulent actions may 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 have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to address threats or safeguards applied.

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

### 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 statements 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 statements.

#### *Statement*

In light of the knowledge and understanding about the Company and its environment gained during the auditing of the annual financial statements, 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 2, 2023. We were commissioned by the Supervisory Board on October 17, 2023. 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 statements" is consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU-Reg.

We declare that we do not provide any prohibited non-audit services (Article 5 (1) of the EU Regulation), and that we have maintained our independence from the audited company in conducting 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 03, 2024

**PwC Wirtschaftsprüfung GmbH**  
Dipl.-BW (FH) Marius Richter  
Certified Public Accountant





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## REPORT OF THE SUPERVISORY BOARD

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### DEAR SHAREHOLDERS:

In the 2023 business year, the Supervisory Board of RATH AG once again performed the duties incumbent upon it in accordance with the law and the Articles of Association with great care. In particular, the Supervisory Board regularly monitored the work of the Executive Board.

Cooperation with the Executive Board was characterized by an intensive and trusting exchange. To this end, the Supervisory Board was regularly informed in detail by the Executive Board about the development of RATH AG and the RATH Group.

The Supervisory Board was informed in particular about the market and sales situation, capacity utilization at the individual plants, and the status of research and development activities against the backdrop of overall economic developments, the financial situation of the company and its subsidiaries, their earnings performance, and corporate planning. Furthermore, the Executive Board reported on an ongoing basis on M&A activities and on overall target achievement in line with the "Evolution 2030+" strategy. 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. The Chairman of the Supervisory Board also regularly exchanges information with the Speaker of the Executive Board outside of Supervisory Board meetings.

In the reporting year 2023, 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. In addition, the Supervisory Board received monthly reports on current sales and market developments. The Supervisory Board was given ample opportunity to comply with its obligation to inform and supervise. With the consent of all members, the meetings were held with the possibility of virtual participation. 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 2023. With a few exceptions, the members took part in person – attendance was 97 %.

At the meeting in Vienna in March 2023, a report was given on the 2022 business year, as well as on business performance and plant capacity utilization in 2023. The Executive Board also reported on activities relating to ESG. The rules of procedure for the Executive Board were revised and adopted, and the search for an additional Executive Board member for Finance was also decided on. At the meeting in Vienna in April 2023, the annual financial statements and management report for 2022, as well as the



## REPORT OF THE SUPERVISORY BOARD

consolidated financial statements and management report for 2022 were audited, the annual financial statements for 2022 were adopted in accordance with the recommendation of the Audit Committee, and the proposal for the appropriation of earnings for the 2022 business year was approved. Furthermore, the proposal for selection of an annual auditor was agreed upon, and the current state of business was reported on. The proposed resolutions for the Annual General Meeting were adopted unanimously, and reference was also made to the expiry of the mandates of all Supervisory Board members at the Annual General Meeting on June 2, 2024.

At the meeting in Vienna in June 2023, Ms. Alexandra Rester was welcomed as CFO. The meeting served primarily for the preliminary discussion of the Annual General Meeting and the report on the current business situation; an update on energy prices was also given. Dr. Andreas Meier was bid a warm farewell by all members of the Supervisory Board. At the inaugural meeting of the Supervisory Board held on the same day, after the Annual General Meeting, the members of the Supervisory Board were elected to the individual committees, and at the same time the Supervisory Board members welcomed the new member, Dr. Matthias Rath.

At the meeting in Krummnußbaum in September 2023, the current business situation was presented, including an overview of our capacity utilization at our production plants. The semi-annual result for 2023 and the forecast for 2023 were discussed, as well as possible opportunities in India via a partnership in the form of a joint venture. Mr. Philipp Rath was appointed ESG Officer by the Supervisory Board. In the last meeting of the year in December 2023, primarily the outlook into the next year and the budget for 2024 were discussed and approved, including the investment budget 2024.

### Committees

The Supervisory Board established three committees during the reporting year. The Audit Committee met twice in 2023. In April 2023, the Audit Committee carried out the final meeting for the business year 2022 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 2023, the annual auditors reported on the status of the preliminary audit of the annual financial statements and consolidated financial statements. The Strategy Committee met once in 2023. The focus of the meeting in November 2023 was the presentation of an After Sales Service concept for Europe. One meeting of the Remuneration Committee was held in the past business year. The focus of the meeting in March 2023 was to determine the Executive Board's target achievement in 2022 as the basis for the variable remuneration component and to set the targets for 2023.

### Annual Financial Statements

The annual financial statements of RATH AG as of December 31, 2023 and the management report of the Executive Board, as well as the consolidated financial statements as of December 31, 2023 in accordance with IFRS and the consolidated annual report of the Executive Board, including the accounting, were

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## REPORT OF THE SUPERVISORY BOARD

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audited by PwC Wirtschaftsprüfung GmbH, Vienna, which was appointed as auditor by the Annual General Meeting on June 2, 2023, 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 meeting on April 3, 2024, and recommended approval of the annual financial statements to the Supervisory Board. By resolution of April 3, 2024, 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 statements, which are thus 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.



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Mag. Stefan Ehrlich-Adám  
Vorsitzender des Aufsichtsrats

VIENNA, APRIL 03, 2024

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**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)

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

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We confirm to the best of our knowledge that the consolidated financial statements 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 profitability, and that the consolidated annual report as of December 31, 2022 presents the business performance, the operating results and the situation and profitability 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 statements as of December 31, 2023, established according to the Austrian Commercial Code (UGB), provides a maximally faithful representation of the Company's asset, financial and earnings position and profitability, and that the management report as of December 31, 2023 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 profitability, 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, 2023, are not necessarily indicative of the development of future results.

VIENNA, APRIL 03, 2024

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**Andreas Pfneiszl (m.p.)**

Member of the Executive Board

**DI Ingo Gruber (m.p.)**

Member of the Executive Board

**Mag. Alexandra Rester**

Member of the Executive Board



