2023

ANNUAL REPORT

KEY FIGURES

	2023 K€	2022 K€	2021 K€	2020 K€	2019 K€
Turnover	**121,787**	117,594	97,842	86,378	100,070
Change in %	**3.6**	20.2	13.3	-13.7	5.9
EBITDA [1]	**16,393**	11,637	11,539	8,484	14,111
EBITDA margin in %	**13.5**	9.9	11.8	9.8	14.1
EBIT [1]	**9,951**	5,061	5,123	1,587	8,383
EBIT margin in %	**8.2**	4.3	5.2	1.8	8.4
EBT [1]	**7,693**	5,144	6,457	-2,562	7,854
Operating cash flow	**13,393**	5,166	2,448	21,209	4,354
Equity ratio in %	**43.1**	42.2	44.7	44.5	47.7
Return on equity in %	**9.0**	7.7	8.5	-5.2	7.4
Net debt	**26,789**	27,641	28,568	23,333	35,381
Net debt / EBITDA [1]	**1.63**	2.38	2.48	2.75	2.51
Working capital in % of the turnover [2]	**32.0**	31.0	30.3	28.0	33.8
ROCE in %	**8.8**	5.0	3.8	2.4	4.9
Investments in property	**8,885**	3,387	6,464	8,064	6,914
Depreciation	**6,443**	6,576	6,416	6,897	5,728
Number of employees on annual average	**603**	598	598	593	577
Number of consolidated companies	**13**	13	13	13	11

[1] In the business year 2019 adjusted for one-off effects

[2] XXX

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ANNUAL REPORT 2023

RATH GROUP

CONTENTS

2023

GROUP SALES INCREASE AGAIN EXCELLENT PROFITABILITY DESPITE DIFFICULT CONDITIONS

WEAK MARKET DEMAND DOES NOT INDICATE A CONTINUATION OF THE PROFITABILITY TREND FOR 2024

PREFACE BY THE EXECUTIVE BOARD

DEAR SHAREHOLDERS:

DESPITE STRONG HEADWINDS, WE WERE ABLE TO FULLY ACHIEVE OUR TARGETS IN 2023!

The year 2023 once again demanded all our power, because the global industry is in a state of upheaval. The markets and the needs of our customers are changing rapidly.

The ongoing war in Ukraine, the war in the Middle East, and increasing geopolitical tensions give us cause for concern.

The economic situation is tense due to the many negative developments, in addition to rising interest rates and persistently high inflation. A structurally higher energy price level in Europe, pronounced weak growth and overregulation in Europe are particularly challenging for us.

But we are taking on these challenges, in line with our "Evolution 2030+" growth strategy, we are looking ahead to strengthen our competitiveness and break new ground. We want to continue to grow profitably worldwide despite headwinds.

We **can look back on a very successful 2023. The price adjustments that we made in 2022 have now been realized with the deliveries . Our production capacities were below 100 % again. Nevertheless, there is no sign of prices easing, neither for commodities nor for energy in Europe. The costs for energy decreased, but in Europe the positive effect was almost eliminated with the new levies, charges and taxes.**

We are continuing to work on implementing even more resource-efficient production. A catalog of measures was drawn up in the previous year, which we are working through at full throttle. Our realistic savings potential here is 25 % and more!

We were able to enter the Indian market in February 2024. This investment secures us more production capacity in an absolute boom market and gives RATH the opportunity to deepen the value chain beyond India.

How will the year 2024 develop? We continue to see changing markets with more competitors, especially from Asia, pushing into Europe and the USA more than ever before. We therefore expect sales to move sideways with a slight decline in profitability due to tighter markets and greater competition. The US election in the

DI Ingo Gruber (COO, CTO), Mag. Alexandra Rester (CFO), Andreas Pfneiszl (CSO)

fall will once again set the course for global economic development. But we would not be RATH if we did not look to the future , committed to our success over 133 years, we will continue to launch new products on the market and report on further collaborations and acquisitions.

Based on our corporate values of "curiosity, quality, and responsibility," we are facing the challenges ahead with consistency and innovation!

The Executive Board and Supervisory Board will propose a dividend distribution of € 1.00 per share for the business year 2023, i.e. a total of € 1,500 from the net profit, to the upcoming Annual General Meeting, carrying forward the remaining amount to new account.

We would like to express our special gratitude to our employees for their restless and indefatigable efforts. Your commitment is the backbone of our success.

Your Executive Board

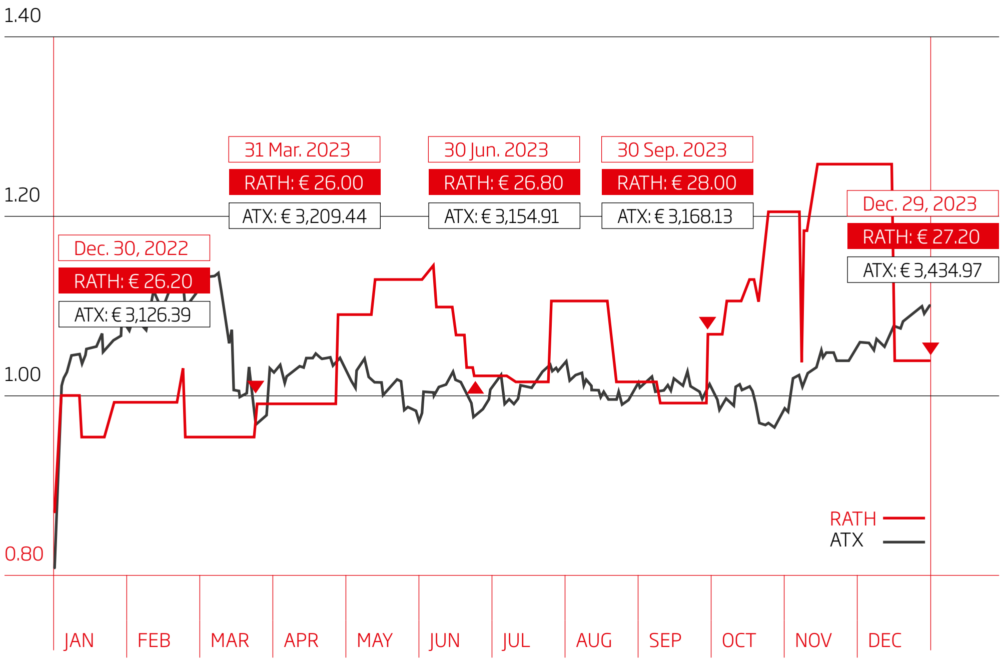
Andreas Pfneiszl

DI Ingo Gruber

Mag. Alexandra Rester

THE STOCK

› SHARE PRICE DEVELOPMENT



› STOCK MARKET KEY FIGURES

ISIN	AT0000767306
Securities abbreviation	RAT
Market segment	Standard Market Auction
Trading segment	Official trading
Class of shares	No-par shares entitled to vote
Number of shares	1,500,000
Share price 29.12.2023	€ 27.20
Market capitalization:	€ 40,800,000
Earnings per share	€ 3.5

› CAPITAL MARKET CALENDAR 2024

September 30, 2024	Semi-annual result 2024
May 13, 2024	Annual General Meeting

THE STOCK

STOCK

The RATH stock

The performance of the RATH Group's share price in 2023 was as volatile as in 2022 due to the energy crisis triggered by the war in Ukraine. After a share price of € 26.20 at the beginning of 2023, there was a slight increase until 31.03.2023. After peaking at € 30.00 on June 5, 2023, the share price fell to € 26.80 on June 30, 2023. By September 30, 2023, the share price had recovered and closed at € 28.00. as of 31 December 2023, our share was quoted at € 27.20 and thus recorded for 2023 a share price gain of 3.8 %. This is thus around 60.5 % below that of the ATX.

Investor Relations

The aim of the capital market communication by RATH AG is to inform the financial community about market-relevant developments promptly and extensively. As a judicious contact, we are capable of creating a fair and appropriate valuation of the RATH stock. The focus is always to convey an image-representing the Company's actual situation according to the principle of true and fair view.

For us, investor relations is not only an obligation to inform our stockholders about the Company, but also an opportunity to attract new investors at home and abroad.

Investor Relations Officer
Alexandra Rester
Email: ir@rath-group.com
Internet: www.rath-group.com

CONSOLIDATED
CORPORATE GOVERNANCE REPORT
IN ACCORDANCE WITH §243C AND
§267B OF THE UGB

CONSOLIDATED CORPORATE GOVERNANCE REPORT DECLARATION PURSUANT TO §§ 243C AND 267B OF THE UGB

RATH is fully committed to complying with the rules of conduct laid down in the Austrian Corporate Governance Code (ÖCGK) and regards this as an essential prerequisite for responsible corporate management. The Executive Board and the Supervisory Board, as well as all employees of the RATH Group, have committed themselves to upholding the Code.

The ÖCGK is based on voluntary self-commitment and goes beyond the legal requirements for a stock corporation. Due to its commitment to the ÖCGK, the RATH Group not only has to comply with the legal requirements, the L-Rules ("Legal Requirements"). Rather, the effect of this voluntary commitment is that it must justify non-compliance with C Rules ("Comply or Explain") – these are rules that exceed the legal requirements. In line with this system, the RATH Group explains the deviations from the C rules as follows:

DEVIATIONS FROM C RULES AND EXPLANATION

C Rule 16

The ÖCGK provides for a chairman of the board in accordance with C Rule 16. At the RATH Group, the members of the Executive Board, Mr. Andreas Pfneiszl, DI Ingo Gruber and Mag. Alexandra Rester, share overall responsibility. The Supervisory Board has not appointed a Chairman of the Executive Board. A clear distribution of tasks and short, direct communication channels make this unnecessary. Here, Mr. Andreas Pfneiszl acts as Speaker of the Executive Board.

C Rule 18

In accordance with C Rule 18, the ÖCGK stipulates that, depending on the size of the company, an internal audit department must be set up as a separate staff unit of the Executive Board or outsourced to a suitable institution. In view of the size of the company, Rath AG does not have its own "Internal Audit" staff unit; the tasks are performed by the "Quality and Process Management" staff unit. The auditing tasks are carried out on a case-by-case basis in joint cooperation between the Executive Board and the staff unit, external consultants are hired whenever necessary. Furthermore, an internal control and reporting system has been set up to enable the Executive Board to identify risks and respond to them quickly. The Supervisory Board, in particular the Audit Committee, is regularly informed about the internal control mechanisms and risk management in the Group.

C Rule 27

In accordance with C Rule 27, when concluding Executive Board contracts, provisions must be made for the variable remuneration components to be linked in particular to sustainable, long-term and multi-year performance criteria and also include non-financial criteria. In addition, measurable performance criteria for variable remuneration components as well as maximum limits in terms of amounts or percentages of the fixed remuneration components must be defined in advance. Provision should also be made for the company to reclaim variable remuneration components if it transpires that these were paid out on the basis of manifestly false data. With regard to the variable remuneration of the Executive Board, the Supervisory Board of Rath AG has not defined any sustainable, long-term and/or multi-year performance

CONSOLIDATED CORPORATE GOVERNANCE REPORT DECLARATION PURSUANT TO §§ 243C AND 267B OF THE UGB

criteria for the 2023 business year and there is no provision for reclaiming variable remuneration components ("claw-back") either.

C Rule 27a

Pursuant to C Rule 27a, the ÖCGK stipulates that the circumstances of the departure of the Executive Board member concerned and the economic situation of the company must be taken into account in the case of severance payments under agreements reached in the event of premature termination of Executive Board activity. The Executive Board contracts provide for a limit of two years' total compensation as part of any severance payment. There is no restriction on the economic situation of the Company.

C Rule 36

In accordance with C Rule 36, the Supervisory Board reviews the efficiency of its activities, in particular its organization and working methods, on an annual basis. The majority of the Supervisory Board members of Rath AG have been active in the Supervisory Board for many years, and the processes and tasks are familiar and well-rehearsed. Nevertheless, the Supervisory Board is constantly striving to improve its organization, working methods, and efficiency. An explicit and documented self-evaluation took place in the past business year in February 2023. The next self-evaluation is planned for 2024.

The Corporate Governance Report of RATH AG also corresponds to the consolidated corporate governance report of the RATH Group. The ÖCGK valid for the business year 2023 (as of: January 2023) can be found on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at/kodex/) as well as on that of RATH AG (www.rath-group.com).

RATH applies the ÖCGK as amended in January 2023, accompanied by the following explanations:

CONSOLIDATED CORPORATE GOVERNANCE REPORT DECLARATION PURSUANT TO §§ 243C AND 267B OF THE UGB

Composition of the Executive Board
As of December 31, 2023, the Executive Board of RATH AG consisted of three members.

Since his initial appointment on June 10, 2013, Andreas Pfneiszl has been a member of the Executive Board with responsibility for Strategy, Sales, Marketing, Legal, Human Resources and IT.

DI Ingo Gruber has been a member of the Executive Board since October 1, 2019 and is responsible for Production, Research & Development, SCM and Quality Management.

On May 2, 2023, the Supervisory Board appointed Mag. Alexandra Rester to the Executive Board of Rath AG with effect from June 1, 2023. Mag. Alexandra Rester is responsible for Finance, Investor Relations, Compliance, ESG and Treasury.

The Supervisory Board has not appointed a Chairman of the Executive Board. As in previous years, Mr. Andreas Pfneiszl assumes the role of Speaker of the Executive Board.

› MEMBERS OF THE MANAGEMENT BOARD

TITLE	NAME	FUNCTION	DATE OF BIRTH	INITIAL APPOINTMENT	END OF TERM OF OFFICE	SUPERVISORY BOARD MANDATES AND/OR COMPARABLE FUNCTIONS IN OTHER COMPANIES NOT INCLUDED INTO THE CONSOLIDATED FINANCIAL STATEMENT
	Andreas Pfneiszl	Member of the Executive Board	December 1, 1969	June 10, 2013	December 31, 2027	none
DI	Ingo Gruber	Member of the Executive Board	April 19, 1962	October 1, 2019	December 31, 2025	none
Mag.	Alexandra Rester	Member of the Executive Board	April 2, 1971	June 1, 2023	December 31, 2026	Deputy Chairwoman Municipal Real Estate Liegenschaftsverwaltungs- und Verwertungsgesellschaft m.b.H. Stockerau

CONSOLIDATED CORPORATE GOVERNANCE REPORT DECLARATION PURSUANT TO §§ 243C AND 267B OF THE UGB

Andreas PFNEISZL

Areas of responsibility

Executive Board Member
for Sales

Assigned corporate functions

Strategy, Sales, Marketing, Legal, HR and IT

Group companies

Member of the Executive Board of RATH AG, Member of the executive management of RATH Business Services GmbH, of RATH GmbH and of RATH Sales GmbH & Co KG

DI Ingo GRUBER

Areas of responsibility

Executive Board Member
for Production and Engineering

Assigned corporate functions

Production, Research & Development, SCM and Quality Management

Group companies

Member of the Executive Board of RATH AG, member of the executive management of RATH Filtration GmbH, Aug. RATH jun. GmbH, RATH GmbH and RATH Sales GmbH & Co KG

Mag. Alexandra RESTER

Areas of responsibility

Executive Board Member
for Finance

Assigned corporate functions

Finance, Investor Relations, Compliance, ESG, and Treasury

Group companies

Member of the Executive Board of RATH AG

CONSOLIDATED CORPORATE GOVERNANCE REPORT DECLARATION PURSUANT TO §§ 243C AND 267B OF THE UGB

› SUPERVISORY BOARD MEMBERS

TITLE	NAME	FUNCTION	DATE OF BIRTH	INITIAL APPOINTMENT	END OF TERM OF OFFICE	SUPERVISORY BOARD MANDATES AND/ OR COMPARABLE FUNCTIONS IN LISTED COMPANIES
Mag.	Stefan Ehrlich-Adám	Chairman of the Supervisory Board	May 19, 1964	June 25, 2013	Until the Annual General Meeting 2028	none
CPA Mag.	Philipp Rath	Deputy of the Chairperson	July 03, 1966	July 17, 2003	Until the Annual General Meeting 2028	none
Mag.	Dieter Hermann	Member of the Supervisory Board	January 10, 1966	June 25, 2013	Until the Annual General Meeting 2028	none
Dr.	Andreas Meier	Member of the Supervisory Board	July 10, 1962	June 01, 2016	Until the Annual General Meeting 2028	none
Mag. Dr.	Ulla Reisch	Member of the Supervisory Board	April 22, 1968	May 27, 2018	Until the Annual General Meeting 2028	Member of the Supervisory Board of LEONI AG
DI Dr.	Matthias Rath	Member of the Supervisory Board	March 17, 1968	June 02, 2023	Until the Annual General Meeting 2028	none

Diversity and measures for the promotion of women

The members of the Supervisory Board are selected on the basis of their professional qualifications, personal competence, and long-standing experience in management positions. In addition, aspects of diversity, internationality, representation of genders and age structure of its members are taken into account as much as possible. One woman is a member of the Supervisory Board. The proportion of women is therefore 20%. All the members are Austrian citizens.

When selecting the members of the Executive Board, the Supervisory Board ensures that non-current succession planning is adhered to. In the opinion of the Supervisory Board, the basic suitability criteria for the screening of candidates for a position on the Executive Board are their professional qualifications for the portfolio to be assumed, convincing leadership qualities, previous performance, and knowledge of the Company. Setting aside these criteria, women and men have the same chances in the selection process. In the course of making its decision, the Supervisory Board contemplates the following aspects:

CONSOLIDATED CORPORATE GOVERNANCE REPORT DECLARATION PURSUANT TO §§ 243C AND 267B OF THE UGB

1. The members of the Executive Board should have many years of management experience and, if possible, experience in various professions.
2. At least one member of the Executive Board should have a technical background or many years of technical professional experience.
3. The Executive Board as a whole should have many years of experience in the areas of production, sales, finance and personnel management.

No target figure is set for the proportion of women on the Executive Board. The Supervisory Board decides on the specific filling of the Executive Board positions in the interests of the Company and exclusively on a case-by-case basis, taking into account professional and personal qualifications.

Since June 2023, Mag. Alexandra Rester has been a member of the Executive Board. The proportion of women is thus around 33 %. All the members are Austrian citizens.

Women hold management positions in many areas of the second reporting level.
As of December 31, 2023, the proportion of women in second-level management amounted to 17 % across the Group (previous year: 13 %).

The RATH Group supports and promotes employment of women in all departments, in particular in technical areas. However, the RATH Group is very often confronted with the situation that in many countries there are still significantly fewer women than men in technical occupations or professions. The RATH Group therefore supports various initiatives to inspire women to take up a technical profession or to start studying technology. This includes regular participation in various events such as recruitment and career orientation days for young women at universities and colleges. The RATH Group also takes measures and makes investments to promote compatibility of career and family. In addition, great attention is paid to strict gender equality in the recruitment process. However, despite all efforts to promote female employees the RATH Group will refrain from anything that would lead to discrimination against men.

Independence of the Supervisory Board members

According to C Rule 53 of the Austrian Code of Corporate Governance, the majority of the members of the Supervisory Board elected by the Annual General Meeting or delegated by shareholders in accordance with the Articles of Association must be independent of the company and its Executive Board. A Supervisory Board member is considered independent if he or she has no business or personal relationship with the company or its Executive Board that constitutes a material conflict of interest and is therefore capable of influencing the member's behavior. The Supervisory Board refers to the general clause of C Rule 53 and the guidelines of the ÖCGK in Appendix 1. Based on these criteria, all members of the Supervisory Board except for CPA Mag. Philipp Rath have declared themselves independent.
CPA Mag. Philipp Rath, Deputy Chairman of the Supervisory Board of RATH AG, has been a member of the Supervisory Board for more than 15 years.

CONSOLIDATED CORPORATE GOVERNANCE REPORT DECLARATION PURSUANT TO §§ 243C AND 267B OF THE UGB

Committees and activities of the Supervisory Board

The Supervisory Board of RATH AG consists of experts from various disciplines and conducts regular meetings dealing, among other things, with strategic matters and balance sheet affairs. The following persons have been members of the Supervisory Board since the Annual General Meeting on June 2, 2023: Mag. Stefan Ehrlich-Adám (Chairman), CPA Mag. Philipp Rath (Deputy Chairman), Mag. Dieter Hermann, Mag. Dr. Ulla Reisch and DI Dr. Matthias Rath. Within this framework, the Supervisory Board of RATH AG is involved as an advising body in all basic decisions of the Executive Board.

RATH AG has an Audit Committee, a Strategy Committee, and a Remuneration Committee.

The following members of the Supervisory Board have been members of the Audit Committee since the Annual General Meeting on June 2, 2023: Mag. Stefan Ehrlich-Adám as Chairman, CPA Mag. Philipp Rath, Mag. Dieter Hermann and Mag. Dr. Ulla Reisch. The Audit Committee has in particular the following tasks: monitoring the accounting process, monitoring the effectiveness of the internal control system, monitoring the audit of the annual financial statements and the audit of the consolidated financial statements, reviewing and monitoring the independence of the auditor (Group auditor), submitting the report on the result of the audit to the Supervisory Board, reviewing the annual financial statements and preparing their adoption, reviewing the proposal for the distribution of profits, the management report, the corporate governance report, the non-financial statements (§ 243b of the Austrian Commercial Code (UGB)) and the report on the audit findings to the Supervisory Board, where applicable, the audit of the consolidated financial statements and the consolidated annual report, the consolidated corporate governance report and the report on the audit findings to the Supervisory Board and the implementation of the procedure for selecting the auditor (Group auditor). The Audit Committee held two meetings. 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 auditors provided information on the status of the preliminary audit of the annual and consolidated financial statements.

The Strategy Committee advises the Executive Board on defining the principles of the business strategy. It consists of four members: CPA Mag. Philipp Rath (chairman), Mag. Stefan Ehrlich-Adám, Mag. Dieter Hermann and DI Dr. Matthias Rath. The Strategy Committee met once in 2023. The focus of the meeting in December 2023 was the presentation of an After Sales Service concept for Europe.

The Remuneration Committee deals in particular with the content of employment contracts with members of the Executive Board and prepares resolutions on remuneration. One meeting of the Remuneration Committee was held in the past business year. The Compensation Committee consists of Mag. Stefan Ehrlich-Adám (Chairman), CPA Mag. Philipp Rath and DI Dr. Matthias Rath (from June 2, 2023) and formerly Dr. Andreas Meier (until June 2, 2023). The focus of the meeting in March 2023 was to

CONSOLIDATED CORPORATE GOVERNANCE REPORT DECLARATION PURSUANT TO §§ 243C AND 267B OF THE UGB

determine the Executive Board's target achievement in 2022 as the basis for the variable remuneration component and to set the targets for 2023.

The duties of the Supervisory Board are governed by the Articles of Association and by applicable law. The Supervisory Board performed its duties in six meetings (including the inaugural meeting).

At the meeting in March 2023, a report was given on the 2022 business year, the business performance in 2023 and plant capacity utilization 2023. The Executive Board also reported on initiatives in the area of ESG. In addition, the search for a further member of the Executive Board for the area of finance and new rules of procedure for the Executive Board were resolved.

In the meeting in April 2023, the annual financial statements and the management report for 2022, as well as the consolidated financial statements and management report for 2022 were audited. The 2022 annual financial statements 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 members of the Supervisory Board also adopted the proposed resolutions for the Annual General Meeting and pointed out that the Supervisory Board mandates of all Supervisory Board members will expire at the Annual General Meeting on June 2, 2023.

At the meeting in June 2023, Mag. Alexandra Rester was welcomed as a new member of the Executive Board (CFO). The main purpose of the meeting was to discuss the Annual General Meeting and report on the current business situation. The Supervisory Board was also given an update on energy prices. Dr. Andreas Meier was bid farewell as a retiring member 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, DI Dr. Matthias Rath. At the meeting in September 2023, the current business situation was discussed, including an overview of capacity utilization at the production plants. Furthermore, the semi-annual result for 2023 and the forecast for 2023 were discussed.

A partnership in the form of a joint venture in India was also discussed in detail. In addition, CPA Mag. Philipp Rath was appointed ESG Officer by the Supervisory Board.

At the last meeting of the year in December 2023, the outlook for the coming year and the budget for 2024, including the 2024 investment budget, were discussed and approved.

The attendance rate was 97 % (previous year: 100 %). No advances or loans were granted to members of the Supervisory Board of RATH AG.

CONSOLIDATED CORPORATE GOVERNANCE REPORT DECLARATION PURSUANT TO §§ 243C AND 267B OF THE UGB

Report on C Rule 49

Rödl & Partner New York, USA, was entrusted with the auditing of the 2023 financial statements of the American group companies RATH, Inc. and RATH LLC. CPA Mag. Philipp Rath is a partner of the affiliated company Rödl & Partner, Vienna, Austria.

CPA

At the 34th Annual General Meeting of RATH AG held on June 2, 2023, PwC Wirtschaftsprüfung GmbH, Vienna, was elected independent auditor for the annual financial statements and consolidated financial statements 2023 of RATH AG.

Changes after the reporting date

There were no material changes between the reporting date and the date of preparation of the corporate governance report.

The Executive Board

VIENNA, APRIL 03, 2024

Andreas Pfneiszl

DI Ingo Gruber

Mag. Alexandra Rester

STATEMENT BY THE LEGAL REPRESENTATIVES IN ACCORDANCE WITH § 124 (1) 3 OF THE AUSTRIAN STOCK EXCHANGE ACT

STATEMENT BY THE LEGAL REPRESENTATIVES IN ACCORDANCE WITH § 124 (1) 3 OF THE AUSTRIAN STOCK EXCHANGE ACT

We confirm to the best of our knowledge that the consolidated financial statements as of December 31, 2023 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, 2023 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.

The Executive Board

VIENNA, APRIL 03, 2024

Andreas Pfneiszl

DI Ingo Gruber

Mag. Alexandra Rester

REPORT OF THE SUPERVISORY BOARD

REPORT OF THE SUPERVISORY BOARD

©EVVA

Mag. Stefan Ehrlich-Adám, Chairman of the Supervisory Board

DEAR SHAREHOLDERS:

In the business year 2023, the supervisory board of RATH AG again performed the duties incumbent upon it according to 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.

In particular, the Supervisory Board was informed about the market and sales situation, the capacity utilization of the individual plants and the status of research and development activities against the backdrop of the very challenging macroeconomic development, the financial situation of the company and the individual subsidiaries, their current and forecast earnings development and corporate planning. The Executive Board also reported on potential M&A activities on an ongoing basis, as well as on the company's strategic objectives 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 2023 reporting year, the Executive Board and Supervisory Board held six meetings (including a constituent meeting) for an intensive exchange of information, at which the economic situation and the strategic development of our Group as well as significant events, investments and measures were discussed. 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. The meetings were held with the consent of all members with the option of virtual participation if required. 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 always 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. The Executive Board also reported on ESG-related

REPORT OF THE SUPERVISORY BOARD

activities. The rules of procedure for the Executive Board were also revised and adopted, and a decision was made to appoint an additional member of the Board of Directors responsible for finance.
At the meeting in Vienna in April 2023, the annual financial statements and management report for 2022, as well as the 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 June 2023 in Vienna, Mag. Alexandra Rester was welcomed as new CFO. The meeting served primarily to discuss the Annual General Meeting and 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 all production plants. The semi-annual result for 2023 and the forecast for 2023 were discussed, along with potential market opportunities in India that have opened up through a partnership in the form of a joint venture. Mag. 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, including the investment budget 2024, were discussed and approved.

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.

REPORT OF THE SUPERVISORY BOARD

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 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 examined the documents in accordance with § 96 of the AktG and the corporate governance report and approved the annual financial statements, which were thus adopted in accordance with § 96 (4) of the AktG; the Supervisory Board also examined the profit distribution proposal submitted by the Executive Board and granted its approval. The final result of the audits gave no reasons for complaints.

VIENNA, APRIL 03, 2024

Mag. Stefan Ehrlich-Adám
Chairman of the Supervisory Board

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Annex 2

ECONOMIC ENVIRONMENT

Growth in the global economy slowed in the reporting year, with the IMF forecasting a growth of the gross domestic product (GDP) by 3.1 % in its latest outlook from January 30, 2024. By region, this means that the USA increased its (GDP) by +2.5 % (previous year: +1.9 %), in the eurozone there was no increase in gross domestic product +0.5 % (previous year: +3.4 %), in China GDP reached +5.2 % (previous year: +3.0 %) and in India the GDP was +6.7 % (previous year: +7.2 %). According to the report, the global economy will grow by +3.1 % compared to 2022, with the main negative factors in 2023 being the wars in Ukraine and the Middle East, the increasing fragmentation of the global economy, high inflation rates, and a more restrictive monetary policy.

The average gas price in north-western Europe for the year was € 40.52/MWh. It was therefore around two thirds below the previous year's level, but still more than twice as high as the average price for the years 2015 to 2020 was, and more than five times as high as in the USA.

Overall economic development was subdued in 2023, but with considerable regional differences. While gross domestic product growth in the USA accelerated significantly in the third quarter after a moderate first half of the year, gross domestic product in the European Union (EU) largely stagnated. In the USA, private demand was supported by the reduction in savings, rising employment and growing wages. In the EU, consumers were reluctant to spend, despite the solid labor markets, in view of the rise in electricity and gas prices and the uncertainty caused by the war in Ukraine. Economic development in Asia was mixed: In China, a dynamic start to the year in the first quarter was followed by weak growth in the rest of the year. Domestic demand in China remained subdued due to the economic uncertainty surrounding the real estate crisis and the export business suffered from the weakness of the global economy. In the construction industry, the sharp rise in interest rates in many countries was increasingly reflected in falling demand.

INDUSTRY ENVIRONMENT

The RATH Group is a member of the Austrian Association of the Bricks and Ceramics Industry. WIFO reports that the economy contracted, with GDP falling by 0.8 %. Concomitantly, WIFO is forecasting GDP growth of +0.9 % for Austria in 2024 (previous year: +0.3 %). In Germany, the IMF calculated a decline of the economy by -0.3 % (previous year: +1.8 %) in 2023, while the US economy (GDP) grew by +2.5 % compared to +1.9 % in the previous year.

SALES UNITS

Within our RATH subsidiaries, we organize our customers and their applications according to sales units. This structure helps our customers to always get the optimal refractory solution. Our engineering department designs the optimum delivery; together with our customer advisors, the solutions are discussed with the customer, produced, prepared and handed over.

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SHARES OF SALES BY SALES UNIT ‹

K€	%	2023
64,871	53 %	METALS & FCE
37,757	31 %	CERAMICS & SFU
19,160	16 %	GLASS
121,787	**100 %**	**TOTAL**

K€	%	2022
58,003	49 %	METALS & FCE
43,127	37 %	CERAMICS & SFU
16,464	14 %	GLASS
117,594	**100 %**	**TOTAL**

METALS & FCE:

In the "METALS" sector, we handle inquiries from the steel and aluminum industry, or in the non-ferrous metals segment, respectively. Here, the RATH Group provides our customers with a broad product portfolio and offers complete solutions with engineering, assembly and supervision. Our customers are served worldwide. The geographical main sales markets are Europe and the USA, followed by Asia.

The "FCE (FUELS, CHEMICALS & ENERGY)" division deals with inquiries from industries such as titanium chloride pigment production, district heating plants, biomass plants, wood-based materials production, and petrochemical plants, but also inquiries from the stove-fitter industry. Here, the RATH Group offers a broad and very application-specific product portfolio. The geographical main sales markets are Europe and the USA, followed by Asia.

Sales in the METALS & FCE sales unit reached an all-time high of M€ 65 compared to the same period of the previous year, an increase by 12 %; the Sales Unit benefited from the very good order intake in the previous year. In 2023, customer orders amounting to M€ 55 were received; demand fell compared to 2022, with a sharp drop in customer demand of 19 % compared to the same period of the previous year. This is mainly due to the very high order intake in 2022 – catch-up effects after the pandemic – and the weak development of the global economy.

CERAMICS & SFU

In the sales unit "CERAMICS", we handle inquiries from industries for the production of sanitary ware, tableware, construction and technical ceramic. For this purpose, the RATH Group provides customers with a broad product portfolio of high-quality refractory materials including engineering, assembly and supervision for regularly demanding applications and issues. The main geographical markets are Europe and the USA.

In the area of "SPECIAL FURNACES" we deal with inquiries from industries in the field of dental furnace construction, laboratory furnace construction, analytical equipment manufacturers, furnaces for drying and sintering of materials for battery production, and other special applications such as 3D printing. Here, too, the RATH Group can offer our customers a wide range of materials that are nevertheless highly

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specialized and tailored to the customer's needs. Here, too, the offer is completed by engineering, assembly and supervision, and dealing with special customer requirements. The geographical main sales markets are likewise Europe and the USA.

In the 2023 reporting year, the CERAMICS & SFU sales unit generated sales revenue of M€ 38 , which is 12 % less than in the same period of the previous year. The pent-up demand from the semiconductor and battery industries due to the pandemic and supply chain disruption was met and the global markets were able to return to normal production levels, exacerbated by inflation. Thus, the boom of the previous year could not be continued in the reporting year.

At M€ 36, we collected 8 % fewer customer orders in 2023 than in the previous year.

GLASS

In the sales unit "GLASS", we deal with inquiries from industries such as container glass, flat glass and special glass production. The RATH Group provides a broad and very application-specific product portfolio here, including cast moldings and wear part material for our customers. The main geographical sales markets are the USA and Europe.

Sales in 2023 increased by 16 % to M€ 19. However, incoming orders in 2023 fell by 8 % compared to the same period of the previous year. This is due to the still high energy costs in Europe, while plastic products are also gaining market share again in the container packaging sector in the USA.

BUSINESS PERFORMANCE 2023

In the first half of 2023, the RATH Group's sales increased significantly compared to the same period of the previous year. This is mainly due to one influencing factor, the very high order backlog, which amounted to M€ 59 as of January 1, 2023. In the first half of 2023, consolidated sales amounted to k€ 61,200 (previous year: k€ 55,388).

The operating result (EBITDA) improved significantly due to the measures taken in 2023 EBITDA as of June 30, 2023 was an impressive k€ 8,975 (previous year: k€ 4,913). In relation to sales revenue, profitability was an excellent 15 % (previous year: 9 %).

A slowdown in incoming orders was observed in the second half of 2023. The universally negative mood on the global markets, influenced by ongoing wars and new conflicts in the Middle East, as well as of consistently high inflation and, not least, high interest rates, were very negative factors influencing global demand for products.

As a result, we were still able to report strong sales of k€ 60,588 (previous year: k€ 62,206) and an EBITDA of k€ 7,418 (previous year: k€ 6,723), the EBITDA margin was 12 % (previous year: 11 %).

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The following is a breakdown by half-years of the business year 2023:

BY 2022	BY 2023	2ND HALF-YEAR	1ST HALF-YEAR	KEY FIGURES ‹
117,594	121,787	60,588	61,200	Turnover in k€
11,636	16,393	7,418	8,975	EBITDA in k€
10 %	**14.0 %**	**12 %**	**15 %**	**EBITDA margin**
5,060	9,951	4,029	5,922	EBIT in k€
4 %	**8 %**	**7 %**	**10 %**	**EBIT margin**
598	603	601	604	Employees in Ø
26.2	27.2	27.2	26.8	Share price in €

SALES DEVELOPMENT

At this point, we were able to report a new all-time high in the previous year, and now we have surpassed this once again and reported turnover of k€ 121,787 at the end of 2023, which is k€ 4,193 or 4 % higher.

Due to the actually very high order backlog of M€ 59 from the previous year and the initial euphoria of 2023, sales developed very well, but as the business year progressed, the negative mood spread more and more and led to a sideways movement by the end of 2023. Incoming orders fell by 13 %,and the number of open orders fell by 31 % to M€ 41 . The RATH Group is managed through our national companies. The following is an analysis of the sales development at the company level:

Chamottewaren- und Thonöfenfabrik Aug. RATH jun. GmbH, Krummnußbaum, significantly exceeded the previous year's external turnover of k€ 50,658 (previous year: k€ 43,492). This year, too, we were able to convince and acquire several new customers in the project business of our overall concepts. Project business is the term we use to describe sales where RATH not only supplies materials, but also offers our customers the expertise of our engineering department for individual refractory lining solutions; the project business is also rounded off with additional installation services and/or supervision. Here the geographical sales market, classified according to the registered office of our customers, was mainly in Europe and the USA. As a result of the well-filled order books, sales in the industrial sectors rose sharply once again, as they did in the classic stove fitter segment.

The German RATH companies with their three plants in Mönchengladbach, Bennewitz and Meißen recorded a slight decline in sales amounting to 5 % and achieved sales amounting to k€ 32.510 (previous year: k€ 34,368). Customers from the ceramics industry suspended project orders until 2024, and there was also significantly weaker demand in laboratory and dental furnace construction, in some cases due to high inflation and interest rates in Europe and the USA.

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RATH Hungaria kft. recorded a significant increase in sales amounting to 8 % and achieved sales of k€ 12,757 (previous year: k€ 11,780). The majority of sales come from the glass industry. The sales markets here are in Europe and the rest of the world.

The US companies RATH Inc. and RATH LLC with their plants in Milledgeville and Owensville achieved sales of k€ 22,073 (previous year: k€ 24,292). Demand in the USA clouded over at the beginning of the second half of 2023 and our customers adjusted their inquiries to us and reduced their demand. Demand for special furnishings actually fell significantly due to the USA's sales with China, which fell significantly again in 2023. The sales markets here are predominantly in the Americas.

Our sales companies in Europe and Mexico recorded an increase in sales amounting to 4 %) to k€ 3,790 (previous year: k€ 3,661). The companies operate mainly in the project business, in particular in the steel sector and in various segments of the repair business.

EARNINGS DEVELOPMENT

The operative earnings before interest, income taxes, depreciations and amortization (EBITDA), adjusted for one-off effects, increased to k€ 16,393 (previous year: k€ 11,637). At 14 %, the EBITDA margin (previous year 10 %) is at a very high level. Earnings before interest and taxes (EBIT) doubled to k€ 9,951 (previous year: k€ 5,061), the EBIT margin thus amounts to 8 % (previous year: 4 %).

Personnel expenses increased by 9 % to k€ 37,980 (previous year: k€ 34,829), in relation to turnover this corresponds to 31 % (previous year: 30 %), due to rising inflation we also had to implement wage and salary increases. In order to be able to meet the strategic goals in the future as well, the Executive Board and parts of the management were expanded in 2023. The miscellaneous other operating expenses of k€ 13,663 (previous year: 13,425 k€) increased by 2 %.

The financial result amounted to k€ 2,258 at the end of the reporting year (previous year: k€ +83). In the previous year, we were still able to benefit from a positive currency effect of M€ 1 at this point; in the 2023 business year, we had to report a negative currency effect of k€ 500. In addition, the interest rate level was significantly higher than it had been in the 2023 reporting year, with interest rising by M€ 1.

The RATH Group thus achieved very strong earnings before taxes amounting to k€ 7,693 (previous year: k€ 5,144). The consolidated result after taxes amounts to k€ 5,264 (previous year: k€ 4,221).

In 2023, a dividend distribution from retained earnings amounting to € 1.30 per share, i.e. a total of k€ 1,950, was realized. A dividend distribution for the 2023 business year will be proposed to the upcoming Annual General Meeting amounting to € 1.0 per share, i.e. a total of k€ 1,500, from retained earnings and to carry forward the remaining amount to new account.

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ASSETS AND FINANCIAL POSITION

In the business year 2023, the balance sheet total increased by k€ 4,782. The share of non-current assets in total assets also remained stable year-on-year at 42 % (previous year: 41 %). The share of non-current assets in liabilities fell year-on-year to 36 % (previous year: 39 %).

Deferred tax assets amount to k€ 874 (previous year: k€ 641) and relate to the Austrian tax group, the German companies and our companies in Hungary and the USA.

Working capital increased in the past year, from k€ 36,471 to k€ 38,989. Measured against sales , this results in a ratio amounting to 32 % (previous year: 31 %).

Consolidated equity increased compared to the same period of the previous year by 6 % to k€ 58,239 (previous year: k€ 55,075). This change was primarily due to the good operating result. In other comprehensive income, actuarial gains after taxes in connection with pensions and severance payments amounting to k€ -194 (previous year: 63 k€) and currency differences were recognized. The capital ratio is 43 % (previous year: 42 %).

The non-current personnel provisions increased slightly from k€ 1,981 to k€ 2,160. The increase is due to the adjustment of wages and salaries in the current year, the inflation adjustment and the change in the interest rate for pension provisions.

The financial liabilities excl. liabilities from leasing obligations decreased by k€ 2,542.
Financial liabilities are matched by cash and cash equivalents plus securities of k€ 22,484 (previous year: k€ 22,863). Our net debt shows a final balance in the business year of k€ 26,789 (previous year: k€ 27,641).

The cash flow from operating activities increased in the past year to k€ 13,393 (previous year: k€ 5,166). Cash flow from investing activities increased by k€ 4,299 and amounted to k€ -6,661 at the end of the year compared to k€ -2,362 in 2022. The cash flow from financing activities shows a result of k€ -7,164 (previous year: k€ 6,333).

At the end of 2023, the debt repayment period (net debt/EBITDA) was 1.6 years (previous year: 2.4 years). The EBIT interest coverage was 5.7 (previous year: 5.5).

SUSTAINABLE FINANCING STRATEGY

For years, the Group's financing has been following the principles of maintaining secured liquidity as well as a maximally high equity base. The Group has issued promissory note bonds via RATH Aktiengesellschaft , some of which expire in 2024, 2027 and 2029. The tranches include both fixed and variable interest rates. The placement was made with institutional investors from Austria and Germany. In addition, additional credit lines are available from banks that were not fully utilized as of 31.12.2023.

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EMPLOYEES

Highly trained, motivated employees are RATH Group's key success factor. Through their high technical and social competence, they ensure excellent product quality and high service level, and are an important driver for the future. Our success is due on the one hand to the dedication to innovative refractory solutions that we implement in our products and technologies, and on the other hand to the huge commitment and loyalty of our employees. As of December 31, 2023, the RATH Group employed a total of 603 people in full-time equivalents (previous year: 598).

RATH Group does not have a stock option program. Management, senior employees and other key staff are included in bonus schemes that vary from country to country. Staff management tasks are carried out according to the central requirements of the parent company and then transferred to the subsidiaries. Strategic tasks in the field of Human Resources are within the responsibility of the Speaker of the Executive Board.

In 2023, the RATH Group paid a total of k€ 136 for staff training (previous year: k€ 167). We have created a leadership program and launched it under the project name of "BEST". Our employees are our most important asset; they not only contribute their professional skills and experience, but also their personal strengths and values. They are willing to work towards the common goals of the company, accept challenges and find solutions. They take responsibility for their tasks, their colleagues, and themselves. They act in a disciplined, reliable and professional manner and are loyal to the company and their team members. And they appreciate the performance and personality of their colleagues, as well as the family atmosphere in our company. We are proud of our employees and thank them for their dedication and commitment. They are the reason why we are successful and why we are continuously evolving.

SUSTAINABILITY (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.

Active environmental protection is a very important factor and focus area of the RATH Group. Careful handling of resources and waste has top priority in order to protect the environment as far as possible. Die Aug. RATH jun. GmbH, for example, is a member of Interseroh in Austria and Germany. The technical progress achieved in the field of environmental protection is continuously examined with regard to its applicability to operating facilities.

Since January 1, 2005, the RATH Group has been part of the European Emissions Trading Scheme. Under this system, the companies concerned (currently Aug. RATH jun. GmbH, Austria and RATH Hungaria Kft., Hungary) receive emission certificates that must be returned to the competent authority within four months of the end of a calendar year in accordance with the actual emissions for that year. If actual annual emissions exceed those allocated on the certificates, a corresponding number of additional certificates must be purchased.

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As in the previous year, the RATH Group had sufficient free certificates.

The most important cross-company strategies for sustainability include RATH's brand and product development strategies, innovation and the improvement of production procedures to optimize the economy and ecology during the production process as well as in the product sector.

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.

In 2023, the RATH Group began implementing the requirements set out in the CSRD Directive.

As a starting point, a materiality analysis was carried out in accordance with the requirements of the CSRD Directive, taking into account a stakeholder survey. As a result of the materiality analysis, 17 Sustainability Matters were identified. Detailed information on the results of the materiality analysis and the 17 Sustainability Matters can be found in our Sustainability Report 2023.

In addition, we performed a screening of all reportable topics in accordance with the ESRS Standard. All topics relevant to us have either already been included in the 2023 sustainability report or will be included in the 2024 sustainability report if already mandatory. More details can also be found in our Sustainability Report.

RESEARCH & DEVELOPMENT

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 components of our strategy as a premium supplier. Topics and projects in the area of research, technology and innovation are of the highest priority and supporting pillars for our company success, and therefore crucial for a sustainable competitive advantage and growth.

In 2023, the following projects were successfully implemented:

- Development of a new Altra fiber for an application temperature of up to 1500 °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

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REPORTING ON KEY FEATURES OF THE INTERNAL CONTROL SYSTEM WITH REGARD TO THE ACCOUNTING PROCESS

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 guarantees conformity of business procedures regarding the Articles of Association, Group guidelines and current legislation (Compliance).

The control environment of the accounting process is marked by a clear structure and process organization, with persons specifically assigned to individual functions (e.g. in Financial Accounting and Controlling). The employees involved in the accounting process fulfill the professional requirements. SAP and LucaNet are used in accounting.

The RATH Group's guidelines are based on the RATH Management Handbook, the compliance guidelines as well as rules of procedure and signature rules for the Company's executive management and managing employees of all RATH Group companies. These terms will be revised according to the Compliance terms, if necessary, and demonstrably brought to the attention of the respective executive management. The local executive management is responsible for adhering to the guidelines and policies of the respective RATH subsidiary. 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 which require approval by the Group's executive management. The Management Handbook of the RATH Group comprises, among other things, the information and stipulations necessary for the accounting process as well as the Consolidation Handbook (reporting policies, accounting and valuation rules) or IT policies.

The consolidated financial statements are comprehensively reviewed in close consultation between the Supervisory Board and the Audit Committee. A standardized monthly management reporting system comprises 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.

RISK MANAGEMENT

The RATH Group is exposed to a variety of opportunities and risks in its global entrepreneurial activities. Constant identification, assessment and control of risks is an essential component of the management, planning and controlling process. The Risk Management resorts to organizational, reporting and management structures available in the Group. These processes are continually evaluated by the central Processing Management team. The contents are about documenting all processes within the Company as well as the documented actions in case of deviations in order to learn from mistakes and make constant improvements. This thinking in processes is anchored in ISO 9001. The risk management system ensures that risks are regularly analyzed and assessed. This ensures that these are anticipated and detected early on, and that countermeasures can be initiated quickly if they occur.

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ESSENTIAL RISKS

Risks that might have negative effects on the asset, financial and earnings position and profitability of the RATH Group are basically unchanged compared to previous time periods and are as follows:

Procurement

A pivotal starting point for risk mitigation in the field of procurement is avoidance of dependence on individual suppliers, as far as possible. Our central Purchasing department actively counteracts this and creates requirements for a balanced portfolio of suppliers in consideration of reasonable purchase volumes and prices. In the course of 2023, the availability of materials has eased further. In the search for alternative raw material suppliers we recognize the risk of the availability of raw materials by country, particularly China/Russia. Energy is a key issue for the manufacture of our products, so we are constantly looking at availability and prices, and when it comes to prices, we look for opportunities to acquire "future contracts" if this fits in with our hedging strategy.

Production

The essential value-creation levels of the RATH Group lie within the manufacture of our products. A possible risk of a business interruption with direct impact on the Company's result is covered by our business interruption insurance across the entire Group. The Group proactively counteracts this by way of precaution via constant analyses of individual assets and precautionary maintenance. In this area, digital solutions from the Industry 4.0 environment are increasingly being evaluated. Nonetheless, risks arising from product liability cannot be fully excluded. In case of quality flaws, they will be corrected according to our customer's best interests. Costs arising from this are covered by our group-wide product liability insurance. Reputation damage resulting from this, however, is always a risk for the Group.

Sales

The global product or project sale also harbors risks. Some of our overall solutions are nowadays going to countries that are not always economically and politically stable. Via our sales managers, information is continuously retrieved from the respective sales markets and countries, helping us to recognize possible losses of accounts receivable at an early stage and initiate countermeasures. Outside the European Union and the USA, the RATH Group mostly relies on credit operations in regard to payment conditions. Thus, it is ensured that our sales are collateralized by an international bank. For those sales not collateralized with letters of credit, we have set up an internal Receivables Management with credit limits. Receivables Management assesses the resulting credit risk with the help of external information from credit agencies and our experience with the respective customer or the customer's country, respectively.

On the basis of the information collected a credit limit is set. There were no bad debts in the 2023 reporting year (previous year: k€ 244; 0.2 % of the revenue).

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Liquidity

The aim of liquidity management is to ensure that the Group has sufficient liquidity at all times.
RATH's external financing leeway is primarily ensured by international banking groups. Within the Group, the principle of internal financing applies. This means that the financing requirements of subsidiaries are covered – as far as possible and economically feasible – by internal loan relationships. The stipulation of credit limits and the amount of refinancing costs at financial institutes are dependent on their evaluation of the future prospects of the RATH Group. Therefore, bank contacts are well maintained to ensure that our bank partners always have a clear and current idea of the economic situation of our Group.
The RATH Group finances itself through RATH AG; the Company relies on a structured form of financing, promissory note bonds. In the case of investments, investment loans subsidized under in the subsidiaries are utilized.

Foreign currencies and interest

The RATH Group usually delivers to its customers in the respective national currency. Due to the ongoing valuation of the currency pairs US$/€ or HUF/€, positive as well as negative changes can take place in the financial result of the individual companies and hence in the Group as well. The RATH Group does not currently have any derivative financial instruments in the area of currencies and interest rates.

TOTAL RISK

The risks of the RATH Group are optimally supervised with the described means and measures; from today's perspective, the continued existence of the Company is not at risk.

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

The authorized capital consists of 1,500,000 no-par value shares (previous year: 1,500,000 no-par-value shares), with each no-par-value share having an equal share of the authorized capital. The Executive Board is not aware of any limits regarding voting rights or transfers of shares. RATH AG does not own any of its own shares. Widely held stock are owned by Austrian and international investors.

The share is listed in the "Standard Market Auction" of the Vienna Stock Exchange under ISIN AT0000767306. No significant shareholdings of employees of the RATH Group are known. Like every stockholder, employees who own shares are also free to exercise their voting rights at annual general meetings.

There are no provisions not immediately derived from the law regarding the naming and dismissal of the members of the Executive Board and of the Supervisory Board, as well as changes to the Company's Articles of Association. The Executive Board is not aware of any significant agreements the Company is involved in and that take effect at a change of control in the company following a takeover bid. There are no compensation agreements in place between the Company and their Executive Board and Supervisory Board Members or employees in the case of a public takeover bid either.

OUTLOOK

Macroeconomic development:
The International Monetary Fund (IMF) expects global economic output to move sideways in 2024, with the global economy only set to grow slightly 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) of 0.5 % and for the USA an increase amounting to 2.1 % is forecast. For Austria, the Austrian Institute of Economic Research (WIFO) expects the gross domestic product (GDP) to increase by 0.9 % in 2024. Expected development of the RATH Group: Based on our order backlog of M€ 41 as of 1.1.2024 (previous year: M€ 59) and the current market trend, we expect sales to move sideways compared to the 2023 reporting year. Profitability will decline slightly, as the further increases in wages and salaries due to collective wage agreements and inflation, or hardly any significant reductions in raw material costs in conjunction with more competition – from Asia – will lead to a sales war. The persistently high interest rates in Europe and the USA will have a further impact on the result from ordinary activities. In order not to fall behind our competitors, we will have to make selective sales and price adjustments.

The positive effect expected at this point in 2023 following the adoption of the CSRD Directive and the ESRS standards for companies within the European Union failed to materialize. We as a company are currently facing higher costs than our competitors outside the European Union.

Nevertheless, the RATH Group will do its utmost to convince customers with a competitive and attractive service and product mix. Within the company, the focus remains on the environment, resource-conserving use of energy sources, quality, innovation and cost optimization.

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We are consistently pursuing our main strategic goal of becoming one of the largest European refractory manufacturers of non-basic products. We will and are still looking for potential targets and are taking parallel steps for organic growth, but not only in Europe but also in the USA.

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.

The sales and earnings forecast for the 2024 business year mentioned at the beginning of the paragraph is based on the availability and availability of raw materials and energy, as well as the development of raw material and energy prices. In addition, the interest rate effects, which have risen significantly in both the eurozone and the USA, are not only playing a key role for our customers.

The Executive Board

VIENNA, APRIL 03, 2024

Andreas Pfneiszl	DI Ingo Gruber	Mag. Alexandra Rester

ANNUAL FINANCIAL STATEMENTS
RATH GROUP 2023

CONSOLIDATED BALANCE SHEET

	ANNEXED NOTE	31.12.2023 K€	31.12.2022 K€
Cash and cash equivalents	(20.3)	22,001	22,398
Trade receivables	(12)	15,040	14,108
Contract assets	(12)	8,225	7,646
Other financial receivables	(20.4)	710	1,687
Other non-financial receivables and deferrals	(13)	3,628	2,980
Inventory	(11)	29,195	27,481
Receivables from income taxes	(18)	42	23
Current assets		**78,841**	**76,322**
Financial assets	(20.5)	483	465
Intangible assets and goodwill	(9)	4,771	4,536
Tangible assets (property, plant and equipment)	(8)	50,227	48,452
Deferred tax assets	(18)	874	641
Non-current assets		**56,355**	**54,093**
TOTAL ASSETS		**135,197**	**130,415**
Current financial liabilities	(16), (20.6)	5,519	3,496
Current liabilities from leasing obligations	(10)	715	688
Trade payables	(20.7)	10,402	8,678
Contract liabilities	(20.7)	3,069	4,086
Other current non-financial liabilities	(19)	4,393	4,449
Other current financial liabilities	(20.7)	113	86
Current accruals and provisions	(17)	2,409	1,468
Current income tax debts	(18)	2,508	1,334
Current liabilities		**29,128**	**24,286**
Non-current financial liabilities	(16), (20.6)	40,565	45,130
Non-current liabilities from leasing obligations	(10)	1,992	725
Personnel provisions	(15)	2,160	1,981
Other non-current non-financial liabilities	(19)	1,707	2,329
Deferred tax liabilities	(18)	1,407	889
Long-term liabilities		**47,832**	**51,055**
Authorized capital		10,905	10,905
Capital reserves		1,118	1,118
Net profit and free reserve		49,784	46,470
Reserve from currency conversion		-2,578	-2,622
Other reserves		-993	-799
Non-controlling interests		3	3
Stockholders' Equity	(14)	**58,239**	**55,075**
TOTAL LIABILITIES AND EQUITY		**135,197**	**130,415**

CONSOLIDATED INCOME STATEMENT

	ANNEXED NOTE	2023 K€	2022 K€
Sales revenue	(21)	121,787	117,594
Other operating income	(24)	1,942	1,335
		123,729	**118,929**
Cost of material and purchased services	(22)	-55,676	-58,480
Personnel expenses, including social security benefits and taxes	(23)	-37,980	-34,829
Impairment loss from trade receivables as well as contract assets	(12)	-17	-558
Other operating expenses	(25)	-13,663	-13,425
EBITDA		**16,393**	**11,637**
Depreciation on intangible assets	(9)	-532	-535
Depreciation on property, plant and equipment	(8)	-5,910	-6,041
EBIT		**9,951**	**5,061**
Interest income		287	54
Interest expenditures		-2,021	-972
Other financial income		302	2,527
Other financial expenses		-826	-1,526
Financial result	**(26)**	**-2,258**	83
Earnings before tax (EBT)		**7,693**	5,144
Income taxes	(18)	-2,429	-922
Consolidated result		**5,264**	4,222
of which attributable to non-controlling interests	(14)	0	0
of which attributable to stockholders of the parent company	(14)	5,264	4,222
Basic undiluted result per share (in €)	**(14)**	**3.51**	2.81
Diluted result per share (in €)	**(14)**	**3.51**	2.81

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	ANNEXED NOTE	31.12.2023 K€	31.12.2022 K€
Consolidated result after income tax		5,264	4,221
Items not reclassified to the profit and loss account			
Revaluation of non-current employee benefits according to IAS 19	(15)	-259	846
Tax thereon	(18)	65	-212
		-194	**634**
Items reclassified into the profit and loss account			
Currency conversion differences		44	-181
		44	-181
Other comprehensive income		**-150**	**453**
attributable to stockholders of the parent company	(14)	-150	453
attributable to non-controlling interest	(14)	0	0
Comprehensive income after taxes		**5,114**	**4,675**
of which comprehensive income attributable to stockholders of the parent company	(14)	5,114	4,675
thereof comprehensive income of non-controlling interests	(14)	0	0

DEVELOPMENT OF CONSOLIDATED EQUITY

	AUTHORIZED CAPITAL K€	CAPITAL RESERVES K€	DIFFERENCES IN CURRENCY CONVERSION K€	OTHER RESERVES K€	NET PROFIT AND FREE RESERVES K€	TOTAL EQUITY STOCKHOLDERS K€	SHARES OF NON-CONTROLLING STOCKHOLDERS K€	TOTAL EQUITY K€
As of January 1, 2022	**10,905**	**1,118**	**-2,441**	**-1,433**	**42,743**	**50,892**	**3**	**50,895**
Consolidated result 2022	0	0	0	0	4,221	4,221	0	4,221
Other income 2022	0	0	-181	635	0	454	0	454
Total consolidated earnings	**0**	**0**	**-181**	**635**	**4,221**	**4,675**	**0**	**4,675**
Disposal	0	0	0	0	0	0	0	0
Disbursement	0	0	0	0	-495	-495	0	-495
As of December 31, 2022	**10,905**	**1,118**	**-2,622**	**-798**	**46,470**	**55,072**	**3**	**55,075**
Consolidated result 2023	0	0	0	0	5,264	5,264	0	5,264
Other income 2023	0	0	44	-194	0	-150	0	-150
Total consolidated earnings	**0**	**0**	**44**	**-194**	**5,264**	**5,114**	**0**	**5,114**
Addition	0	0	0	0	0	0	0	0
Disbursement	0	0	0	0	-1,950	-1,950	0	-1,950
As of December 31, 2023	**10,905**	**1,118**	**-2,578**	**-992**	**49,785**	**58,236**	**3**	**58,239**

CONSOLIDATED CASH FLOW STATEMENT

	ANNEXED NOTE	2023 K€	2022 K€
Consolidated result before taxes		**7,693**	**5,143**
Cash flow from the result			
Depreciations	(8), (9)	6,442	6,576
Value adjustments and income from the disposal of securities classified as FVTPL (fair value through profit or loss)		-18	111
Change to personnel provisions		-79	-364
Change to value adjustment		-597	1,177
Exchange rate differences	(28)	461	-1,608
Interest income	(26)	1,691	1,081
Income tax paid	(18)	-927	-365
Income/loss from the disposal of assets		259	41
Other adjustments due to IFRS 9		3	0
		14,928	**11,793**
Changes in net working capital			
Trade receivables		-1,001	507
Other receivables and assets		480	-2,071
Inventory		-1,043	-6,350
Contract assets		-628	829
Trade payables		1,702	-2,327
Contract liabilities		-1,070	61
Other liabilities, accruals and provisions, and deferrals		24	2,724
		-1,536	**-6,627**
Net cash inflow from operating activities		**13,393**	**5,166**
Disbursements for investments in property, plant and equipment	(8), (9)	-6,785	-3,288
Disbursements made for investments into intangible assets	(8), (9)	-221	-491
Proceeds from the sale of property, plant and equipment	(8), (9)	58	3
Proceeds from investment grants		0	1,376
Net disbursements for mergers	(3)	0	0
Proceeds from the sale of securities classified as FVTPL	(20.5)	0	0
Disbursements for investments in financial assets		0	0
Interest received		287	38
Cash flows from the investment activity		**-6,661**	**-2,362**
Proceeds from financial liabilities	(29)	-74	39,800
Repayments of financial liabilities	(29)	-3,065	-31,565
Redemption portion of lease payments	(29)	-757	-750
Dividends paid		-1,950	-495
Interest paid		-1,318	-657
Cash flows from the financial activity		**-7.164**	**6,333**
Cash and cash equivalents at the beginning of the year		**22,398**	**13,309**
Net change of cash and cash equivalents		**-432**	**9,138**
Non-cash currency differences		**35**	**-49**
Cash and cash equivalents at the end of the year		**22,001**	**22,398**

GROUP NOTES

NOTES ON THE CONSOLIDATED BALANCE SHEET

1 BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The company:
RATH Aktiengesellschaft (hereinafter referred to as "RATH AG"), Walfischgasse 14, A-1010 Vienna, Austria, and subsidiaries (hereinafter referred to as the "RATH Group" or "Group") produce and sell refractory materials for industrial customers and commercial enterprises. The main sales markets are located within the European Union, Eastern Europe, and the USA. The registered office of the parent company is in Vienna. Production facilities are located in Austria, Germany, Hungary, and the USA. Furthermore, there are sales companies in Austria, Germany, the Czech Republic, Poland, Ukraine, and Mexico.

RATH AG shares are listed on the Vienna Stock Exchange in the section "Standard Market Auction".

Accounting standards:
The consolidated financial statements of the RATH Group as of December 31, 2023 have been prepared in accordance with § 245a of the Austrian Commercial Code (UGB) and the provisions of the International Financial Reporting Standards (IFRS) applicable on the reporting date, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as they are to be applied in the European Union (EU). All IFRS published by the International Accounting Standards Board (IASB) and adopted by the EU for the business year for which application is mandatory were applied by the companies included in the consolidated financial statements.

The accounting practices for the companies included in the consolidated financial statements are based on the uniform accounting methods of the RATH Group.

Unless otherwise indicated, all amounts in notes and tables are stated in thousands of euros ("k€"). Both individual values and totals represent the value with the smallest rounding differences. Therefore, minor rounding differences to the reported totals may occur when adding up the individual values shown.

The present consolidated financial statements was approved for publication by the Executive Board on April 3, 2024. The annual financial statements of RATH AG was presented to the Supervisory Board for review on April 3, 2024.

2 BASIS OF CONSOLIDATION AND CONSOLIDATION METHODS

Consolidation scope:

The consolidated financial statements as of December 31, 2023, excluding RATH AG, comprises 12 (previous year: 12) subsidiaries controlled by RATH AG. No data were submitted for RATH Ukrajina TOW in the 2022 business year. All assets recognized as of November 30, 2021, with the exception of cash and cash equivalents as of December 31, 2022, were written off. This led to an earnings effect of k€ -138 in the 2022 business year. In the past business year, financial information was received as of September 30, 2023, which is included in the 2023 consolidated financial statements.

The 12 subsidiaries are fully consolidated from the date on which control is obtained, and deconsolidated when control is no longer exercised. According to IFRS 10, control is deemed to exist if the RATH Group has power of disposal over the subsidiary, is exposed to a risk burden from fluctuating returns from its interest in the associated company, or has a right to do so, and has the ability to use its power of disposal over the controlled company to influence the level of these returns and can subsequently use this to determine the financial and business policy of the company.

In addition to RATH AG, the basis of consolidation comprises the following companies:

	GROUP SHARE		FUNCTIONAL CURRENCY	CONSOLIDATION METHOD
	2023	2022		
Chamottewaren- und Thonöfenfabrik Aug. RATH jun. GmbH, Krummnußbaum, Austria	99.98 %	99.98 %	€	Full consolidation
RATH Business Services GmbH	100 %	100 %	€	Full consolidation
RATH GmbH, Meißen, Germany	100 %	100 %	€	Full consolidation
RATH Sales GmbH & Co KG, Meißen, Germany	100 %	100 %	€	Full consolidation
RATH Sales Beteiligungs GmbH, Meißen, Germany	100 %	100 %	€	Full consolidation
RATH Hungaria Kft., Budapest, Hungary	100 %	100 %	HUF	Full consolidation
RATH Inc., Newark, DE, USA	100 %	100 %	US$	Full consolidation
RATH LLC, Owensville, MO, USA	100 %	100 %	US$	Full consolidation
RATH žárotechnika spol. s r.o, Dvůr Králové nad Labem, Czech Republic	100 %	100 %	CZK	Full consolidation
RATH Polska Sp. z o.o., Dąbrowa Górnicza, Poland	100 %	100 %	PLN	Full consolidation
RATH Ukrajina TOW, Dnipro, Ukraine	100 %	100 %	UAH	Full consolidation
RATH Group S. de R.L. de C.V., Guadalupe, Mexico	100 %	100 %	MXN	Full consolidation

Corporate mergers:

Mergers are accounted for using the purchase method as of the acquisition date and thus upon transfer of control to the Group.

The acquisition cost of an item is determined as the fair values of the assets given and the liabilities incurred or assumed at the acquisition date. The acquired assets, liabilities and contingent liabilities are assessed at their fair value at the acquisition date. Intangible assets are determined internally using appropriate valuation methods. They are subject to scheduled amortization or, in the case of an indefinite useful life, are tested for recoverability at least once a year in the same way as goodwill. Acquisition-related costs are recognized as expenses. Any contingent consideration is assessed at fair value at the acquisition date.

Contingent considerations are assessed at fair value at the acquisition date. If a contingent purchase price part is classified as an equity instrument, it is not re-assessed in subsequent periods, and any settlement is recognized directly in stockholders' equity.

Otherwise, subsequent changes in the fair value of a contingent consideration are recognized as affecting net income in the profit and loss account of the period in which the change in value occurred.

Any remaining positive difference between the acquisition costs and the re-valued pro rata stockholders' equity is recognized as goodwill and allocated to cash-generating units. Goodwill is carried forward in the respective local currency in which it was allocated at the acquisition date. The test for recoverability is carried out at the level of the cash-generating units. Negative differences are recognized immediately as affecting net income in the profit and loss account under Other income after reassessment of the suitability for recognition and valuation of the acquired assets and liabilities and taking into account transaction costs.

Transactions with non-controlling stockholders

Transactions with non-controlling stockholders are treated as transactions with equity owners of the Group. Any difference arising from the acquisition of a non-controlling interest between the consideration paid for the performance and the respective share in the carrying amount of the subsidiary's net assets is recognized in stockholders' equity. Gains or losses arising from disposals of non-controlling interest are also reported in stockholders' equity.

Transactions eliminated upon consolidation

All intra-group income and expenses as well as receivables and liabilities between the fully consolidated companies are eliminated in the course of consolidation. Intermediate profits and losses arising from intra-group deliveries of goods and services in fixed and current assets are eliminated unless they are immaterial. Entries that are unilaterally recognized in the P&L account are derecognized as affecting net income, and the related deferred taxes are recognized.

3 CORPORATE MERGERS

There were no company acquisitions in the current or previous business year.

4 CURRENCY CONVERSION

Reporting currency

The consolidated financial statements is prepared in €, which is the reporting currency of the RATH Group. The financial statements of foreign companies are translated into € in accordance with the functional currency concept. For all companies, this corresponds to the respective local currency, as the companies conduct their business independently in financial, economic and organizational terms. All balance sheet items with the exception of stockholders' equity are translated at the mean exchange rate as of December 31, 2023. Goodwill is recognized as an asset in the local currency of its respective origin and is also translated at the mean rate of exchange on the consolidated balance sheet date. Expense and income items were converted at average monthly exchange rates as in the previous year.

Currency conversion differences between the closing rate in the balance sheet and the average rate within the P&L account are recognized directly in equity under the item "Currency translation differences" in the statement of comprehensive income and thus as part of other income.

The exchange rates of major currencies used for currency conversion developed as follows:

	RATE ON REPORTING DATE 31.12.2023	RATE ON REPORTING DATE 31.12.2022	AVERAGE RATE 1-12 2023	AVERAGE RATE 1-12 2022
US$	1.105	1.067	1.082	1.053
HUF	382.800	400.870	381.759	391.290
CZK	24.724	24.116	24.001	24.566
PLN	4.340	4.681	4.542	4.686
UAH	42.048	39.532	39.790	34.482
MXN	18.723	20.856	19.190	21.187

Source: Austrian National Bank (www.oenb.at)

Transactions in foreign currency
Profits and losses from transactions in a currency other than the respective functional currency are immediately recognized in the profit and loss account as affecting net income.

Monetary assets and liabilities denominated in a foreign currency as of the reporting date are translated into the functional currency at the closing rate. Non-monetary assets and liabilities assessed at fair value in a foreign currency are translated at the exchange rate applicable at the date when the fair value is determined. Non-monetary items assessed at historical purchase or production costs in a foreign currency are translated at the exchange rate at the date of the transaction.

5 EFFECTS OF NEW AND AMENDED STANDARDS

5.1 NEW AND AMENDED STANDARDS APPLICABLE IN 2023

Overview
In the preparation of the consolidated financial statements, the following amendments or changes to existing IAS/IFRS or interpretations as well as the newly issued standards and interpretations, insofar as they had been published in the Official Journal of the European Union by the balance sheet date and had come into force by that date, were observed:

STANDARD	CONTENTS	TO BE APPLIED FROM
IFRS 17	Insurance contracts including a) Amendments to IFRS 17 (issued on June 25, 2020) and b) First-time adoption of IFRS 17 and IFRS 9 Comparative information (published on December 9 2021)	January 2023
IAS 1, IFRS Practice Statement 2	Disclosures of accounting policies	January 2023
IAS 8	Definition of accounting estimates	January 2023
IAS 12	Deferred taxes from transactions in which taxable and deductible temporary differences of the same amount arise upon initial recognition	January 2023
IAS 12	International tax form - two-pillar model-Rules	not applicable

Neither of these changes has a material impact on the asset, financial and earnings position and profitability of the Group.

5.2 STANDARDS, INTERPRETATIONS AND CHANGES TO PUBLISHED STANDARDS THAT ARE NOT YET MANDATORY IN 2023 AND HAVE NOT BEEN APPLIED PREMATURELY

The following changes or revisions of standards and interpretations have not yet been fully adopted by the EU as of the balance sheet date and are not yet mandatory for the business year and have not been applied prematurely either.

Standards not yet adopted by the European Union as of the reporting date:

STANDARD	CONTENTS	NOT ADOPTED AND TO BE APPLIED FROM	EFFECTS IN THE YEAR OF FIRST-TIME APPLICATION
IAS 1	a) Classification of liabilities as current or non-current b) Long-term liabilities with covenants	January 2024	No significant effects
IFRS 16	Lease liability in a sale and leaseback transaction	January 2024	No significant effects
IAS 7/IFRS 7	Supplier financing agreements	January 2024	No significant effects
IAS 21	Lack of Exchangeability	January 2025	This change is currently being evaluated.

6 ACCOUNTING AND VALUATION PRINCIPLES

6.1 TANGIBLE ASSETS

Tangible assets (property, plant and equipment) are valued at purchase or production costs less accumulated scheduled depreciations and impairments. Acquisition and production costs include all costs incurred to bring the asset up to its current condition and location. The production costs of internally produced assets include the expenses attributable directly to the production. Borrowing costs are recognized if and insofar as they can be attributed to a qualifying asset. As in the previous year, no borrowing costs were recognized in the reporting year as there were no qualifying assets.

Costs incurred for an item in later periods (subsequent purchase or production costs) are capitalized only if it is probable that the RATH Group will derive future economic benefit from it and the costs can be reliably determined.

Depreciation of wear-and-tear tangible assets is carried out using the straight-line method over the expected useful life of the assets concerned. The depreciation is as a matter of principle recognized in profit or loss. Depreciation methods, residual values and economically useful lives are reviewed on every balance sheet date and adjusted if required. The following useful lives in years were assumed when determining the depreciation rates:

	USEFUL LIFE IN YEARS	
Building	from 10	to 35
Machinery	from 10	to 35
Business equipment	from 10	to 15

Profits and losses from disposals of property, plant and equipment are calculated as the difference between the proceeds from the disposal and the carrying amounts of the tangible asset and are recognized in the profit and loss account under "Other operating income" or "Other operating expenses".

Ordinary maintenance and minor repairs are treated as immediate expenses.

6.2 LEASES

The RATH Group applies the option for simplifications both in connection with leases with short terms (12 months or less) and with low-value assets. The Group has entered into leases (as lessee) for various electronic equipment and machinery, which are recognized as low-value assets in accordance with IFRS 16.

For those leases which fall under the options, the accounting method does not change, the expenses still appear in the P&L statement.

Assets and liabilities from leases are initially recognized at present value. The leasing liabilities include the present value of the following lease payments:

- fixed payments (including de facto fixed payments, less any leasing incentives to be received)
- variable lease payments linked to an index or (interest) rate, initially valued at the index or interest (rate) on the date of provision
- expected payments from the RATH Group from the utilization of residual value guarantees
- the exercise price of a purchase option whose exercise by the Group is sufficiently certain
- penalties in connection with the termination of a lease, if and insofar as during the term it is taken into account that the Group will exercise the termination option in question.

Within the Group, contracts exist in which the Group acts as lessee and which each contain a service component in addition to a leasing component. The Group does not exercise the option to account for the entire agreement in accordance with IFRS 16 and will therefore separate the two components, if and insofar as this is possible. The Group determines the maturity of leasing liabilities using the redemption model. Under the redemption model, the current portion corresponds to the redemption portion of the leasing liability.

Scheduled depreciation and amortization is taken into account for the right-of-use asset over the lease term. The term of the individual leases corresponds to the non-terminable basic lease term, taking into account termination, extension and purchase options to the extent that it is reasonably certain that these will be exercised. As a matter of principle, all circumstances that provide an economic incentive to exercise potential options are taken into account.

6.3 INTANGIBLE ASSETS AND GOODWILL

First-time recognition
In accordance with IAS 38, both externally acquired and internally generated intangible assets are recognized only if

- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the purchase or production costs of the asset can be measured reliably

In order to assess the probability of future economic benefits, reasonable and justified assumptions regarding the framework conditions are included. In the case of intangible assets that were acquired separately or in the course of a merger, the probability criterion pursuant to IAS 38 is as a matter of principle considered to be met.

Individually acquired intangible assets are valued at purchase or production costs upon initial recognition. Purchase or production costs include all expenses incurred to bring the asset up to its current condition. The acquisition cost of an intangible asset acquired in a merger is tantamount to its fair value at the acquisition date.

Subsequent valuation
Following initial recognition, intangible assets are recognized at purchase or production costs less cumulative depreciations and impairment. Depreciation is calculated using the straight-line method over an estimated useful life. The following useful lives in years were assumed when determining the depreciation rates:

	USEFUL LIFE IN YEARS	
Customer relations	6	
Rights under trademark law	5	
Other intangible assets	from 1	to 15

There are no intangible assets with an indefinite/indeterminable useful life.

Gains and losses from disposals of intangible assets are calculated as the difference between the proceeds from the disposal and the carrying amounts of the intangible assets and are recognized in the P&L account under "Other operating income" or "Other operating expenses". Development expenses are capitalized only if the development costs can be assessed reliably, if the product or the procedure is technically and commercially suitable, if a future economic use is likely, and if the Group intends to and has sufficient resources to finish the development and use or sell the asset. Capitalized development expenses are assessed as purchase or production costs less cumulative depreciations and cumulated impairments.

Goodwill
The goodwill reported in the balance sheet results from the application of the purchase method for mergers. The acquired goodwill was allocated in full to the "USA" segment (see Note (7) and (9)) on the basis of the expected synergies to which the assets not recognized in the course of the purchase price allocation are allocated.

Internally generated intangible assets:
In the case of internally generated intangible assets, the period of manufacture is divided into a research and a development phase. Development expenses are incurred in particular for new refractory technologies and significant improvements in their performance and quality.

Development expenses are capitalized only if all the conditions of IAS 38 are met cumulatively:

- The completion of the intangible asset can be technically realized to the extent that it can be used or sold.
- The intention to complete the intangible asset and use or sell it.
- The ability to complete the intangible asset and use or sell it.
- The manner in which the intangible asset is expected to generate future economic benefits can be demonstrated.
- Adequate technical, financial and other resources are available to complete development, and the intangible asset can be used or sold.
- The expenditure attributable to the intangible asset can be measured reliably. In the business year as in the previous year, these conditions were met for individual projects (see note (9)).

As of the balance sheet date, there are intangible assets not yet available for use amounting to k€ 1,867 (previous year: k€ 1,220). These are tested annually or whenever there are indications of potential impairment.

Capitalized development expenses are shown net in the respective expense items.

6.4 IMPAIRMENT OF NON-CURRENT ASSETS

General
Intangible assets, property, plant and equipment, leasing rights of use, as well as the comprehensive cash-generating units (CGUs), are tested for impairment at each balance sheet date, or whenever a triggering event occurs, using a qualitative analysis. Capitalized development costs for projects in progress as well as goodwill are tested annually for recoverability. The basis for this analysis follows the specifications of the management of the RATH Group.

In case of indications, the RATH Group calculates the recoverable amount for the asset. This corresponds to the higher of use value and fair value minus selling costs. Should the recoverable amount be less than the carrying amount of the asset, an impairment loss for this difference is to be reported as affecting net income.

Goodwill
According to IFRS 3 "Business Combinations", goodwill is not subject to scheduled amortization, but is to be tested for impairment annually or more frequently if there are indications that impairment may have occurred. Any impairment loss identified in this process is to be recognized at the amount by which the carrying amount of the respective cash-generating unit, including the goodwill allocated to this unit, exceeds the respective recoverable amount. This is the higher of use value and fair value less the selling costs.

Goodwill completely revalued unscheduled is reported in the Summary of Fixed Assets as a disposal.

Determination of the value in use

The use value of the asset is equivalent to the present value of anticipated future cash flows from its continued use and end-of-life disposal. If no cash flow that is independent of other assets can be determined for an individual asset, the use value is calculated using the next largest unit to which this asset belongs, generating cash flows that are largely independent of the inflows from other assets (cash-generating units, CGUs). The RATH Group defines the individual group companies, grouped by countries, as CGUs.

The starting point for the cash flow forecasts on an after-tax basis to determine the value in use is the budget approved by Executive Board and adopted by the Supervisory Board. After a detailed planning period extending over 5 years, a perpetual annuity is assumed based on the assumptions of the previous year, taking into account a sustainable long-term growth rate amounting to 2 % (previous year: 2 %), which tends to offset general inflation. The planning and forecasting of free cash flows is based in particular on internal and external assumptions about expected future selling prices and volumes, and the costs required to achieve them (in particular energy prices, raw materials, and personnel and taxes), taking into account the expected market environment. In addition, planned capital expenditures as well as the change in working capital are taken into account.

The planned or forecast future cash flows (free cash flows) before taxes are discounted to a present value using the discounted cash flow method. In order to take account of fluctuating inflation trends, the discount rate used this year is a period-specific blended rate calculated individually using the Capital Asset Pricing Model (CAPM) from the average return on debt and the expected return on equity employed (Weighted Average Cost of Capital/ WACC). The period-specific WACCs were largely determined using externally available capital market data from comparable companies.

The following period-specific WACCs after tax were used for the impairment tests of CGUs:

CGU	ALLOCATED GOODWILL K€	WACC	WACC BEFORE TAXES	GROWTH RATE PERPETUAL ANNUITY
AT	0	7.92 %	7.94 %	2.00 %
DE	0	7.24 %	7.26 %	2.00 %
HU	0	9.98 % – 11.93 %	9.99 % – 11.94 %	2.00 %
US	1,978	6.75 % – 7.58 %	6.77 % – 7.60 %	2.00 %
REST OF	0	8.62 % – 8.64 %	8.64 % – 9.53 %	2.00 %

The fair value measurement is classified in its entirety within Level 3 of the fair value hierarchy, as significant inputs (in particular cash flows) are not observable in the market.

Any subsequent non-impairment leads to a reversal of impairment affecting net income up to the lower value of the amortized purchase or production costs and the recoverable amount.

As of the balance sheet date, and thus unchanged from the previous year's balance sheet date, no impairment loss or reversal of impairment was recognized in relation to the CGUs.

Sensitivity of the assumptions made

Significant macroeconomic and industry- and company-related assumptions were made in determining the use values of the individual CGUs. The impairment test was supplemented with stress tests by changing the key parameters individually and jointly as part of a sensitivity analysis.

The cash-generating units (CGUs) were individually simulated as part of the sensitivity analysis for the following parameter changes (stress test): A relative reduction in planned EBITDA of 5 % was assumed in the detailed planning period and in perpetuity. In this simulation, there is no shortfall in the value in use compared to the carrying amount of the cash-generating units. If the WACC is increased by 1.5 %, the simulation does not lead to a shortfall in the value in use compared to the carrying amount in the cash-generating units. A reduction in the growth rate in the perpetual annuity of 0.5 percentage points does not result in a shortfall in any of the cash-generating units.

6.5 GOVERNMENT GRANTS

Government grants for expenses are recognized as other operating income in the respective period, except when the payment of the grant is dependent on conditions that do not occur with sufficient probability yet.

Expense subsidies
Expense subsidies are recognized as deferred income from the date of the binding commitment and deducted from the corresponding expense item in accordance with the expenses incurred.

A total of k€ 125 (previous year: k€ 1,141) in government grants was committed in the 2023 business year; k€ 125 (previous year: k€ 441) was deducted from the expenses incurred in the business year. In 2023, k€ 105 (previous year: k€ 0) was recognized as other operating income.

Investment grants
Investment grants are recognized on the liability side from the time binding approval is given, and reported as affecting net income in accordance with the depreciation of the assets in question.

No investment grants were recognized as liabilities as of December 31, 2023 (previous year: k€ 1,760). A total of k€ 55 (previous year: k€ 36) in investment grants was recognized in other operating income.

Emission certificates
Based on Directive 2003/87/EC of the European Parliament and of the European Council establishing a scheme for greenhouse gas emission allowance trading, emission certificates are allocated free of charge to the affected companies in the RATH Group through national allocation plans. In addition, the companies concerned were allocated quotas for the exchange of international emission certificates for EU emission allowances free of charge.

Emission certificates allocated free of charge and profits from the exchange of international emission allowances acquired against payment for EU allowances using the quota allocated free of charge are not recognized in the consolidated financial statements of the RATH Group.

To the extent that the certificates used exceed the certificates held, the accrual or provision is measured at the fair value of the certificates (to be replenished) at the relevant reporting date. As of December 31, 2023, sufficient emission certificates were available, as was the case on the previous year's reporting date.

6.6 FINANCIAL ASSETS AND LIABILITIES

Valuation and initial assessment
Trade receivables are recognized from the date on which they arise. All other financial assets and liabilities are initially recognized on the trading day when the organization becomes a party to the contract under the terms of the instrument.

A financial asset (other than a trade receivable without a significant financing component) or a financial liability is initially assessed at fair value. In the case of an item that is not valued at FVTPL, the transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added. Trade receivables without significant financing components are valued at the transaction price upon initial recognition.

Classification and subsequent valuation of financial assets
Upon initial recognition, a financial asset is classified and valued as follows:

- *Financial assets at amortized cost*
  These assets are subsequently measured at amortized cost using the effective interest method. The amortized acquisition costs are reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. A gain or loss from the derecognition is recognized in profit or loss.

- *FVTPL*
  These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

- *FVOCI debt instruments*
  These investments into debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Other net gains or losses are recognized in other income. Upon derecognition, the accumulated other income is reclassified to profit or loss.

- *FVOCI equity investments*
  Equity investments are assessed at fair value with changes in other income. Dividends are recognized as earnings in profit or loss unless the dividend is clearly covering part of the costs of the investment. Other net gains or losses are recognized in other income and never recycled to profit or loss.

Financial assets are reclassified after initial recognition only if the Group changes its business model for managing the financial assets. In this case, all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is valued at amortized cost if both of the following conditions are met and it has not been designated as FVTPL:

- It is held in the context of a business model whose objective is to hold financial assets in order to collect the contractual cash flows, and

- the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding.

A debt instrument is designated as FVOCI (fair value through other comprehensive income) if both of the following conditions are met and it has not been designated as FVTPL:

- It is held in the context of a business model whose objective is to hold financial assets to collect the contractual cash flows as well as to sell financial assets; and

- its contractual terms result in cash flows at specified dates, which constitute exclusively payments of principal and interest on the outstanding principal.

Upon initial recognition of an equity investment that is not held for trading, the RATH Group may irrevocably elect to show consequential changes in the fair value of the investment in other income. This choice is made on a case-by-case basis for each investment.

All financial assets that are not valued at amortized cost or at FVOCI are assessed FVTPL. This includes all derivative financial assets. Upon initial recognition, the Group may irrevocably decide to designate financial assets that otherwise qualify for valuation at amortized cost or at FVOCI at FVTPL if this results in the elimination or significant reduction of accounting mismatches otherwise occurring. There are no receivables or liabilities within the Group that are measured at fair value.

Impairment of financial assets
The Group assesses the expected credit losses associated with debt instruments measured at amortized cost or fair value through equity on a forward-looking basis. The impairment method depends on whether there is a significant increase in credit risk.

In the case of trade receivables, the Group applies the simplified approach permitted by IFRS 9, according to which expected credit losses are to be recognized over the term of the receivables from the time of initial recognition. In order to measure the expected credit losses, trade receivables and contract assets were combined on the basis of common credit risk characteristics and days past due. Contract assets relate to work in progress that has not yet been invoiced and have essentially the same risk characteristics as trade receivables for the same types of contracts have. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment profiles of the revenues over a period of 36 months prior to December 31, 2023 or January 01, 2024, respectively, and the corresponding historical defaults in this period. Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the claims. The Group has identified the country risk in relation to the respective customer domicile as the most relevant factor and adjusts the historical loss rates based on expected changes in these factors. The default risk of trade receivables and contract assets is generally classified as low. A significant increase in this is estimated from an overdue period of 90 days.

Information on developments of the value adjustment in relation to trade receivables is provided in Note (12).

Trade receivables and contract assets are derecognized when it is reasonably considered that they are no longer realizable. Indicators that, based on reasonable judgment, claims no longer appear to be recoverable include, without being limited to, a debtor's failure to commit to a repayment schedule to the Group and a failure to make contractual payments for a period of more than 120 days in arrears. In order to determine the loss ratio, i.e. the actual loss of receivables in the event of a customer default or what is likely to be uncollectible from the insolvency estate, the customer's financial situation as well as empirical values and estimates by legal experts are taken into account in addition to any collateral.

Impairment losses on trade receivables and contract assets are presented in the operating result as impairment losses, net. Amounts achieved in subsequent periods and previously written off are recognized in the same item.

Classification of financial liabilities
Upon initial recognition, a financial liability is classified and valued as follows:

- Other financial liabilities (at amortized cost)

- FVTPL (at fair value through profit or loss)

Other financial liabilities are subsequently assessed at amortized cost using the effective interest method. Interest expenditures and foreign currency translation differences are recognized in profit or loss. Profits or losses from write-off are also recognized in profit or loss.

Write-off
The Group writes off a financial asset whenever the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the cash flows in a transaction in which all significant risks and rewards of ownership of the financial asset are transferred. Write-off takes place also if the Group neither transfers nor retains all material risks and rewards of ownership and does not retain power of disposal over the transferred asset.

The Group writes off a financial liability when the contractual obligations have been fulfilled, canceled or expired. The Group also writes off a financial liability if its contractual terms are changed and the cash flows of the adjusted liability significantly differ. In this case, a new financial liability is recognized at fair value based on the revised terms. Upon derecognition of any financial liability, the difference between the book value of the repaid liability and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Derivative financial instruments
As of December 31, 2023, and thus unchanged from the previous year's balance sheet date, the RATH Group does not hold any derivative financial instruments.

6.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include ready money and readily available bank balances with a remaining time to maturity of up to three months. The item Cash and cash equivalents corresponds to the cash fund in the consolidated cash flow statement.

6.8 INVENTORY

Inventory is valued at the lower value of the purchase or production costs and the net realizable value as of the balance sheet date. The RATH Group reviews the recoverability of inventory at regular intervals and compares them with the net realizable value on the sales market (selling price less attributable selling and administrative costs). If this is lower than the cost of acquisition or production is, a depreciation to net realizable value is recognized as affecting net income.

In addition, marketability discounts for raw materials, excluding spare parts, are assumed to be 50 % in case of no consumption of the raw material between 2 and 3 years and 100 % in case of no consumption over 3 years. In the case of finished products, a distinction is made between adhesives and castables and other finished products. Adhesives and castables are written down by 100 % if they have not been used within one year. For all finished products other than standard products, the following movement discounts apply:

- No consumption within 3 years: 33 %
- No consumption within 4 years: 67 %
- No consumption within 5 years and more: 100 %

If the reason for the marketability discount or the impairment due to a lower net realizable value ceases to apply, the value adjustment is reversed.

Purchase or production costs include all costs of manufacturing, working and processing, as well as other costs that have been incurred to bring the inventory in its current location and condition. Production costs include all direct costs and variable costs and overheads that are systematically incurred during production on the basis of the average utilization of the production facilities. Unit costs are calculated using the moving average price method.

The net realizable value is the estimated selling price in the ordinary course of business less applicable variable cost of sales and production.

6.9 EMPLOYEE BENEFITS

- *Short-term employee benefit*s
  Obligations from short-term employee benefits are recognized as an expense as soon as the related work is performed. A liability is recognized for the amount expected to be payable if the Group currently has a legal or actual obligation to pay that amount as a result of employee service, and the obligation can be estimated reliably.

- *Defined-contribution plans*
  Obligations for contributions to defined-contribution plans are recognized as an expense as soon as the related work is performed. Prepaid contributions are recognized as assets if and insofar as a right to reimbursement or a reduction in future payments arises. In the case of defined-contribution pension plans, the company performs payments to private or public pension systems and employee and employee pension funds due to statutory or contractual obligations. There are no other obligations beyond the payment of contributions.

- *Defined-benefit plans*
  All other obligations result from unfunded, defined-benefit plans and are provided for accordingly. The Group's net obligation with regard to defined-benefit plans is calculated separately for each plan by estimating the future benefits that the employees have earned in the current and prior periods. This amount is discounted, and the fair value of any scheme assets is deducted.

This obligation is calculated in accordance with IAS19. The present value of the DBO (Defined Benefit Obligation) is determined. The DBO is calculated using the projected unit credit (PUC) method. According to this method, future payments are calculated using realistic assumptions over that period during which the respectively entitled persons acquire these entitlements. The calculation of the required provision value is done for the respective balance sheet date by an actuary's expert opinion.

Future obligations will be assessed according to actuarial principles and are based on a proper assumption of the discount rate, salary increase factor and the pension increase factor. Assumption-based revaluations of the net liability from defined-benefit plans are recognized directly in stockholders' equity via other income in the year in which they occur. Thus, the accrual or provision usually corresponds to the actual obligation on the respective balance sheet date. Any past service costs are immediately recognized as affecting net income. Regarding the anniversary bonus provisions, actuarial profits and losses are immediately reported as affecting net income. For severance payment provisions and pension provisions, the results from the revaluation of the net liability are recognized in the other income. With respect to severance payment provisions, the service costs are distributed over the time frame in which the maximum entitlement to compensation is reached.

6.10 ACCRUALS AND PROVISIONS

Accruals and provisions are recognized whenever the RATH Group has a legal or factual obligation to a third party as a result of a past event, whereby it is likely that this obligation will lead to a reduction of resources and a reliable estimate of the amount of the obligation can be made. If dismantling work needs to be carried out on a tangible asset at the end of its useful life, the associated expenses will be entered on the liabilities side in the form of an accrual or provision for costs of disposal and capitalized as part of purchase or production costs. The accruals and provisions are recognized at the value corresponding to the best possible estimate of the expenditure required to fulfill the obligation. If the present value of the accrual or provision established using a standard market interest rate is significantly different from the nominal value, the present value of the obligation is recognized.

A provision for warranties is recognized once the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible results with the related probabilities.

6.11 TAXES

Tax expenditure includes current and deferred taxes. Current taxes and deferred taxes are recognized in profit or loss. Excepted from this are those items that are associated with a merger or with an item recognized directly in stockholders' equity or in other income.

Interest and penalties on income taxes that do not meet the definition of income taxes are accounted for in accordance with IAS 37. IFRIC 23 is taken into account for the accounting of uncertain tax items.

Current taxes
Current taxes are the expected tax payables or tax claim on taxable income or fiscal loss for the business year based on tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable for earlier years. The amount of the expected tax liability or tax claim reflects the amount that represents the best estimate, taking into account fiscal uncertainties, if and insofar as there should be any. Current tax liabilities also include all tax liabilities arising as a result of the determination of dividends.

Current taxes for individual companies within the RATH Group are calculated from the income tax liability of the company and the tax rate applicable in the respective country. Current tax assets and liabilities are netted only under certain conditions.

There is a tax sharing agreement in accordance with § 9 (8) of the Austrian Corporation Tax Act of 1988 between RATH AG as the group parent and the group companies Aug. RATH jun. GmbH and RATH Business Services GmbH as group members for the purpose of group taxation. In addition, there is a fiscal unity between the US companies and the companies in Germany.

Deferred taxes
Deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for Group accounting purposes and the amounts used for fiscal purposes and for fiscal loss carry-forwards. No deferred taxes are reported for the following items:

- temporary differences upon initial recognition of assets or liabilities in a transaction that is not a merger of companies and affects neither the balance sheet result before taxes nor the taxable result.

- temporary differences associated with investments into subsidiaries, affiliates and associates and jointly controlled entities, if and insofar as the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

- taxable temporary differences upon initial valuation of goodwill.

A deferred tax asset for unused fiscal losses, unused fiscal credits and deductible temporary differences is recognized to the extent that it is probable that future taxable results will be available against which it can be utilized. Future taxable profits are determined on the basis of the reversal of taxable temporary differences. If the amount is not sufficient to fully capitalize deferred tax assets, the future taxable profits – taking into account the reversal of temporary differences – are to be determined on the basis of the individual business plans of the subsidiaries. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. Write-ups are made if the probability of future taxable income improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it is probable that future taxable earnings will allow the asset to be recovered.

Deferred taxes are assessed using the tax rates expected to apply to temporary differences as soon as they reverse, using tax rates in force or announced at the reporting date. The calculation of deferred taxes in Austria was based on a tax rate of 23 % from 2024 (previous year 24 % for the year 2023 and 23 % for subsequent years). Unchanged from previous years, the calculation was carried out in Germany with 31 %, in Hungary with 9 % and in the USA with 23 %.

The valuation of deferred taxes reflects the fiscal consequences arising from the Group's expectations regarding the manner in which the carrying amounts of its assets and liabilities will be recovered or settled at the reporting date.

Deferred tax assets and deferred tax liabilities are to be netted if certain conditions are met.

6.12 REVENUE RECOGNITION

General

The basis for the recognition of sales revenue within the RATH Group is the existence of a contract in which a consideration is agreed with the customer. The consideration is allocated to the individual performance obligations under the contract on the basis of their relative individual selling prices. If these are not available (e.g. for customer-specific projects), the expected costs plus a margin are used.

Variable consideration is recognized in sales revenue only to the extent that it is highly probable that there will not be a significant reduction in such amounts in the future. Sales revenue is therefore presented less any rebates, discounts, bonuses and any contractual penalties. Revenue recognition is also performed for graded price structures that define discounts in future periods. Recognition of variable considerations is mainly based on historical data.

The diversity in the product and customer portfolio is also reflected in the payment terms and is particularly pronounced in the project business. In general, the RATH Group strives for payment schedules that roughly correspond to the progress of the project or the shortest possible payment terms for pure delivery orders.

Depending on the nature of the performance obligation, it is recognized as turnover in a date-based or period-based manner, respectively.

Performance obligations within the RATH Group

The RATH Group produces and sells refractory products. These include high-temperature insulation wool, rolls, mats, combination modules, lightweight refractory bricks and dense bricks, and castables as well as vacuum-formed parts and filter elements. In addition to the production of standard formats, also customer-specific products are manufactured, whose production usually requires engineering (planning). In the context of projects, customers are provided with holistic refractory solutions such as furnaces. In addition to engineering, further services such as assembly, supervision or repair services are offered and also sold together with the production service.

A performance is customer-specific if:

- the design specifications are unique to a customer and reworking would be uneconomical or involve significant costs; or
- alternative use of the products is limited by contractual restrictions.

At the beginning of the contract, independent goods or services are deferred and identified as a performance obligation. A number of distinct goods or services that are essentially the same and exhibit the same transfer pattern to the customer are identified as a performance obligation (e.g. production of several identical bricks with standard format).

A product or a service is independently deferrable if the following two criteria are met:

- the customer derives benefits from the promised goods or services directly or in combination with other resources available to the customer; and
- the promised goods or services are separable from other promised goods or services under the same contract.

The following significant and typical performance obligations exist within the RATH Group:

- Production of products with standard format
- Engineering (incl. documentation) and manufacturing of customer-specific products
- Services such as installation, supervision, repair or maintenance

Neither in the business year nor in the previous year were there any agreements containing significant financing components or significant guarantees or warranties and associated obligations. As in the previous business year, the performance obligations have an expected original term of a maximum of one year.

Period-based revenue recognition

The Group recognizes revenue over a period of time if any of the following criteria is met:

- The customer receives the benefit of the performance provided and consumes it at the same time
- Production or improvement of an asset over which the customer has control during the production or improvement
- Customer-specific performance: Production of an asset that cannot be used by the company for any other purpose, where there is an entitlement to receive payment for the performances rendered so far and an expectation that the contract be performed as agreed

This results in the following typical performance obligations within the RATH Group, for which period-based revenue is recognized:

- Engineering (incl. documentation) and manufacturing of customer-specific products
- Services such as installation, supervision, repair or maintenance

Date-based revenue recognition

If the criteria for period-based revenue recognition are not met, the revenues are recognized in a date-based manner. Revenue is therefore recognized when control is transferred on a specific date. Here, the Group uses the following indicators:

- The significant risks and rewards of ownership of the asset lie with the customer in accordance with the agreed INCOTERM
- Customer acceptance (unless a mere formality)

The RATH Group has the following significant and typical performance obligations, for which date-based revenue recognition is applied:

- Production of products with standard format

Contract costs

Costs incurred to obtain a contract with an expected term of no more than one year are recognized in accordance with IFRS 15:91–94. Significant costs incurred in obtaining a contract with a term of more than one year are capitalized as an asset and expensed over the term of the contract. As of December 31, 2023, no deferred contract costs existed (previous year: k€ 0).

6.13 FINANCIAL INCOME AND EXPENSES

The Group's financial income and expenses comprise:

- Interest income
- Interest expenditures
- Income from securities
- Net gains or losses from financial assets assessed at FVTPL
- Foreign exchange gains and losses from financial assets and liabilities
- Impairment losses (and reversals of impairment losses) on investments in securities measured at amortized cost

Interest income and expenses are recognized in profit or loss using the effective interest method. Income from securities is recognized in profit or loss at the time when the Group has a legal claim to payment.

The effective interest rate is the interest rate that exactly discounts the estimated future cash outflows or receipts over the expected lifetime of the financial instrument:

- on the net book value of the financial asset, or
- on the residual book value of the financial liability.

In the calculation of interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (if the asset's credit rating is not impaired) or to the residual carrying amount of the liability. For financial assets that are impaired in terms of credit rating after initial recognition, by contrast, interest income is calculated by applying the effective interest rate to the amortized acquisition cost of the financial asset. If the credit rating of the asset is no longer impaired, interest income is again calculated on a gross basis.

6.14 USE OF DISCRETIONARY DECISIONS AND ESTIMATES

General

Preparation of the consolidated financial statements requires the management to make certain estimates and assumptions that affect the application of accounting and valuation methods, the recognition and measurement of assets and liabilities and contingent liabilities, the disclosure of other obligations at the balance sheet date, and the recognition of income and expenditures during the reporting period.

Historical information, planning data and economic conditions of the business environment are taken into account when determining the estimates and assumptions. These estimates and the underlying assumptions are reviewed on an ongoing basis. The actual amounts may differ from these estimates. With respect to liabilities and impairments not reported in the balance sheet and arising from sureties, guarantees and other contingencies, regular estimates are made as to whether recognition is required in the consolidated financial statements.

The following accounting and valuation methods are most significantly associated with management's use of discretion, estimates and assumptions:

Revenue recognition

In addition to material supplies and deliveries, there are often other performance obligation such as engineering, supervision or installation services. This gives rise to discretionary scope with regard to determining the individual distinguishable performance obligations and the allocation of the consideration to them on the basis of their individual selling prices. It is also necessary to exercise discretion as to whether in the case of orders from long-standing existing customers or in areas in which the Group has long-standing experience a customer acceptance not yet performed should be classified as a formal act and therefore revenue is recognized in a period-based manner.

In addition, the assessment of whether a material is customer-specific requires certain discretionary powers. This classification is decisive for the timing of revenue recognition. Determination of the transaction price hardly involves any discretionary decisions, as it is usually not of a variable nature.

The RATH Group provides various types of product guarantees depending on the business line and market conditions. The accounting of provisions for product warranties is as a matter of principle associated with estimates regarding the frequency and amount of the claims. These estimates are based on historical records of the frequency and amount of warranty claims as well as management's best estimate of the expected benefits from warranty claims. As there have been no significant expenses from warranty claims in the past and no significant changes are expected in the future, we did not recognize a provision for product liability in the previous year.

Recognition of deferred tax assets

In order to determine deferred tax assets, assumptions have to be made regarding future taxable income and the time of realization of deferred tax assets. However, since future business developments are uncertain, and in some cases they cannot be influenced by the RATH Group, the valuation of deferred taxes is subject to uncertainties.

Accounting of mergers

The accounting of mergers requires the use of discretionary judgment in assessing the identifiability of intangible assets and recognizing all identifiable assets, liabilities and contingent liabilities at their fair values at the acquisition date. In particular, the valuation of intangible assets is as a matter of principle based on the forecast of the overall expected future cash flows and is closely linked to management's assumptions regarding their future development and the underlying developments of the discounting interest rate to be applied.

Impairment of assets

Goodwill and assets are reviewed for recoverability whenever any events or changes in circumstances indicate that the carrying amount of an asset or group of assets may exceed its recoverable amount. Goodwill and intangible assets not yet ready for use are to be tested for recoverability annually, even if there are no signs of impairment. When assessing recoverability, the management makes estimates and future-related assumptions about the expected cash flow surpluses and cost of capital rates for the RATH Group and individual cash-generating units in the planning periods. The estimates made are made to the best of the management's knowledge and belief under the going concern assumption, are based on experience, and take the remaining uncertainty into account in an appropriate manner.

Useful lives of property, plant and equipment

Determination of the useful lives of property, plant and equipment is based on estimates that are in turn based on experience from the operation of comparable assets. A list of the useful lives is provided in Note (6.1).

Valuation of existing obligations for pensions, severance payments and service anniversary bonuses

The actuarial valuation of pension plans as well as of severance remuneration and service anniversary bonuses is based on assumptions concerning the expected discount rate, salary and pension increases, fluctuation rates and life expectancy. Detailed information on the parameters used as well as a sensitivity analysis is provided in Note (15).

Subsequent measurement of trade receivables and contract assets

Value adjustments for trade receivables and contract assets are based on the expected credit losses. This requires assumptions to be made to determine the weighted average loss rates.

Capitalization of development costs

In addition to the definition of the research and development phase, the assessment of technical feasibility also involves discretionary decisions by the management. Meeting the recognition criteria for intangible assets under IAS 38 likewise necessitates assumptions about market conditions and developments, customer demand and other future developments.

7 BUSINESS SEGMENTS

General

The business segments are presented by region. The business segmentation by regions corresponds to the RATH Group's internal reporting system, which is regularly presented to the chief operating decision-maker, the Executive Board of RATH AG.

Assets and liabilities as well as yields and expenses are allocated to the individual business segments only if and insofar as they are attributable to the respective business segments directly or by way of a reasonable procedure. Allocations between the individual segments are performed using the arm's length principle.

The business segment information is subject to the same accounting and valuation methods as the consolidated financial statements is, and is presented according to the following regions:

Austria:	RATH AG, Chamottewaren- und Thonöfenfabrik Aug. RATH jun. GmbH, RATH Business Services GmbH
Germany:	RATH GmbH, RATH Sales GmbH & Co KG, RATH Sales Beteiligungs GmbH
Hungary:	RATH Hungaria Kft.
USA:	RATH Inc., RATH LLC
Rest of world:	RATH žárotechnika spol. s r.o, RATH Polska Sp. Z o.o., RATH Ukrajina TOW, RATH Group S. de R.L. de C.V.

Segment reporting

The segment "Austria" comprises the production site in Krummnußbaum, where, in addition to the production of lightweight refractory bricks and dense bricks, further focuses are on the production of vacuum-formed parts and stove fitter products. The holding company RATH AG and RATH Business Services GmbH are also allocated to this segment.

Filter cartridges for hot-gas filtration are produced in addition to vacuum-formed parts at the Meißen plant, which is assigned to the "Germany" segment. The Mönchengladbach plant mainly produces high-temperature wool, from which we manufacture mats and rolls or modules. The focus of the Bennewitz plant is on the production of lightweight refractory bricks .

The plant in Budapest belongs to the "Hungary" segment and produces mainly pre-cast blocks and dense bricks as well as lightweight refractory bricks.

In the "USA" segment, refractory products are produced and sold at the two locations in Milledgeville and Owensville. The Milledgeville plant mainly produces dense bricks. At the Owensville site, the production focus is on refractory products for the glass industry and the further processing of vacuum-formed parts.

In the above segments, in addition to the production of standard formats, customer-specific products are also manufactured, whose production generally requires engineering (planning). In the context of projects, customers are provided with holistic refractory solutions. In addition to engineering, further services such as assembly or supervision are offered and also sold together with the production service.

The segment "Rest" consists of the sales companies in the Czech Republic, Poland, Ukraine, and Mexico.

	AUSTRIA KE	GERMANY KE	HUNGARY KE	USA KE	REST KE	CONSOLIDATION KE	TOTAL KE
2023							
Orders for goods	33,457	21,397	11,840	21,558	2,963	0	91,215
Delivery of materials including services	17,201	11,093	917	515	825	0	30,551
Intra-Group sales	9,352	27,228	7,149	2,014	457	-46,200	0
Other revenues	0	21	0	0	0	0	21
Total	**60,010**	**59,739**	**19,906**	**24,087**	**4,245**	**-46,200**	**121,787**
Other operating income	9,165	4,158	233	0	67	-11,682	1,941
Cost of material and purchased services	-39,341	-36,457	-11,169	-12,881	-1,882	46,054	-55,676
Personnel expenses	-15,009	-12,619	-2,916	-6,364	-1,073	0	-37,981
Other operating expenses and impairment loss from trade receivables and contract assets	-11,240	-8,080	-1,873	-3,601	-706	11,822	-13,678
EBITDA	**3,585**	**6,741**	**4,181**	**1,241**	**651**	**-5**	**16,393**
Depreciations	-1,623	-2,025	-761	-1,950	-81	0	-6.440
Segment result (EBIT)	**1,962**	**4,716**	**3,419**	**-710**	**570**	**-5**	**9,951**
Financial income	4,431	9,699	883	33	64	-14,520	590
Financial expenses	-2,349	-173	-609	-586	86	787	-2,844
Financial result	**2,081**	**9,526**	275	-553	**149**	**-13,737**	**-2,259**
Earnings before tax (EBT)	**4,044**	**14,242**	3,694	**-1,263**	**719**	**-13.743**	**7,693**
Income tax	-200	-1,882	-500	-12	18	147	-2,429
Annual yield	**3,843**	**12,361**	**3,194**	**-1,274**	**737**	**-13,597**	**5,264**
Segment assets	132,351	72,408	20,222	37,143	4,282	-131,210	135,197
Segment liabilities	86,675	40,254	14,152	38,947	2,708	-105,778	76,960
Investments	1,113	3,923	1,195	547	7	0	6,785
Depreciations	1,623	2,025	761	1,950	81	0	6,440

	AUSTRIA K€	GERMANY K€	HUNGARY K€	USA K€	REST K€	CONSOLIDATION K€	TOTAL K€
2022							
Orders for goods	27,978	25,895	11,363	23,022	2,867	0	91,125
Delivery of materials including services	15,514	8,452	418	1,270	794	0	26,448
Intra-Group sales	9,588	31,183	7,360	2,274	378	-50,783	0
Other revenues	0	21	0	0	0	0	21
Total	**53,080**	**65,551**	**19,141**	**26,566**	**4,039**	**-50,783**	**117,594**
Other operating income	8,403	2,669	207	-1	110	-10,056	1,335
Cost of material and purchased services	-37,155	-43,328	-13,062	-13,366	-2,214	50,640	-58,480
Personnel expenses	-13,227	-12,072	-2,416	-6,169	-946	0	-34,830
Other operating expenses and impairment loss from trade receivables and contract assets	-9,806	-8,065	-1,867	-3,478	-770	10,003	-13,983
EBITDA	**1,295**	**4,755**	**2,003**	**3,552**	**219**	**-196**	**11,636**
Depreciations	-1,556	-2,139	-703	-2,098	-81	0	-6,577
EBIT	**-261**	**2,616**	**1,300**	**1,454**	**138**	**-196**	**5,059**
Financial income	10,376	4,232	178	8	64	-12,274	2,580
Financial expenses	-1,946	-74	-964	-600	-24	1,113	-2,498
Financial result	**8,430**	**4,158**	**-786**	**-592**	**40**	**-11,161**	**83**
EBT	**8,169**	**6,774**	**514**	**862**	**178**	**-11,357**	**5,143**
Income tax	-155	-477	-211	12	-55	-38	-922
Annual yield	**8,014**	**6,297**	**303**	**874**	**123**	**-11,395**	**4,221**
Segment assets	116,407	53,732	14,265	32,071	4,115	90,173	130,415
Segment liabilities	72,777	24,562	11,466	32,661	2,681	68,807	75,340
Investments	1,277	1,517	694	376	14	0	3,878
Depreciations	1,556	2,139	703	2,098	81	0	6,577

NOTES ON CONSOLIDATED BALANCE SHEET

8 TANGIBLE ASSETS (PROPERTY, PLANT AND EQUIPMENT)

	REAL ESTATE K€	BUILDINGS (INCLUDING BUILDINGS ON THIRD-PARTY GROUND) K€	TECHNICAL ASSETS K€	OTHER ASSETS AND BUSINESS EQUIPMENT K€	UTILIZATION FACILITIES RIGHTS FROM LEASING K€	UNDER CONSTRUCTION K€	TOTAL K€
Acquisition cost							
As of January 01, 2022	421	30,309	105,284	13,311	3,984	5,060	158,366
Additions	0	161	1,957	362	98	809	3,387
Disposals	0	-3	-49	-45	-794	0	-890
Repostings	0	0	4,719	6	0	-4,759	-34
Additions from first-time application of IFRS 16	0	0	0	0	63	0	63
Exchange rate change	-16	67	783	28	67	-40	889
As of December 31, 2022	**405**	**30,534**	**112,694**	**13,662**	**3,417**	**1,070**	**161,781**
Additions	0	282	2,672	430	2070	3,431	8,885
Disposals	0	-16	-212	-90	-975	-9	-1,302
Repostings	0	173	686	68	0	-1,547	-621
Exchange rate change	8	-56	-478	-20	-27	11	-562
As of December 31, 2023	**414**	**30,917**	**115,362**	**14,050**	**4,485**	**2,954**	**168,184**
Cumulated depreciations							
As of January 01, 2022	-1	-17,315	-76,640	-11,756	-2,054	0	-107,766
Additions	0	-802	-4,024	-416	-769	0	-6,011
Disposals	0	0	20	33	794	0	847
Repostings	0	0	0	0	0	0	0
Exchange rate change	0	26	-392	-21	-13	0	-400
As of December 31, 2022	**-1**	**-18,091**	**-81,036**	**-12,160**	**-2,042**	**0**	**-113,330**
Additions	0	-785	-3,941	-414	-773	0	-5,913
Disposals	0	0	0	0	976	0	976
Exchange rate change	0	4	283	18	7	0	312
As of December 31, 2023	**-1**	**-18,872**	**-84,694**	**-12,556**	**-1,832**	**0**	**-117,955**
Carrying amounts							
As of January 01, 2022	**420**	**12,994**	**28,644**	**1,555**	**1,930**	**5,060**	**50,603**
As of December 31, 2022	**404**	**12,443**	**31,658**	**1,502**	**1,375**	**1,070**	**48,452**
As of December 31, 2023	**413**	**12,045**	**30,668**	**1,494**	**2,652**	**2,954**	**50,227**

Unscheduled impairment losses were recognized neither in the business year nor in the previous year.

The difference between depreciation in the statement of changes in non-current assets and the income statement results from the reversal of the expense allowance amounting to k€ 3 (previous year: k€ 39). As in the previous year, no property, plant and equipment was pledged for external financing. As of December 31, 2023, purchase commitments in the area of fixed assets amounted to k€ 2,377 (previous year: k€ 3,608)..

9 INTANGIBLE ASSETS

	SOFTWARE	OTHER RIGHTS	LICENSES	CAPITALIZED DEVELOPMENT EXPENSES	TRADEMARK LAW	CUSTOMER RELATIONS	GOODWILL	TOTAL
	K€	K€	K€	K€	K€	K€	K€	K€
Acquisition cost								
As of January 01, 2022	1,657	174	0	1,173	443	2,311	1,930	7,686
Additions	13	0	0	478	0	0	0	491
Disposals	0	0	0	0	0	0	0	0
Repostings	24	0	0	10	0	0	0	34
Exchange rate change	2	0	0	0	27	143	119	292
As of December 31, 2022	**1,696**	**174**	**0**	**1,661**	**470**	**2,454**	**2,049**	**8,503**
Additions	11	0	210	0	0	0	0	221
Disposals	0	0	0	0	0	0	0	0
Repostings	0	0	0	647	0	0	0	647
Exchange rate change	0	0	0	0	-16	-85	-71	-173
As of December 31, 2023	**1,708**	**174**	**210**	**2,308**	**454**	**2,369**	**1,978**	**9,200**
Cumulated depreciations								
As of January 01, 2022	-1,555	-174	0	-345	-207	-1,075	0	-3,356
Additions	-53	0	0	-26	-96	-360	0	-535
Disposals	0	0	0	0	0	0	0	0
Exchange rate change	-1	0	0	0	-11	-64	0	-76
As of December 31, 2022	**-1,609**	**-174**	**0**	**-371**	**-314**	**-1,499**	**0**	**-3,967**
Additions	-50	0	-15	-25	-93	-350	0	-532
Disposals	0	0	0	0	0	0	0	0
Exchange rate change	1	0	0	0	14	57	0	72
As of December 31, 2023	**-1,656**	**-174**	**-15**	**-396**	**-393**	**1,793**	**0**	**-4,427**
Carrying amounts								
As of January 01, 2022	**102**	**0**	**0**	**828**	**236**	**1,236**	**1,930**	**4,330**
As of December 31, 2022	**87**	**0**	**0**	**1,290**	**156**	**955**	**2,049**	**4,536**
As of December 31, 2023	**50**	**0**	**195**	**1,912**	**61**	**575**	**1,978**	**4,771**

Information on goodwill is provided in Item (6.3) and (6.4) of the Notes.

As in the previous year, internally generated intangible assets comprise mainly capitalized costs for the development of a high-temperature long fiber.

Unscheduled impairment losses were recognized neither in the business year nor in the previous year.

As in the previous year, no tangible assets were deposited for external financing.

10 LEASES

Right-of-use assets under leases:

The right-of-use assets under leases developed in the business year as follows:

	PRODUCTION AND WAREHOUSES, OFFICE BUILDINGS K€	EMPLOYEE VEHICLES K€	FORKLIFT TRUCKS AND OTHER COMMERCIAL VEHICLES K€	TOOLS AND OTHER EQUIPMENT K€	TOTAL K€
Acquisition cost					
As of January 01, 2022	2,034	1,103	817	30	3,984
IFRS 16 Remeasurements	-21	0	84	0	63
Additions	0	0	97	0	97
Disposals	-92	-292	-410	0	-794
Repostings	0	0	0	0	0
Exchange rate change	71	-11	6	2	68
As of December 31, 2022	**1,992**	**800**	**594**	**32**	**3,418**
Additions from IFRS 16	0	0	0	0	0
Additions	1,552	511	7	0	2,070
Disposals	-214	-488	-277	0	-979
Exchange rate change	-29	8	-4	-1	-26
As of December 31, 2023	**3,301**	**831**	**320**	**31**	**4,483**
Cumulated depreciations					
As of January 01, 2022	-822	-705	-518	-9	-2,054
Additions	-331	-210	-222	-6	-769
Disposals	92	292	410	0	794
Repostings	-21	7	1	0	-13
Exchange rate change	0	0	0	0	0
As of December 31, 2022	**-1,082**	**-616**	**-329**	**-15**	**-2,042**
Additions	-332	-224	-211	-6	-773
Disposals	214	487	274	0	975
Exchange rate change	11	-6	1	1	7
As of December 31, 2023	**-1,189**	**-359**	**-265**	**-20**	**-1,833**
Carrying amounts					
As of January 01, 2022	**1,212**	**398**	**299**	**21**	**1,930**
As of December 31, 2022	**910**	**184**	**265**	**17**	**1,376**
As of December 31, 2023	**2,112**	**472**	**55**	**11**	**2,649**

The acquisition of right-to-use assets under a lease agreement is not reflected in the cash flow statement as a non-cash transaction.

The expense recognized in the business year for short-term leases amounts to k€ 613 (previous year: k€ 548), and that for leases of low value to k€ 8 (previous year: k€ 4). Non-lease components amounting to k€ 108 (previous year: k€ 137) were reported. All 3 components are reported in the cash flow statement under the operating cash flow and summarized in other operating expenses under the item "Rental and leasing". The "Occupancy costs" presented in the same P&L statement item include primarily cleaning expenses and thus no expenses in connection with leases.

Leasing liabilities

The development of leasing liabilities in the business year is shown in Note (29). As of December 31, 2023, it is composed as follows:

	31.12.2023 K€	31.12.2022 K€
Non-current leasing liabilities	1,992	725
Current leasing liabilities	715	688
	2,707	**1,414**

Individual leases for employee vehicles are linked to the 3-month EURIBOR (not taking into account a change by 25 basis points). The effect of changes in this index was immaterial and was not included in the reconciliation.

In the business year, k€ 47 (previous year: k€ 39) was reported in interest expenditures for leases.

The redemption portion of the leasing liability contained in the lease payments is recognized in cash flow from investing activities, to which the interest portion is also allocated in accordance with the option in IAS 7.31.

11 INVENTORY

	31.12.2023 K€	31.12.2022 K€
Finished goods	15,953	13,453
Raw materials, consumables and fuel	5,953	7,158
Other inventories	4,301	4,171
Merchandise	4,224	4,484
Value adjustments for inventories	-1,236	-1,785
	29,195	**27,481**

Inventories were tested for impairment in 2023. The comparison of acquisition and production costs with the net realizable value on the sales market and the determination of marketability discounts resulted in net income from the reversal of value adjustments for inventories, excluding foreign currency effects, in the amount of k€ 549 (previous year: k€ -1,122).

12 TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables and contract assets are composed as follows:

	31.12.2023 K€	31.12.2022 K€
Trade receivables	16,308	15,387
Contract assets	8,225	7,646
Value adjustments	-1,268	-1,280
	23,265	**21,754**
of which non-current	0	0

The portfolio of contract assets has developed as follows:

	2023 K€	2022 K€
Balance as of 1 January	**7,646**	**5,161**
Addition	5,161	7,646
Reversal	-4,654	-4,983
Change in value adjustment	23	-19
Currency conversion	49	-159
Balance as of December 31	**8,225**	**7,646**

If, on the balance sheet date, performances have been provided in connection with performance obligations that meet the criteria for period-based revenue recognition and have not yet been (fully) invoiced, these services are deferred as contract assets in parallel with revenue recognition in accordance with the stage of completion. Thus, the contract assets of the RATH Group are primarily associated with uncompleted, customer-specific projects and customer-specific finished products from production orders without a service component. Raw materials and semi-finished products are not taken into account here.

Customer-specific projects not yet completed and performances rendered in connection with these and customer-specific construction contracts of a non-project nature are capitalized as contract assets.

Based on the procedure described in Note (6.6), the value adjustment with respect to trade receivables and contract assets was determined as follows as of December 31, 2023 and as of the previous year's balance sheet date:

		OVERDUE				
Value adjustments as of December 31, 2023	NOT OVERDUE	UP TO 90 DAYS	91–180 DAYS	181–360 DAYS	MORE THAN 360 DAYS	TOTAL
Expected loss ratio in %	0.69 %	1.37 %	0.94 %	0.16 %	89.53 %	
Trade receivables (gross carrying amount)	9,647	3,607	113	1,722	1,219	16,308
Other financial receivables (gross carrying amount)	0	0	0	0	0	0
Contract assets – gross carrying amount	8,225	0	0	0	0	8,225
Value adjustment	-124	-49	-1	-3	-1.091	-1,268

Value adjustments as of December 31, 2022	NOT OVERDUE	OVERDUE UP TO 90 DAYS	OVERDUE 91–180 DAYS	OVERDUE 181–360 DAYS	OVERDUE MORE THAN 360 DAYS	TOTAL
Expected loss ratio in %	1.88 %	0.00 %	0.00 %	0.00 %	94.05 %	
Trade receivables (gross carrying amount)	13,326	1,545	-227	-198	940	15,387
Other financial receivables (gross carrying amount)	0	0	0	0	0	0
Contract assets (gross carrying amount)	7,646	0	0	0	0	7,646
Value adjustment	-395	0	0	0	-884	-1,280

The value adjustments are developing as follows:

	2023 K€	2022 K€
Balance as of 1 January	**1,280**	**1,226**
Use	0	-257
Reversal	-11	-31
Allocation to reserves	-1	345
Currency conversion	0	-3
Balance as of December 31	**1,268**	**1,280**

General information on credit and market risks as well as impairment of trade receivables is provided in the risk report.

13 OTHER NON-FINANCIAL RECEIVABLES AND DEFERRALS

	31.12.2023 K€	31.12.2022 K€
Receivables tax office and social security contributions	2,927	2,392
Deferrals	445	139
Emission certificates	55	55
Miscellaneous other receivables	201	394
Other non-financial receivables and deferrals	**3,628**	**2,980**

14 STOCKHOLDERS EQUITY

Unchanged compared to the previous year, the authorized capital is reported as RATH AG's nominal capital of k€ 10,905. It consists of 1,500,000 no-par value shares, which are fully paid up. As in the previous year, there are neither preferential rights nor restrictions, nor is there any authorized capital. Nor are any shares held by the parent company or subsidiaries.

The appropriated capital reserves amounting to k€ 1,118 (previous year: k€ 1,118) may be released only to offset a net loss that would otherwise have to be reported in the annual financial statements of RATH AG.

The available savings are the result of profits and loss carry-forwards that were generated within the Group. The other reserves include other income excluding currency conversion differences, which are reported separately.

Dividends are determined according to the net profit reported in the annual financial statements of the parent company in accordance with corporate law. As of December 31, 2023, RATH AG reports a net profit amounting to k€ 15,359 (previous year: k€ 15,930). For the business year 2023, a dividend payment amounting to € 1.0 per share, i.e. a total of k€ 1,500, from retained earnings and to carry forward the remaining amount to new account.

The shares of non-controlling stockholders in stockholders' equity relate to the Chamottewaren- und Thonöfenfabrik Aug. RATH jun. GmbH, Austria, amount to 0.02 % as in the previous year and are not material.

Capital management

The management goal is to structure the capital in accordance with the requirements of shareholders, banks and creditors so as to ensure optimal development of the Group. The management pursues a balanced relationship between profitability, security in the form of a solid equity ratio, and operational flexibility. Neither the parent company nor subsidiaries are subject to minimum capital requirements under the Articles of Association or due to external requirements. The goal of capital management is, on the one hand, to ensure the continued existence of the Group companies ("going concern") and, on the other hand, to maximize shareholder return through the optimization of equity and debt capital.

The capital structure is continuously monitored. To this end, cost of capital and risks inherent in each type of capital are taken into consideration. The equity ratio is a central monitoring parameter. The target quota is above 40 %. The equity ratio at the reporting date was 43.1 % (previous year: 42.2 %).

Earnings per share

The basic undiluted result per share is calculated by dividing the share of the consolidated result attributable to the stockholders of RATH AG by the weighted number of ordinary shares in circulation during the year.

	2023 K€	2022 K€
Proportion of consolidated result attributable to stockholders of the parent company in k€	5,264	4,221
Weighted number of shares in circulation	1,500,000	1,500,000
Result per share in €	3.51	2.81
Dividend payout per share for the business year in €	1.30	0.33

The diluted result per share is equivalent to the basic undiluted result per share, as no financial instruments with a diluting effect are in use.

15 EMPLOYEE BENEFITS

Pension obligations

The pension obligation is based on individual contractual commitments to a total of one pension recipient / former executive employee in Austria, after whose retirement pension payments are to be made.

Severance payment obligations

In accordance with statutory provisions, the RATH Group is obliged to pay severance payments to all employees in Austria whose employment contracts began before January 01, 2003, as soon as their employment contracts are terminated by the employer or at the time of going into retirement. This depends on the number of years of service and the salary at the time of severance and amounts to between two and 12 monthly salaries. With effect from December 31, 2002, the option was exercised to freeze all severance payments and to transfer all employees to the new system of a defined-contribution "employee pension fund". An accrual is formed for the frozen obligation.

For all valid Austrian employment relationships that began after December 31, 2002, from the second month of the employment contract on the RATH Group pays 1.53 % of the employee's salary into the Employee Benefit Fund each month, where the contributions are invested in an employee account and are either paid or transferred as entitlement to the employee upon termination of the employment contract. The RATH Group is obliged solely to pay the contributions. For this defined-contribution pension model, therefore, no accrual or provision needs to be established.

Anniversary bonus reserves

Based on legal regulations or collective agreements, the RATH Group is obliged to pay anniversary bonuses to the amount of one to three months' salary to all blue-collar workers who joined the company on or after May 1, 2015, and to white-collar workers in Austria who have exceeded a certain length of service.

Calculation parameters

The calculations for employee benefits are based on the following parameters:

	2023 %	2022 %
Interest rate Pensions	3.37 %	3.96 %
Interest rate Severance payments	3.37 % - 3.49 %	4.12 % - 4.16 %
Interest rate Anniversary	3.44 % - 3.69 %	4.11 % - 4.29 %
Salary increases	3.00 %	3.00 %
Pension increases	3.00 %	3.00 %
Probability of death	AVÖ 2018-P	AVÖ 2018-P

Through the Federal Constitution Act on Different Age Limits, the starting age for women's pensions will be gradually increased from 60 to 65 years starting in 2024. Starting in 2033, men and women may retire with pensions at 65.

	31.12.2023 K€	31.12.2022 K€
Accruals and provisions for severance payments	473	439
Accruals and provisions for pensions	1,306	1,210
Provisions for anniversary bonuses	382	332
	2,160	**1,981**

Development of the provision (DBO)	SEVERANCE PAYMENT PROVISION 2023 K€	SEVERANCE PAYMENT PROVISION 2022 K€	PENSION PROVISION 2023 K€	PENSION PROVISION 2022 K€	ANNIVERSARY BONUS PROVISION 2023 K€	ANNIVERSARY BONUS PROVISION 2022 K€
Cash value of accrual (DBO) on 1. 1.	**439**	**655**	**1,210**	**2,113**	**332**	**423**
Service costs	14	20	0	0	75	-93
Interest expenses	18	6	45	14	13	5
Reported in the P&L account	**32**	**26**	**45**	**14**	**88**	**-88**
Actuarial profits/losses						
from experience-based adjustments	31	36	147	-576	0	0
from changes in demographic assumptions	0	0	0	0	0	0
from changes in financial assumptions	26	-120	43	-185	0	0
reported in other income	**58**	**-84**	**190**	**-762**	**0**	**0**
Disbursements	-56	-158	-139	-155	-39	-3
Other changes	0	0	0	0	0	0
Cash value of accrual (DBO) on 31. 12.	**473**	**439**	**1,305**	**1,210**	**382**	**332**

The service cost of the provision for anniversary bonuses includes k€ -18 (previous year: k€ 129) in effects from changed parameters.

The expected payments ("expected benefits") from defined employee benefit obligations for subsequent years are as follows:

	31.12.2023 PENSIONS K€	31.12.2023 SEVERANCE PAYMENTS K€	31.12.2023 ANNIVERSARY BONUSES K€
up to 1 year	139	18	42
1 - 5 years	487	91	62
5 - 10 years	392	369	148
more than 10 years	177	348	1,987
Expected payments	**1,194**	**826**	**2,239**

For the RATH Group, the risk is primarily in the development of life expectancy and inflation, because the benefits from these care plans are life-long pension benefits. There are no further (extraordinary) risks. For the severance payments and the service anniversary bonuses, the risk is primarily in the development of inflation and wage increases.

Under otherwise unchanged conditions, a change in the interest rate of return or the increase in purchases has the following effects on the accruals and provisions:

	INCREASE BY 1.0 % K€	REDUCTION BY 1.0 % K€
Impact Change Return interest rate		
Change in the provision for severance payments	-36	41
Change in the provision for pensions	-72	79
Change to the provision for anniversary bonus payments	-42	52

	INCREASE BY 1.0 % KE	REDUCTION BY 1.0 % KE
Impact Change Payment increase		
Change in the provision for severance payments	40	-37
Change in the provision for pensions	79	-73
Change to the provision for anniversary bonus payments	51	-43

Pension payments to pension recipients in the business year amounted to k€ 139 (previous year: k€ 155).

The weighted duration of the Macaulay pension obligation amounts to 4.99 years (previous year: 5.20 years), that of the severance payment obligation 8.79 years (previous year: 9.26 years) and those of the obligation from anniversary bonuses 17.97 years (previous year: 15.87 years).

16 FINANCIAL LIABILITIES

	31.12.2023			31.12.2022		
	NON-CURRENT K€	CURRENT K€	TOTAL K€	NON-CURRENT K€	CURRENT K€	TOTAL K€
Liabilities towards banks						
Overdraft facilities	0	0	0	0	0	0
Export credit	0	0	0	0	2,500	2,500
Investment loan	565	565	1,130	1,130	565	1,695
Investment loans	40,000	4,954	44,954	44,000	431	44,431
	40,565	**5,519**	**46,084**	**45,130**	**3,496**	**48,626**

The item investment loans relates to the promissory note bond of M€ 44 (of which M€ 40 is long-term and M€ 4 short-term) and, in the amount of k€ 954, interest thereon. The maturities of financial liabilities are presented in the risk report under liquidity risk.

The main conditions of financial liabilities are as follows:

TYPE OF FINANCING	INTEREST FIXED/ VARIABLE	CURRENCY	EFFECTIVE INTEREST 2023 %	CARRYING AMOUNT WHEN 31.12.2023 K€	DUE	EFFECTIVE INTEREST 2022 %	CARRYING AMOUNT WHEN 31.12.2022 K€	DUE
Export credit	variable	€	0.63	0	< 1 year	0.63	2,500	< 1 year
Investment loans	variable	€	n/a	0	< 1 year	1.35 - 1.65	0	< 1 year
Investment loans	fixed	€	1.53 - 2.11	4,000	< 1 year	1.53 - 2.11	4,000	> 1 year
Investment loan	fixed	€	0.78	565	< 1 year	0.78	565	< 1 year
Investment loan	fixed	€	0.78	565	> 1 year	0.78	1,130	> 1 year
Investment loans	variable	€	4.7–5.9	26,500	> 1 year	1.6–1.9	26,500	> 1 year
Investment loans	fixed	€	3.3–3.77	13,500	> 1 year	3.3–3.77	13,500	> 1 year
Accrued interest	n/a	€	n/a	954	< 1 year	n/a	431	< 1 year
				46,084			**48,626**	

IPlease refer to Note (20.6) with regard to the fair values.

17 ACCRUALS AND PROVISIONS AND CONTINGENT LIABILITIES

Current accruals and provisions

	PERSONNEL K€	OTHER K€	TOTAL K€
As of January 01, 2022	**754**	**221**	**975**
Addition	1,234	311	1,545
Consumption	-715	-215	-930
Reversal	-45	0	-45
Currency conversion	-5	-72	-77
As of December 31, 2022	**1,223**	**245**	**1,468**
Addition	1,547	338	1,884
Consumption	-684	-250	-934
Currency conversion	-13	2	-11
As of December 31, 2023	**2,073**	**335**	**2,408**

The increase in personnel provisions is mainly due to the fact that higher premium payments are planned for the business year ended compared to the previous year and provisions were made accordingly. As in the previous year, other accruals and provisions are mainly composed of provisions for legal and consulting fees, provisions for Supervisory Board remuneration, and uncertain liabilities. All the accruals and provisions listed in the above table are short-term.

Pending legal disputes

As in the previous year, there are no major pending legal disputes ongoing as of the reporting date.

Contingent liabilities

The Group has the following contingent liabilities as of the balance sheet date:

	31.12.2023 K€	31.12.2022 K€
Retentions for business partners	4,538	4,146
	4,538	**4,146**

The financial retentions mainly relate to the project business and are granted in favor of customers to hedge our performance obligations, which are fulfilled by third parties. There are no return obligations that would exceed industry-standard guarantees. The management is currently not aware of any other significant opportunities and risks from off-balance sheet transactions.

18 INCOME TAX

	2023 K€	2022 K€
Current income tax expenditure for the current business year	-1,719	-1,104
Current income tax expense for prior periods	-358	0
Current income tax expense	**-2,077**	**-1,104**
Deferred tax expenditure/earnings	-352	182
Income taxes	**-2,429**	**-922**

The current income tax liabilities reported on the balance sheet date are owed to the following tax authorities:

	31.12.2023 K€	31.12.2022 K€
Germany	2,467	1,313
Austria	-89	0
Miscellaneous	131	22
Current income tax debts	**2,508**	**1,334**
Poland	0	0
Austria	23	23
Hungary	0	0
Czech Republic	19	0
Income tax receivables	**42**	**23**

Temporary differences between the amount stated in the IFRS consolidated financial statements and the respective fiscal valuation or loss carry-forwards, respectively, have the following impact on deferred taxes reported on the balance sheet:

	31.12.2023 K€	31.12.2022 K€
Holdings of deferred tax assets and liabilities:		
Deferred tax assets:		
Loss carry-forwards	1,607	1,640
Inventories	912	1,503
Liabilities from leasing transactions	565	328
Contract liabilities and other liabilities	893	0
Personnel provisions IAS 19	127	97
Receivables	57	18
Temporary differences in the foreign currency valuation	0	2
Other	814	1,486
Subtotal deferred tax assets	**4,975**	**5,074**
Deferred tax liabilities:		
Fixed assets	-3,053	-3,309
Contract assets	-1,998	-1,897
Other	-455	-115
Subtotal deferred tax liabilities	**-5,506**	**-5,321**
Netting	2,282	445
Deferred tax assets	**875**	**641**
Deferred tax liabilities	**-1,407**	**-889**
Deferred taxes (net position)	**-532**	**-248**

Based on the currently applicable tax regulations, it can be assumed that the differences resulting from retained earnings between the carrying amount of the investment for tax purposes and the prorated stockholders' equity of the subsidiaries included in the consolidated financial statements will essentially remain tax-free. No tax deferral has therefore been established in this regard.

Deferred taxes on loss carry-forwards amounting to k€ 7,077 (previous year: k€ 7,394) have been capitalized, as either on the basis of the existing budget statement it is probable their use will be offset with future fiscal profits, or sufficient taxable temporary differences are available.

On loss carryforwards amounting to k€ 35,557 (previous year: k€ 36,864), no deferred taxes have been capitalized, as it is unlikely from the current perspective that they will be offset on the reporting date with future fiscal profits from individual companies. Of the non-recognized loss carry-forwards, k€ 28,777 (previous year: k€ 27,607) are non-vested to expire within the years 2026 to 2037, and k€ 6.780 (previous year: k€ 6,955) are vested. A possible loss carryforward of RATH Ukrajina TOW, Ukraine, was not taken into account due to a lack of information.

The causes of the difference between the expected tax burden in accordance with the Austrian corporate income tax rate of 24 % and the income tax expense breaks down as follows:

	2023 K€	2022 K€
Earnings before income tax	7,693	5,143
Income taxes at the tax rate of 24 % (PY 25 %)	**-1,846**	**-1,286**
Deviating foreign tax rates	-402	-247
Deviating foreign tax rates	0	34
Non-deductible expenses	-50	-103
Tax expenditure and earnings from previous periods	-358	0
Other effects	227	680
Effective tax burden (+) or relief (-)	**-2,429**	**-922**
Effective tax burden (+) or relief (-) in %	**-31.6 %**	**-17.9 %**

The tax recognized in the other income is as follows:

TAXES RECOGNIZED IN THE OTHER INCOME	BEFORE TAXES K€	2023 TAX INCOME (EXPENSE) K€	AFTER TAXES K€	BEFORE TAXES K€	2022 TAX INCOME (EXPENSE) K€	AFTER TAXES K€
Items not reclassified to profit or loss						
Revaluation of net liability from defined-benefit plans	259	-65	194	-846	212	-635

19 OTHER NON-FINANCIAL LIABILITIES

The other non-financial liabilities are broken down as follows:

	31.12.2023 K€	31.12.2022 K€
Other personnel-related deferrals	677	889
Liabilities from taxes	1,615	1,270
Deferrals from vacation entitlements and overtime	790	630
Liabilities from social security contributions	458	410
Investment and expenditure grants	2,208	2,460
Miscellaneous other non-financial liabilities	352	1,122
Other non-financial liabilities	**6,100**	**6,781**
of which non-current	2,208	2,329

The investment and expense subsidies essentially consist of a non-repayable COVID-19 investment premium amounting to k€ 439 (previous year: k€ 457) and a non-repayable research grant from the European Union amounting to k€ 1,785, recognized amounting to k€ 594 as an expense allowance and amounting to k€ 1,191 was recognized as an investment grant

20 FINANCIAL INSTRUMENTS

20.1 OVERVIEW

This disclosure comprises information on the financial instruments of the RATH Group, including:

- an overview of all financial instruments held by the Group
- detailed information on each type of financial instrument
- information about the determination of the fair value of the instruments, including related discretionary decisions and estimation uncertainties.

The following financial instruments were held by the Group on the balance sheet date:

	ANNEXED NOTE	31.12.2023 K€	31.12.2022 K€
Financial assets			
Financial assets valued at amortized cost:			
Trade receivables and contract assets	(20.2)	23,265	21,754
Cash and cash equivalents	(20.3)	22,001	22,398
Other current financial receivables	(20.4)	710	1,687
Financial assets assessed at fair value as affecting net income:			
Non-current financial assets	(20.5)	483	465
		46,459	**46,303**
Financial liabilities			
Liabilities valued at amortized cost			
Trade payables and contract liabilities	(20.7)	13,471	12,764
Other financial liabilities	(20.7)	113	86
Current bank liabilities	(20.6)	5,519	3,496
Non-current bank liabilities	(20.6)	40,565	45,130
Leasing liabilities	(10)	2,707	1,414
		62,374	**62,889**

Information on the liabilities from leasing obligations is provided under Item (10).

20.2 TRADE RECEIVABLES AND CONTRACT ASSETS

General and classification

Trade receivables are amounts owed by customers for goods sold or services rendered in the ordinary course of business. They are generally payable within 30 days and are therefore classified as current. Trade receivables are initially recognized at the amount of the non-contingent consideration. Since within the RATH Group these do not contain any significant financing components, they are not to be recognized at fair value. Details of the Group's impairment methods and the calculation of the value adjustment are disclosed in Note (6.6).

Fair values

Due to the short-term nature of the receivables and contract assets, their carrying amount corresponds to their fair value.

Impairments and risks

Information on impairments of trade receivables and contract assets is provided in Note (12). The default and foreign currency risks to which the Group is exposed can be found in the risk report.

20.3 CASH AND CASH EQUIVALENTS

	31.12.2023 K€	31.12.2022 K€
Cash balance	24	26
Bank balances	21,977	22,373
	22,001	**22,398**

The bank balances are freely available.

Classification

Time deposits are reported as cash equivalents if they have a term of up to three months from the acquisition date and are repayable within 24 hours on notice without loss of interest. See Note (6.7) for the Group's other accounting policies for cash and cash equivalents.

Fair values

Credit balances are held only with first-class, international banks. Due to the short-term nature of cash and cash equivalents, their carrying amount matches their fair value.

20.4 OTHER FINANCIAL ASSETS VALUED AT AMORTIZED COSTS

Classification

As in the previous year, the other financial receivables primarily include receivables from creditors and current security deposits.
They are to be recognized initially at the amount of the non-contingent consideration. Since within the RATH Group these do not contain any significant financing components, they are not to be recognized at fair value. Details of the Group's impairment methods and the calculation of the value adjustment are disclosed in Note (6.6).

Fair values

Due to the short-term nature of the other receivables, their carrying amount matches their fair value.

Impairments and risks

Information on impairment of other financial assets valued at amortized cost is provided in Note (12). The default and foreign currency risks to which the Group is exposed can be found in the risk report.

20.5 FINANCIAL ASSETS ASSESSED AT FAIR VALUE AS AFFECTING NET INCOME:

The financial assets recognized by December 31, 2023, consisted of co-ownership shares in a fund, which serve exclusively to cover the accruals and provisions for pensions in accordance with the provisions of §§ 14 and 116 of the Austrian Income Tax Act (ÖEStG).

Classification
Investment fund shares may not be valued at FVOCI in accordance with IFRS 9, as they do not constitute equity instruments. However, if they do not have contractual cash flows at specified dates that represent solely principal and interest payments on the principal outstanding, they are measured at fair value as affecting net income with changes in fair value recognized in the consolidated income statement.

Fair values and risks
Information on the Group's exposure to market risks is to be found in the risk report. For information on the methods and assumptions used in determining the fair value, please refer to Note (6.6).

20.6 FINANCIAL LIABILITIES

Fair values
Significant differences between carrying amount and fair value exist for promissory note bonds amounting to k€ 17,500 (previous year: k€ 17,500) with fixed interest rates. The fair values of the miscellaneous bank liabilities do not differ significantly from the carrying amounts, as the interest payments on these borrowings either almost match current market rates or the borrowings are short-term.

	31.12.2023		31.12.2022	
	CARRYING AMOUNT K€	FAIR VALUE K€	CARRYING AMOUNT K€	FAIR VALUE K€
Non-current bank liabilities	40,565	39,637	45,130	50,953
Current bank liabilities	5,519	6,324	3,496	4,422
	46,084	45,961	48,626	55,375

The fair values of non-current borrowings are based on discounted cash flows using the current market interest rate for such borrowings. They are assigned, due to the use of unobservable inputs, including the Bank's own default risk, to fair values of Level 3 in the fair-value hierarchy (see Note (20.8)).

Financial liability recognized at fair value:
The disclosure of the fair value of current and non-current liabilities to banks as of December 31, 2022 had to be adjusted compared to the audited consolidated financial statements due to a mathematical error.

Compliance with credit conditions and risk exposure:
All covenants relating to the promissory note bonds were complied with in the business year 2023 and in the previous year.

Further explanations and details of the risks to which the Group is exposed from short-term and non-current borrowings can be found in the risk report.

20.7 TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER FINANCIAL LIABILITIES

	31.12.2023 K€	31.12.2022 K€
Trade payables	10,402	8,678
Contract liabilities	3,069	4,086
Other financial liabilities	113	86
	13,584	**12,850**

Trade payables are uncollateralized and are usually settled within 30 days of receipt. The carrying amounts are equivalent to their fair values due to their short-term nature.

As in the previous year, the contract liabilities are mainly down payments received. The contract liabilities reported at the previous year's balance sheet date were fully recognized as sales revenue in the business year. The carrying amounts of the contract liabilities are equivalent to their fair values due to their short-term nature.

As in the previous year, the other financial liabilities are mainly from debtors with credit balances. The carrying amounts of this item are also equivalent to the fair values due to their short-term nature.

20.8 FAIR-VALUE HIERARCHY

This section explains the discretionary decisions and estimates used in determining the fair values of financial instruments. The Group classifies its financial instruments into the three levels mandated in the context of the accounting standards in order to provide guidance on the reliability of the inputs used in determining the fair value. An explanation of these levels is provided following the table below, which shows the carrying amounts of financial assets and financial liabilities including their levels in the fair-value hierarchy.

	CATEGORY	VALUATION AT AMORTIZED PURCHASE COSTS K€	AT THE FAIR VALUE TO BE APPLIED K€	TOTAL K€	LEVEL 1 K€	LEVEL 2 K€	LEVEL 3 K€	TOTAL K€
31.12.2023								
Financial assets								
Cash and cash equivalents	at amortized acquisition cost	22,001	0	22,001	22,001	0	0	22,001
Trade receivables and contract assets	at amortized acquisition cost	23,265	0	23,265	0	0	23,265	23,265
Other financial receivables	at amortized acquisition cost	710	0	710	0	0	710	710
Non-current financial assets	mandatory at FVTPL	0	483	483	483	0	0	483
Financial liabilities								
Trade payables and contract liabilities	at amortized acquisition cost	13,471	0	13,471	0	0	13,471	13,471
Other financial liabilities	at amortized acquisition cost	113	0	113	0	0	113	113
Current bank liabilities	at amortized acquisition cost	5,518	0	5,518	0	0	5,518	5,518
Non-current bank liabilities	at amortized acquisition cost	40,565	0	40,565	0	0	40.565	40,565
Leasing liabilities	at amortized acquisition cost	2,707	0	2,707	0	0	2,707	2,707

	CATEGORY	VALUATION: AT AMORTIZED PURCHASE COSTS K€	VALUATION: AT THE FAIR VALUE TO BE APPLIED K€	VALUATION: TOTAL K€	LEVEL 1 K€	LEVEL 2 K€	LEVEL 3 K€	TOTAL K€
31.12.2022								
Financial assets								
Cash and cash equivalents	at amortized acquisition cost	22,398	0	22,398	22,398	0	0	22,398
Trade receivables and contract assets	at amortized acquisition cost	21,754	0	21,754	0	0	21,754	21,754
Other financial receivables	at amortized acquisition cost	1,687	0	1,687	0	0	1,687	1,687
Non-current financial assets	Mandatory for FVTPL	0	465	465	465	0	0	465
Financial liabilities								
Trade and other liabilities and services and contractual liabilities	at amortized acquisition cost	12,764	0	12,764	0	0	12,764	12,764
Other financial liabilities	at amortized acquisition cost	86	0	86	0	0	86	86
Current bank liabilities	at amortized acquisition cost	3,496	0	3,496	0	0	3,496	3,496
Non-current bank liabilities	at amortized acquisition cost	45,130	0	45,130	0	0	45,130	45,130
Leasing liabilities	at amortized acquisition cost	1,414	0	1,414	0	0	1,414	1,414

Level 1: The fair value of financial instruments traded on active markets (such as listed derivatives and equity instruments) is based on quoted market prices at the end of the reporting period. The quoted market price of the financial assets held by the Group is the current bid price. These instruments are classified in Level 1.

Level 2: The fair value of financial instruments that are not traded on an active market (such as OTC derivatives) is determined using valuation techniques that maximize the use of observable market data and minimize the use of company-specific estimates. If all significant inputs for valuation of an instrument at fair value are observable, the instrument is classified in Level 2.

Level 3: If any of the significant inputs are not observable, the instrument is classified in Level 3. This applies to unquoted equity instruments.

No regroupings were made during the year.

In detail, the following valuation techniques are used to value financial instruments:
- Use of quoted market prices or dealer quotes for similar instruments
- for other financial instruments: an analysis of discounted cash flows (DCF analysis).

NOTES ON THE CONSOLIDATED INCOME STATEMENT

21 SALES REVENUE

The following tables show the revenue from contracts with customers according to the sales units METALS & FCE (Fuels, Chemicals & Energy), CERAMICS & SFU (Special Furnaces) and GLASS. Geographical allocation of sales revenues is based on the customer's location.

Sales by region and sales unit 2023	AFRICA & MIDDLE EAST K€	AMERICAS K€	ASIA/PACIFIC K€	EUROPE K€	TOTAL K€
METALS & FCE	4,471	7,228	866	52,306	64,871
CERAMICS & SFU	404	4,400	3,250	29,703	37,757
GLASS	1,629	8,126	641	8,763	19,160
Total in k€	**6,503**	**19,755**	**4,757**	**90,772**	**121,787**

Sales by region and sales unit 2022	AFRICA & MIDDLE EAST K€	AMERICAS K€	ASIA/PACIFIC K€	EUROPE K€	TOTAL K€
METALS & FCE	1,880	5,205	1,549	49,369	58,003
CERAMICS & SFU	754	6,628	4,089	31,657	43,127
GLASS	880	7,611	503	7,471	16,464
Total in k€	**3,513**	**19,444**	**6,141**	**88,496**	**117,594**

22 COST OF MATERIALS AND PURCHASED SERVICES

	2023 K€	2022 K€
Costs of materials	-37,528	-37,865
Expenses for third-party performances	-18,147	-20,021
	-55,676	**-57,886**

23 PERSONNEL EXPENSES

Personnel expenses and the number of employees have developed as follows compared to the previous year:

	2023 K€	2022 K€
Wages and salaries	-30,547	-27,988
Expenses for statutory taxes and contributions	-5,943	-5,507
Contributions to defined-contribution plans	-555	-391
Expenses for severance payments and service anniversary bonuses	-45	-95
Other personnel expenses	-891	-849
	-37,980	**-34,829**
Average number of employees		
Blue collar	357	354
White collar	246	244
	603	**598**
Staff count at balance sheet date		
Blue collar	351	355
White collar	252	244
	603	**599**

Remuneration for the Executive Board and Supervisory Board

Executive Board members were remunerated in the current and previous business years as follows:

NAME	FIXED K€	OF WHICH AFFILIATED COMPANY	VARIABLE K€	OTHER REMUNERATIONS	TOTAL 2023
Andreas Pfneiszl	275	62	145	13	433
DI Ingo Gruber	275	62	145	10	430
Mag. Alexandra Rester	129	0	37	6	172
					1,035

NAME	FIXED K€	OF WHICH AFFILIATED COMPANY	VARIABLE K€	OTHER REMUNERATIONS	TOTAL 2023
Andreas Pfneiszl	241	62	120	10	372
DI Ingo Gruber	241	62	120	10	372
					744

The remuneration of the Executive Board depends on the scope of functions and the responsibility and personal performance by the individual member of the Executive Board, as well as on the achievement of company goals, size and economic situation of the company. At RATH AG, performance-related remunerations are not granted via stock options but are dependent on variable success criteria. Part of this is a predefined target achievement regarding the operating results as well as qualitative and quantitative goals.

The amount of the variable remuneration is limited to 50 % of the basic salary. Any amount exceeding this is credited as variable remuneration to the subsequent years. If the consolidated result falls below a defined minimum amount, this gives rise to a penalty, which is also carried forward to subsequent years and leads to a reduction in future variable salary components. As in the previous year, the total remuneration of the Executive Board for the business year comprises both fixed and performance-related components. The members of the Executive Board were granted entitlements to pension benefits in the form of a life insurance. In the event of premature termination of the employment relationships, the contributions paid up to this point in time become vested.

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 Austrian Salaried Employees Act (Angestelltengesetz), unless the termination is due to a justified dismissal. In this regard, it should be noted that the old severance payment claims were frozen as of December 31, 2002; the claims will change only as a result of salary adjustments and amount to k€ 32 as of December 31, 2023 (previous year: k€ 24).

The 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.

As in the previous year, RATH AG has taken out directors' and officers' liability insurance (D&O insurance) for 2023. The costs of this insurance are borne by the organization. The D&O insurance covers certain personal liability risks of the responsible persons of the RATH Group. The annual costs amount to k€ 15 (previous year: 12 TEUR).

Expenses for the emoluments of the members of the Supervisory Board amounted to k€ 100 in the reporting year (previous year: 91 TEUR). In addition, in the business year k€ 10 (previous year: k€ 19) was paid in consulting fees to members of the Supervisory Board.

Pension payments were made to former members of the Company's bodies amounting to k€ 139 (previous year: k€ 155).

24 OTHER OPERATING INCOME

	2023 K€	2022 K€
Capitalized services	663	513
Yields from reversal of value adjustments for accounts receivable	0	258
Other allowances and grants	160	36
Income from the disposal of fixed assets, excluding financial assets	53	3
Insurance claims or compensation	942	313
Miscellaneous	124	212
	1,942	**1,335**

25 OTHER OPERATING EXPENSES

	2023 K€	2022 K€
Maintenance and service	2,338	2,248
Legal counseling and other consulting	2,182	1,883
Marketing	1,196	1,036
IT expenses	1,081	979
Travel expenses	1,028	928
Insurances	796	905
Rental and leasing	730	689
Other taxes	715	657
Disposal costs	531	593
Energy	492	528
Car and truck expenses	426	397
Technical examination costs	340	256
Losses from the disposal of property, plant and equipment	312	224
Expenses for workplace safety	311	223
Communications expenses	214	220
Out-of-pocket costs for monetary transactions	199	214
Contributions for trade associations	163	170
Occupancy costs	153	167
Continued education and training	136	150
Supervisory board remunerations	109	85
Office supplies	93	83
Transportation by third parties	87	44
Miscellaneous other expenses	32	748
	13,662	**13,425**

The auditor's total fees in the reporting period are broken down by service type as follows:

	2023 K€	2022 K€
Year-end audit:		
Consolidated financial statement RATH AG	63	55
Annual financial statement RATH AG	25	15
Annual financial statement Chamottewaren- und Thonöfenfabrik Aug. RATH jun. GmbH	32	28
Other confirmation services	148	134
	268	**232**
Other services:		
Tax consultancy	0	0
Other consulting services	0	0
	0	**0**

The other assurance services primarily relate to the audit of the reporting packages and annual financial statements of RATH GmbH and RATH Sales GmbH & Co KG, the assessment of the effectiveness of risk management in accordance with Rule 83 of the Austrian Code of Corporate Governance, and audit services in connection with the energy tax rebate in Germany and Austria.

26 FINANCIAL RESULT

The financial result by category of the individual financial instruments is broken down as follows:

2023	VALUATION RESULTS FROM					
	INTEREST INCOME AND INTEREST EXPENSES	FINANCIAL INSTRUMENTS ASSESSED AT FAIR VALUE	CURRENCY CONVERSION	VALUE REDUCTIONS IN VALUE AND WRITE-UPS	OTHER PROFITS AND LOSSES	NET FINANCIAL RESULT
	K€	K€	K€	K€	K€	K€
EARNINGS +/EXPENSES -						
Financial receivables at amortized cost	287	0	-478	0	0	-191
Financial liabilities at amortized cost	-2,008	0	0	0	1	-2,007
Mandatorily for FVTPL	0	18	0	0	0	18
Personnel provisions	-13	0	0	0	0	-13
Credit and liability provisions	0	0	0	0	-66	-66
Total	**-1,733**	**18**	**-478**	**0**	**-65**	**-2,258**
of which in impairing losses on accounts receivables	0	0	0	0	0	0
of which included in financial result	-1,733	18	-478	0	-65	-2,258
Total	**-1,733**	**18**	**-478**	**0**	**-65**	**-2,258**

2022	VALUATION RESULTS FROM					
	INTEREST INCOME AND INTEREST EXPENSES	FINANCIAL INSTRUMENTS ASSESSED AT FAIR VALUE	CURRENCY CONVERSION	VALUE REDUCTIONS IN VALUE AND WRITE-UPS	OTHER PROFITS AND LOSSES	NET FINANCIAL RESULT
	K€	K€	K€	K€	K€	K€
EARNINGS +/EXPENSES -						
Financial receivables at amortized cost	54	0	1,375	-558	0	870
Financial liabilities at amortized cost	-947	0	0	0	1	-946
Mandatorily for FVTPL	0	-110	0	0	0	-110
Personnel provisions	-25	0	0	0	0	-25
Credit and liability provisions	0	0	0	0	-266	-266
Total	**-918**	**-110**	**1,375**	**-558**	**-265**	**-476**
of which in impairing losses on accounts receivables	0	0	0	-558	0	-558
of which included in financial result	-918	-110	1,375	0	-265	81
Total	**-918**	**-110**	**1,375**	**-558**	**-265**	**-476**

Impairment and write-ups in value for loans and receivables involve trade receivables and are reported in the operational result.

27 RESEARCH AND DEVELOPMENT EXPENSES

The expenses include the following research and non-capitalizable development expenditures:

	2023 K€	2022 K€
Personnel costs	1,079	1,081
Technical examination costs	340	214
	1,419	**1,295**

NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

28 GENERAL NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement of the RATH Group shows how cash and cash equivalents have changed over the course of the reporting year as a result of cash inflows and outflows. Cash and cash equivalents (fund) comprise cash and bank balances.

The effects of mergers are eliminated here and shown in the item Net disbursements for mergers. Amounts taken over from foreign Group companies are as a matter of principle converted at average exchange rates for the year. In deviation from this, the cash and cash equivalents fund is recognized at the exchange rate on the balance sheet date.

The exchange rate differences reported in the cash flow from results comprise of the following:

	2023 K€	2022 K€
Change reserve currency conversion	138	-181
Trade receivables and contract assets	129	-478
Liquid assets	-35	48
Inventory	-86	-22
Other receivables and deferrals	-151	-4
Property, plant and equipment, and intangible assets	331	-706
Trade payables and contract liabilities	74	-263
Other liabilities and deferrals	66	-63
Other balance sheet items	-6	60
Currency conversion-related changes in cash flow from ongoing business activities	**461**	**-1.609**

The exchange rate-related changes in the individual balance sheet items do not fully offset the change in the currency conversion reserve reported in stockholders' equity, as the foreign currency effects of balance sheet items eliminated in the consolidation are shown net with these in the consolidated cash flow statement.

29 RECONCILIATION OF NET LIABILITY

The net liability of the RATH Group on the balance sheet date is as follows:

	31.12.2022 K€	31.12.2021 K€
Cash and cash equivalents	-22,398	-13,309
Financial liabilities	48,626	39,928
Leasing liabilities	1,414	1,949
Net liability	**27,641**	**28,568**

The change in net liability in the business year is made up of the following movements:

	INVESTMENT LOANS K€	EXPORT CREDITS K€	OVERDRAFTS K€	LEASES K€	SUB-TOTAL K€	FUNDS OF LIQUID ASSETS K€	NET LIABILITIES K€
Net liabilities as of 1.1.2021	**35,168**	**2,500**	**114**	**2,414**	**40,196**	**16,863**	**23,333**
Addition	2,260	0	0	436	2,696	0	
Redemption	0	0	-114	-986	-1,100	0	
Remeasurements IFRS 16	0	0	0	0	0	0	
Disposal	0	0	0	0	0	0	
Accrued interest (net)	3	0	0	0	0	0	
Repostings / other changes	0	0	0	9	9	-3,779	
Exchange rate change	0	0	0	77	77	225	
Net liabilities as of 31.12.2021	**37,428**	**2,500**	**0**	**1,949**	**41,878**	**13,309**	**28,568**
Addition	40,000	0	0	162	40,162	0	
Redemption	-31,565	0	0	-750	-32,315	0	
Repostings / Other changes	260	0	0	0	260	9,138	
Exchange rate change	0	0	0	54	54	-49	
Net liabilities as of 31.12.2022	**46,126**	**2,500**	**0**	**1,414**	**50,040**	**22,398**	**27,642**

RISK REPORT

Risk policy principles

The RATH Group is exposed to a large number of risks that are inseparably linked to entrepreneurial activity in the course of its multinational activities with its business divisions, assets and liabilities and planned business decisions.

The Executive Board bears the responsibility for the establishment and control of the Group's risk management system. The Group's risk management guidelines were developed so as to identify and analyze risks, to introduce appropriate risk limits and controls, and to monitor the development of risks and compliance with limits. The risk management policies and the risk management system are regularly reviewed to reflect changes in market conditions and in the Group's activities. The existing training and management standards and the associated processes are intended to ensure a target-oriented control environment in which all employees understand their respective tasks and responsibilities.

The Audit Committee monitors on the one hand compliance by the Executive Board with the policies and processes of Group risk management and on the other the effectiveness of the risk management system with regard to the risks to which the Group is exposed.

The Group is exposed to the following financial risks:

- Default risk
- Liquidity risk
- Market risk
- Interest rate fluctuation risk

Default risk

The default risk is the risk of financial losses that will be incurred if a customer or contracting party to a financial instrument fails to honor its contractual obligations. As a matter of principle, the default risk arises from trade receivables and from the Group's investment certificates held as financial assets.

The carrying amounts of the financial assets and contract assets are equivalent to the maximum default risk.

Trade receivables and contract assets:

The Group's default risk is influenced mainly by the individual characteristics of its customers. However, the Executive Board also considers the characteristics of the entire customer base, including the default risk of the industrial sector and the countries in which the customers operate, as these factors may also affect the default risk.

For monitoring of the default risk, customers are divided into groups according to their creditworthiness. The geographical location, industrial sector, age structure and the occurrence and duration of payment problems are taken into account. The Group limits its default risk on trade receivables by setting a maximum payment term amounting to 3 months for corporate customers, which may be exceeded only in exceptional cases.

The maximum credit risk of trade receivables relating to customer groups breaks down as follows as of the reporting date:

	31.12.2023 *K€*	31.12.2022 *K€*
Receivables from large customers, gross	3,609	2,064
Receivables from miscellaneous customers, gross	20,924	20,970
Trade receivables and contract assets, gross	**24,533**	**23,034**
Value adjustments	-1,268	-1,280
Trade receivables and contract assets, net	**23,265**	**21,754**

Approx. 16 % (previous year: 9 %) of trade receivables and contract assets as of the reporting date result from business relationships with 10 key accounts. The RATH Group sees no significant concentration of risk.

Liquidity risk

The liquidity risk is the risk that the Group may not be in a position to meet its financial liabilities by delivering cash or other financial assets in accordance with the contract. The purpose of managing the Group's liquidity is to ensure that – as far as possible – sufficient cash and cash equivalents are available at any time to meet payment obligations when they fall due, under normal as well as under problematic conditions, without suffering unacceptable losses or damaging the Group's reputation.

The Group uses activity-based cost accounting to calculate its product and service costs. This allows monitoring of cash requirements and optimization of inflows to the capital employed.

The RATH Group monitors the amount of the expected payments from trade receivables and other receivables together with the expected disbursements from trade payables and other liabilities.

The following table shows the contractual residual terms of the financial liabilities as of the reporting date, including estimated interest payments. These are non-discounted gross amounts including contractual interest payments, but excluding the effect of netting.

		DUE IN 6 MONTHS		DUE IN 6-12 MONTHS		DUE IN 1-5 YEARS		DUE >5 YEARS	
31.12.2023	CARRYING AMOUNT K€	INTEREST K€	REDEMPTION K€	INTEREST K€	REDEMPTION K€	INTEREST K€	REDEMPTION K€	INTEREST K€	REDEMPTION K€
Trade payables	10,402	0	10,402	0	0	0	0	0	0
Contract liabilities	3,069	0	3,069	0	0	0	0	0	0
Other financial liabilities	113	0	113	0	0	0	0	0	0
Current bank liabilities	5,518	950	283	3	4,283	0	0	0	0
Non-current bank liabilities	40,565	1,014	0	1,002	0	6,754	22,065	1,239	18,500
Leasing liabilities	2,708	43	333	37	309	62	2,066	0	0

		DUE IN 6 MONTHS		DUE IN 6-12 MONTHS		DUE IN 1-5 YEARS		DUE >5 YEARS	
31.12.2022	CARRYING AMOUNT K€	INTEREST K€	REDEMPTION K€	INTEREST K€	REDEMPTION K€	INTEREST K€	REDEMPTION K€	INTEREST K€	REDEMPTION K€
Trade payables	8,678	0	8,678	0	0	0	0	0	0
Contract liabilities	4,086	0	4,086	0	0	0	0	0	0
Other financial liabilities	86	0	86	0	0	0	0	0	0
Current bank liabilities	3,496	307	2,783	132	283	0	0	0	0
Non-current bank liabilities	45,130	192	0	757	0	6,715	26,630	1,740	18,500
Leasing liabilities	1,414	24	354	21	334	38	725	0	0

The RATH Group's refinancing options are determined by numerous financial, macroeconomic and other factors. These factors include credit terms (covenants) in current and future credit agreements and the maintenance of the current credit rating.

Market risk

The most significant market risks for the RATH Group are price risks for raw materials and energy, foreign currencies and interest rates. The objective of risk management is to monitor and control risks in order to minimize potential losses due to price fluctuations.

Price risks

Significant price risks for the RATH Group exist in the area of energy and raw material costs. Energy costs, which are mainly incurred in the firing and also in the shaping of refractory materials, account for a significant part of the Group's total costs. In 2023, the Group's electricity and gas costs amounted to k€ 9,875 (previous year: k€ 13,261) or 8.11 % (previous year: 11.3 %) of the turnover. Energy prices depend on the development of international and local markets and are subject to fluctuations. The RATH Group minimizes the risk from energy price fluctuations by closely monitoring and, as a rule, negotiating prices annually. Quantities and prices are fixed on a quarterly basis, the remaining non-fixed portion is purchased on the spot market, and the hedges currently run for several years.

The most important raw materials for the RATH Group include alumina, aluminum, silicon, andalusite or flint clay chamotte. Due to the diversified product portfolio, there is no significant cluster risk in raw material prices. The prices are usually negotiated annually, and their development is closely monitored. In the case of raw materials, in addition to the price risk, there is also a risk regarding the security of supply. A disruption of supply inevitably leads to production problems. With few, insignificant exceptions, there are alternative supplier options for the supply of raw materials in order to minimize the supply risk. Raw material prices were not stable in this business year either; they are in a permanent state of flux.

Currency risk

The Group is exposed to transactional foreign currency risks to the extent that the rates of currencies in which sales and purchase transactions as well as receivables and credit transactions take place do not match the functional currency of the Group companies. The above transactions are conducted mainly based on euros (€) and US dollars (US$).

In addition, the translation of foreign individual financial statements into the Group currency, the euro, results in currency conversion differences (translation risk), which are recognized in the currency conversion difference in other comprehensive income. Revenues, earnings and balance sheet values of the companies not located in the eurozone are therefore dependent on the respective euro exchange rate.

The summarized quantitative information on the Group's foreign exchange risk reported to the Group's management is as follows

	31.12.2023		31.12.2022	
Net exposure	*K€*	*KUS$*	*K€*	*KUS$*
Financial assets:				
Cash and cash equivalents	2,404	2,656	2,301	2,454
Trade receivables and contract assets	3,880	4,287	3,795	4,048
Financial liabilities:				
Trade payables	-3.119	-3,447	441	471
Net exposure	**3,165**	**3,496**	**6,537**	**6,973**

A strengthening/weakening of the € or US$ as of December 31 would have the following effects on the consolidated result and stockholders' equity if the general conditions remained unchanged:

Effect on result for the period in case of	AS OF DECEMBER 31, 2023, IN THE RESPECTIVE CURRENCY 9% STRENGTHENING OF THE €	11% WEAKENING OF THE €	10% STRENGTHENING OF THE US$	10% WEAKENING OF THE US$
Financial assets:				
Cash and cash equivalents	216	-292	240	-266
Trade receivables and contract assets	349	-472	388	-429
Financial liabilities:				
Trade payables	-281	379	-312	345
Total	**285**	**-385**	**317**	**-350**

Effect on result for the period in case of	AS OF DECEMBER 31, 2022, IN THE RESPECTIVE CURRENCY 9% STRENGTHENING OF THE €	11% WEAKENING OF THE €	10% STRENGTHENING OF THE US$	10% WEAKENING OF THE US$
Financial assets:				
Cash and cash equivalents	207	-270	230	-245
Trade receivables and contract assets	342	-445	380	-405
Financial liabilities:				
Trade payables	40	-52	44	-47
Total	**588**	**-767**	**654**	**-697**

Interest rate fluctuation risk

Risks from interest rate changes essentially consist of non-current debt financing. The following sensitivity analysis shows the impact of interest rate changes regarding interest-bearing instruments on the period result of the RATH Group. The analysis assumes that all other variables, especially exchange rates, remain constant.

The RATH Group does not assess any fixed-rate financial assets or liabilities in the financial statements at fair value as affecting net income, and, as of the reporting date (and thus unchanged from the previous year), has no derivatives as hedging instruments for fair-value hedges. A change to the interest rate regarding fixed rate instruments would have no effect on the consolidated income statement.

		INTEREST PROFILE			PROFIT/LOSS	
As of December 31, 2023	CARRYING AMOUNT K€	NOT INTEREST-BEARING K€	FIXED INTEREST-BEARING K€	VARIABLY INTEREST-BEARING K€	PLUS 100 BASIS POINTS K€	MINUS 100 BASIS POINTS K€
Interest-bearing liabilities:						
Trade and other liabilities and services and contract liabilities	13,471	13,471	0	0	0	0
Other financial liabilities	113	113	0	0	0	0
Current financial liabilities	5,518	953	4,000	0	0	0
Non-current financial liabilities	40,565	0	14,630	26,500	-265	0
Leasing liabilities	2,707	0	2,707	0	0	0
Total	**62,374**	**14,537**	**21,337**	**26,500**	**-265**	**0**
Interest-bearing assets:						
Cash and cash equivalents	22,001	24	0	21,977	220	-220
Trade receivables and contract assets	23,265	23,265	0	0	0	0
Other current financial receivables	710	710	0	0	0	0
Non-current financial assets	483	0	0	483	5	-56
Total	**46,459**	**23,999**	**0**	**22,460**	**225**	**-225**

As of December 31, 2022	CARRYING AMOUNT K€	INTEREST PROFILE NOT INTER-EST-BEARING K€	FIXED INTER-EST-BEARING K€	VARIABLY INTEREST-BEARING K€	PROFIT/LOSS PLUS 100 BASIS POINTS K€	MINUS 100 BASIS POINTS K€
Trade and other liabilities and services and contract liabilities	12,764	12,764	0	0	0	0
Other financial liabilities	86	86	0	0	0	0
Current financial liabilities	3,496	431	3,065	0	0	0
Non-current financial liabilities	45,130	0	18,630	26,500	-265	0
Leasing liabilities	1,413	0	1,413	0	0	0
Net exposure	**62,889**	**13,281**	**23,108**	**26,500**	**-265**	**0**
Interest-bearing assets:						
Cash and cash equivalents	22,398	25	0	22,373	224	-224
Trade receivables and contract assets	21,754	21,754	0	0	0	0
Other current financial receivables	1,687	1,687	0	0	0	0
Non-current financial assets	465	0	0	465	5	-5
Total	**46,304**	**23,466**	**0**	**22,838**	**229**	**-229**

OTHER INFORMATION

30 BUSINESS RELATIONSHIPS WITH RELATED COMPANIES AND PERSONS

All transactions with related parties are conducted at arm's length Related parties conducting transactions with the RATH Group include:

- Rath Holding GmbH

Rath Holding GmbH, Vienna, as the ultimate parent company of RATH AG, holds 66.67 % of the shares in RATH AG, as on the previous year's balance sheet date. Dr. Ernst Rath, Mag. Karin Bauer-Rath and CPA/Tax Consultant Mag. Philipp Rath are registered managing directors of Rath Holding GmbH, FN 195558k. The following companies are listed in the commercial register as shareholders: Dr. Ernst Rath Gesellschaft m.b.H., Vienna, and Dkfm. Paul Rath Gesellschaft m.b.H., Vienna. At Dr. Ernst Rath Gesellschaft m.b.H., FN 102608w, Dr. Ernst Rath and DI Dr. Matthias Rath are registered managing directors. The following are listed as stockholders in the commercial register: Dr. Ernst Rath, CPA/Tax Consultant Mag. Philipp Rath and DI Dr. Matthias Rath.

At Dkfm. Paul Rath Gesellschaft m.b.H., FN 101540z, Mag. Karin Bauer-Rath is registered as managing director.
The following are listed as stockholders in the commercial register: Mag. Karin Bauer-Rath and Ms. Andrea Vladarski.

As in the previous year, there were no significant transactions with the companies listed above during the business year.

- House ownership Walfischgasse, Dr. Ernst Rath and co-owners
  The rental expenses charged, including operating costs, amounted to k€ 199 in the business year (previous year: k€ 180), with no outstanding liabilities as of the reporting date, thus unchanged from the previous year. The liabilities from lease obligations from this matter recognized as of the reporting date amount to k€ 729 (previous year: k€ 128).

- Members of the Supervisory Board and Executive Board, and their close family members
  The business relationships with members of the Executive Board and of the Supervisory Board of RATH AG are listed in Note (23) insofar as payments from Executive Board contracts and Supervisory Board mandates are concerned. In addition, Dr. Meier, member of the Supervisory Board, invoiced fees of k€ 10 (previous year: k€ 19) for consulting and agency services in the business year.

Pension payments made to related parties are disclosed in Note (15).

Executive Board of RATH AG, Vienna
as of December 31, 2023, the Executive Board of RATH AG consisted of two members. 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. DI Ingo Gruber, born in 1962, has been a member of the Executive Board since 1 October 2019 (initial appointment) and is responsible for Production, Research & Development, SCM, Purchasing and Quality Management, while Mag. Alexandra Rester, born in 1971, has been responsible for Finance, Compliance, ESG issues, Treasury and Investor Relations since June 1, 2023 (initial appointment).

As in the previous year, the Executive Board members Andreas Pfneiszl and Ingo Gruber did not hold any Supervisory Board mandates or comparable functions in domestic or foreign companies not included in the consolidated financial statements. Furthermore, the Chairman, Andreas Pfneiszl, is also represented in the Executive Board of RATH Business Services GmbH, Vienna, RATH GmbH, Meißen, RATH Sales GmbH & Co KG, Meißen and RATH Sales Beteiligungs GmbH, Meißen. The Chairman, DI Ingo Gruber, is furthermore also represented in the Executive Board of Aug. RATH jun.GmbH, Krummnußbaum, RATH Business Services GmbH, Vienna, RATH GmbH, Meißen, RATH Sales GmbH & Co KG, Meißen and RATH Sales Beteiligungs GmbH, Meißen. In addition to her Executive Board function, Alexandra Rester also holds the position of Deputy Chairwoman of the Supervisory Board of Kommunale Immobilien Liegenschaftsverwaltungs- und Verwertungsgesellschaft m.b.H. Stockerau.

Mr. Pfneiszl's Executive Board contract ends on 31 December 2027, while DI Gruber's contract remains in force until 31 December 2025 and Mag. Alexandra Rester's Executive Board contract until 31 December 2026.

Supervisory Board of RATH AG, Vienna:
Mag. Stefan Ehrlich-Adám (Chairman) since June 25, 2013
CPA Mag. Philipp Rath (Vice Chairman) since July 17, 2003
Mag. Dieter Hermann since June 25, 2013
Dr. Andreas Meier since June 1, 2026 (until June 2, 2023)
Mag. Dr. Ulla Reisch since May 27, 2018
DI Dr. Matthias Rath since June 2, 2023

31 EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date on 31.12.2023, Rath LLC, Owensville (US) was merged into Rath Inc, Newark (US) with effect from January 1, 2024. By shareholder resolution dated 29.01.2024, US$ 5.0 million of the existing loan was converted into equity.

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 holding company with production and product know-how.

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

These consolidated financial statements were prepared on April 3, 2024 by the company's Executive Board and presented to the Supervisory Board on April 3, 2024 for review and approval.

The Executive Board

Andreas Pfneiszl	DI Ingo Gruber	Mag. Alexandra Rester	VIENNA, APRIL 03, 2024

AUDITOR'S CERTIFICATE

AUDITOR'S CERTIFICATE

Report on the consolidated financial statements

AUDIT PART

We examined the consolidated financial statements of Rath Aktiengesellschaft, Vienna, and its subsidiaries (the Group) consisting of the consolidated balance sheet on December 31, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the development of the consolidated equity and the consolidated cash flow statement for the business year ending on this balance sheet date and the Group Notes.

According to our assessment, the annexed consolidated financial statements conform to the legal provisions and provide a fair and true representation of the assets and financial position of the Group on December 31, 2023, as well as of the profitability and the cash flows from the group for the business year ending on this reporting date in agreement with the International Financial Reporting Standards as they are applied in the EU (IFRS) and the additional requirements of § 245a of the UGB (Austrian Commercial Code).

BASIS FOR THE AUDIT OPINION

We conducted our audit in accordance with EU Regulation No. 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). Our responsibilities under these provisions and standards are described in more detail in the section of our Auditor's Certificate entitled "Responsibilities of the annual auditor for the auditing of the consolidated financial statement". We are independent of the Group 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 such that were most important for our audit of the consolidated financial statements from the business year according to our best judgment. These circumstances were considered in connection with our auditing of the consolidated financial statements as a whole and during the formation of our Audit Opinion, and we do not provide a separate 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

1. RECOVERABILITY OF GOODWILL AND RECOVERABILITY OF THE CARRYING AMOUNTS OF THE CASH-GENERATING UNITS

- Facts

In the consolidated financial statements of Rath Aktiengesellschaft, Vienna, as of December 31, 2023, goodwill in the amount of k€ 1,978 (previous year: k€ 2,049) is reported under the balance sheet item "Intangible assets & goodwill."

Goodwill is subjected to a mandatory impairment test by management at least once a year on the balance sheet date or as required by circumstances in order to determine any possible need for impairment. In addition, other intangible assets in the amount of k€ 2,793 and property, plant and equipment in the amount of k€ 50,227 are reported in the consolidated financial statements as of December 31, 2023. In accordance with IAS 36, the management assesses whether the carrying amounts of the cash-generating units may be impaired.

The goodwill presented in the consolidated financial statements originates entirely from a business acquisition in the USA and is allocated to the segment "USA", which constitutes a cash-generating unit ("CGU"). In the course of the impairment test, an impairment loss on goodwill is recognized if the carrying amount of the cash-generating unit USA exceeds the corresponding recoverable amount. In addition, an impairment loss is recognized if the carrying amount of a cash-generating unit exceeds the recoverable amount.

The recoverable amount of a cash-generating unit is the higher of its value in use and its fair value less costs to sell. External and internal sources of information must be taken into account when assessing whether there are indications of impairment. This also takes into account expectations regarding future market developments and assumptions about the development of macroeconomic influencing factors as well as the expected development of commodity prices and energy costs on the business activities of the respective CGU. The Group determines the value in use using a discounted cash flow method (DCF method). In addition to forecasts of future cash flows ("free cash flows") before taxes, the capitalization interest rate (WACC) in particular is to be classified as highly discretionary. Discounting is based on the weighted average cost of capital of the cash-generating units.

In the 2023 business year, no impairment losses were recognized on goodwill or on the carrying amounts of the cash-generating units.

The measurement of the recoverable amount is complex and requires appropriate expertise and depends to a significant extent on significant assumptions and discretionary decisions by management. There is a risk for the consolidated financial statements that the valuation assumptions on which the impairment test is based may lead to an unidentified and unrecognized impairment if the recoverable amounts of the cash-generating unit are not determined appropriately.

AUDITOR’S CERTIFICATE

Since even minor changes in the capitalization rate or future cash flows can have a significant impact on the recoverable amount, there is considerable estimation uncertainty with regard to the determination of the value in use and thus the recoverability of the goodwill or the carrying amount of the CGU. The recoverability of goodwill and the recoverability of the carrying amounts of the CGU are therefore considered a key audit matter.

- Audit procedure and findings

We have audited the management’s calculations of the recoverability of the cash-generating units.

In the course of our audit, with the participation of our internal valuation specialists, we verified, among other things, the methodology used to perform the impairment test. Moreover, we satisfied ourselves as to the appropriateness of the key assumptions and input parameters for the planned development of future cash flows before taxes and the valuation of the values in use and assessed whether all material relevant internal and external sources of information were taken into account by management. The future expected cash flows were derived from the budget approved by the management and adopted by the Supervisory Board, as well as from the multi-year plan acknowledged by the Supervisory Board. In addition, we assessed the appropriateness of the calculation in particular by reconciling it with general and industry-specific market expectations. In this context, we also appreciated the Executive Board’s assessment of the development of raw material and energy prices on the business activities and assessed their consideration in the calculation of future cash flows. Keeping in mind that even small changes in the discount rate used can have a material impact on the amount of the value in use determined in this way, we assessed these and their derivation both with regard to the individual assumptions and parameters on the basis of available market data and against the background of a critical overall assessment in comparison to similar companies. We examined the valuation models used to determine the values in use for mathematical accuracy and compliance with the valuation principles of the relevant IFRS regulations.

In order to take account of the existing forecast uncertainties, we have reproduced the sensitivity analyses prepared by the management. We found that the goodwill of the operating segment USA and the carrying amounts of the cash-generating units are covered by the discounted future cash flows, taking into account the information available.

Finally, we assessed whether the disclosures in the notes on the recoverability of goodwill and the recoverability of the carrying amounts of the CGU are complete and appropriate.

Our audit procedures confirmed the appropriateness and reasonableness of the valuation model used by the Company to perform the impairment tests of goodwill and cash-generating units as of December 31, 2023. The assumptions and parameters on which the valuation is based are reasonable. The disclosures required by the relevant standards are complete and comprehensible.

- Reference to further information

AUDITOR'S CERTIFICATE

For further information, please refer to the notes to the consolidated financial statements of Rath Aktiengesellschaft, Vienna, sections (6.1), (6.2), (6.3), (6.4) and (6.14) regarding the accounting and valuation methods of property, plant and equipment, intangible assets, impairment of non-current assets and the use of discretionary decisions as well as sections (8) and (9) regarding the development of property, plant and equipment and intangible assets.

FURTHER INFORMATION

The legal representatives are responsible for the further information. The further disclosures comprise all the information in the annual report, not including the consolidated financial statements, the consolidated annual report and the Auditor's Certificate regarding this.

Our audit opinion on the consolidated financial statements does not cover such other information, and we do not express any form of assurance thereon.

In connection with our auditing of the consolidated financial statements, we have a responsibility to read such other information and, in doing so, evaluate whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of 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.

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 consolidated financial statements and for the same providing a maximally faithful representation of the asset, financial and earnings position of the Group in agreement with the International Financial Reporting Standards (IFRS) as applicable in the EU and the additional requirements of the § 245a of the Austrian Commercial Code (UGB). Furthermore, the legal representatives are responsible for the internal controls that they consider necessary to enable preparation of consolidated financial statements free of significant misrepresentations, whether fraudulent or accidental.

During the creation of the consolidated financial statements, the legal representatives are responsible for assessing the capability of the Group 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 Group 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 Group.

AUDITOR'S CERTIFICATE

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

Our goals are to obtain sufficient certainty as to whether the consolidated financial statements as a whole is free of material – fraudulent or accidental – misrepresentations, and to provide an Auditor's Certificate that expresses 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 from them individually or altogether that they will influence the economic decisions of users made on the basis of these consolidated 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 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 presenting a judgment of the effectiveness of the Group'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 principle for the continuation of the company's 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 Group to continue its business activities. If we come to the conclusion that a significant uncertainty exists, we are obligated to make note of this in our Auditor's Certificate for the relevant information in the consolidated financial statements or, if these specifications are inappropriate, to modify our Audit Opinion. We draw our conclusion on the basis of the documentary audit evidence that we have obtained up to

AUDITOR'S CERTIFICATE

the date of our Auditor's Certificate. Future events or circumstances may nevertheless result in the Group not being able to continue its operations.

- We evaluate the entire presentation, the structure and the content of the consolidated financial statements including the specifications as well as the question as to whether the consolidated financial statements represents the business transactions and events in a manner that creates a maximally faithful representation.

- We obtain sufficient and appropriate documentary audit evidence about the financial information of the entities or business activities within the Group to enable us to express an Audit Opinion on the consolidated financial statements. We are responsible for the instruction, monitoring and execution of the auditing of the consolidated financial statements. We bear the sole responsibility for our Audit Opinion.

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 impact on our independence and - if relevant - on actions taken to eliminate hazards or protective measures 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 consolidated 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.

Further legal and other statutory requirements

REPORT ON THE CONSOLIDATED ANNUAL REPORT

Due to the provisions of Austrian corporate law, the consolidated annual report must be audited to see whether it is in agreement with the consolidated financial statements and was prepared according to the applicable legal requirements.

The legal representatives are responsible for the creation of the consolidated annual report in agreement with the provisions of Austrian corporate law.

AUDITOR'S CERTIFICATE

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

Audit Opinion
According to our assessment, the consolidated annual report was created according to the applicable legal requirements, contains the applicable specifications according to § 243a of the Austrian Commercial Code (UGB), and is in agreement with the consolidated financial statements.

Statement
In view of the knowledge and understanding of the Group and its environment gained during the auditing of the consolidated financial statements, no significant misrepresentations in the consolidated annual report were identified.

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 consolidated financial statement" 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.

AUDITOR'S CERTIFICATE

FINANCIAL AUDITOR RESPONSIBLE FOR THE ORDER

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

Vienna
April 03, 2024
PwC Wirtschaftsprüfung GmbH

Signed: Dipl.-BW (FH) Marius Richter

Certified Public Accountant

The consolidated financial statements with our Auditor's Certificate may be published or disclosed only with our approval. This Auditor's Certificate relates only to the complete consolidated financial statements in the German language, including the consolidated annual report. To any deviating versions, the regulations of § 281 (2) of the Austrian Commercial Code (UGB) apply

GLOSSARY

Business Management Terms and Key Figures

AVÖ	Aktuarvereinigung Österreichs (Actuarial Association of Austria); professional body of Austrian actuaries and actuarial experts. AVÖ publishes the annuity valuation tables according to which the pension and severance payment liabilities are calculated.
CAPITAL EMPLOYED	Capital employed; stockholders' equity including minority interests, plus net debt.
CGU (CASH GENERATING UNIT)	The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
CORPORATE GOVERNANCE	Code of conduct for the responsible management and control of companies, reported in the Austrian Corporate Governance Code. The content represents a voluntary body of rules and regulations.
DBO (DEFINED BENEFIT OBLIGATION)	Present value of all vested and non-vested earned rights based on the estimated salary level at the time of retirement. The sole actuarial procedure that may be used to calculate the DBO is the projected unit credit method. The DBO corresponds to the PBO (Projected Benefit Obligation).
D&O INSURANCE – "DIRECTORS' & OFFICERS' LIABILITY INSURANCE"	The D&O Insurance (more generally: Financial losses liability insurance for members of organs of legal entities such as stock corporations, cooperatives, associations, foundations, registered societies) is usually concluded as insurance to the benefit of third parties. The Company (policyholder) insures its organ members (Executive Board members, Managing Directors, Supervisory Board members, Advisory Board members) against the risk of personal liability in connection with actions of the Company's bodies.
EBITDA	Earnings before interest, tax and depreciations on intangible and tangible assets
EBITDA MARGIN	Relative share of the EBITDA in turnover
EBIT (EARNINGS BEFORE INTEREST AND TAX)	Earnings before interest and tax; operating result
EBIT MARGIN	Percentage share of the EBIT in turnover
EBT (EARNINGS BEFORE TAX)	Earnings before taxes
EQUITY RATIO	Percentage ratio of stockholders' equity to total capital
RETURN ON STOCKHOLDERS' EQUITY	Earnings after tax as a percentage of reported stockholders' equity
ONE-TIME EFFECTS	One-off effects are expenditures and income that are disclosed separately as they are not attributable to ordinary business activities. These effects are reported separately to enable investors to better understand and assess the asset, financial and earnings position of the RATH Group.

GLOSSARY

FAIR VALUE	The price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date.
FVOCI	Fair value with changes in value through other income
FVTPL	Fair value with changes in value in profit or loss
IASB (INTERNATIONAL ACCOUNTING STANDARDS BOARD)	International board for the definition of accounting standards
IFRIC (INTERNATIONAL FINANCIAL REPORTING (INTERPRETATIONS COMMITTEES)	International committee for the interpretation of accounting standards
IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS)	International Accounting Standards (formerly IAS)
NET DEBT	Interest-bearing financial liabilities including liabilities from leases, minus cash and cash equivalents
RIGHT-OF-USE ASSET	Right to use the underlying asset. As a matter of principle, this corresponds to the present value of future lease payments plus directly attributable costs.
PUC (PROJECTED UNIT CREDIT METHOD)	Actuarial valuation method
ROCE (RETURN ON CAPITAL EMPLOYED)	Return on capital employed; quotient of EBIT less taxes and capital employed
CONTRACT LIABILITY	Obligation of the RATH Group to transfer to customer goods or services for which it has received (or will receive) consideration from a customer.
CONTRACT ASSET	Entitlement of the RATH Group to consideration in exchange for goods or services transferred to a customer.
WACC (WEIGHTED AVERAGE COST OF CAPITAL)	Refers to a procedure associated with the discounted cash flow approach of company valuation. The weighted average cost of capital is used to determine the minimum return for investment projects.
WORKING CAPITAL RATIO	Reveals which portion of the current liabilities can be financed by the current assets. Inventory, contract assets and receivables less trade payables as well as contract liabilities are put into perspective to turnover.

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