ANNUAL REPORT 2023

200 years | SEMPERIT
EXPERIENCE FOR TOMORROW

FACTS ABOUT SEMPERIT

GLOBAL PLAYER

Development and production of highly specialized elastomer products and solutions that are sold **in more than 100 countries**.

TWO STRONG DIVISIONS

SEMPERIT INDUSTRIAL APPLICATIONS

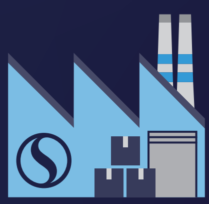
Focus on industrial applications with highly efficient production and cost leadership; this includes **hydraulic** and **industrial hoses** as well as **profiles**.

SEMPERIT ENGINEERED APPLICATIONS

Focus on customized technical solutions including **handrails for escalators**, **conveyor belts**, **cable car rings**, other **technical elastomer products** and the liquid silicone specialist **Rico Group**.

LEADING MARKET POSITION WITH STRONG BRANDS IN THE INDUSTRIAL SECTOR FOR

200 YEARS



16

PRODUCTION SITES WORLDWIDE

LISTING ON THE VIENNA STOCK EXCHANGE SINCE

1890

~ 4,600

EMPLOYEES

REVENUE 2023

721.1 MEUR

EBITDA 2023

71.8 MEUR

EQUITY RATIO (12/2023)

45.3%

ANNUAL REPORT 2023

SEMPERIT

Content

* For further information about sustainability and employees please refer to the Sustainability Report 2023, online available at: www.semperitgroup.com/en/sustainability/.

Key performance figures

in EUR million	2023	Change	2022	2021	2020	2019	2018
Revenue	721.1	–7.5%	779.8	601.8	927.6	840.6	878.5
EBITDA	71.8	–28.5%	100.5	54.0	208.6	67.8	46.4
EBITDA margin	10.0%	–2.9 PP	12.9%	9.0%	22.5%	8.1%	5.3%
EBIT	34.6	–44.3%	62.1	25.2	237.8	–16.5	–47.7
EBIT margin	4.8%	–3.2 PP	8.0%	4.2%	25.6%	–2.0%	–5.4%
Earnings after taxes	–17.1	n/a	–5.6	247.5	194.6	–44.9	–80.4
Earnings per share (EPS)[1], in EUR	–0.82	n/a	–0.27	11.99	9.06	–2.50	–4.13
Return on equity[2]	–4.0%	–3.9 PP	–1.1%	45.7%	58.0%	–16.3%	–24.4%

Balance sheet key figures

in EUR million	2023	Change	2022	2021	2020	2019	2018
Total assets	937.9	11.3%	842.9	958.6	764.4	701.8	768.8
Equity	425.3	–17.9%	518.2	540.1	332.3	273.4	329.5
Equity ratio	45.3%	–16.1 PP	61.5%	56.3%	43.5%	39.0%	112.5
Net Financial Debt	115.2	n/a	–54.2	–144.5	22.1	73.3	36.8
Additions to intangible assets and property, plant and equipment[3]	277.0	n/a	37.6	56.4	28.5	31.4	81.1
Employees (at reporting date)	4,576	1.6%	4,506	6,948	6,943	6,902	6,773

Cashflow key figures

in EUR million	2023	Change	2022	2021	2020	2019	2018
Gross cash flow	24.4	–19.9%	30.5	323.4	193.7	46.7	37.4
Free cash flow before the sale of companies	26.3	n/a	–2.8	238.4	-	-	-
Cash investments for intangible assets and property, plant and equipment (CAPEX)	55.6	2.0%	54.5	47.9	26.2	31.9	80.8
Cash and cash equivalents	112.7	5.7%	106.6	235.5	145.0	141.4	121.5

Sector and segment key figures

in EUR million	2023	Change	2022	2021	2020	2019	2018
Semperit Group = SIA + SEA							
Revenue	681.8	–7.1%	734.0	556.1	478.4	547.2	567.0
EBITDA	97.3	–22.3%	125.2	82.1	76.6	87.5	90.6
EBIT	63.0	–34.4%	95.9	56.8	32.4	60.9	64.3
SIA							
Revenue	330.8	–26.5%	450.2	341.9	268.4	305.3	422.3
EBITDA	46.9	–46.8%	88.0	59.2	48.9	54.4	97.7
EBIT	29.7	–56.2%	67.9	42.1	32.7	36.7	79.1
SEA							
Revenue	351.0	23.7%	283.8	214.1	210.1	242.0	144.7
EBITDA	50.5	35.8%	37.2	22.9	27.7	33.0	–7.1
EBIT	33.2	18.4%	28.1	14.7	–0.2	24.2	–14.8

Note: Rounding differences in the totalling of rounded amounts and percentages may arise from the use of automatic data processing.
The years 2021-2023 take into account the new group structure as a consequence of the sale of the medical business. 2018-2020, are historical, unchanged values.
[1] Earnings per share are only attributable to the core shareholders of Semperit AG Holding (excluding remuneration from hybrid capital).
[2] Calculated from earnings after taxes (excluding non-controlling interests) in relation to the shareholders' equity (excluding non-controlling interests).
[3] Excluding right-of-use in accordance with IFRS 16.
[4] The key figure was introduced in 2023 and subsequently processed by 2021.

SEMPERIT AT A GLANCE

The publicly listed Semperit AG Holding has been a global provider of quality products made of natural and synthetic rubber or elastomer materials. The international group, headquartered in Vienna, produces and sells its products in more than 100 countries and is one of the leading suppliers in its sectors.

The main product categories are hydraulic and industrial hoses, conveyor belts, escalator handrails, profiles for windows, doors and facades, cable car rings, ski foils, products for railroad superstructures as well as toolmaking and the production of precision liquid silicone parts.

Semperit operated 16 production sites in the past financial year and employed roughly 4,600 people at the end of 2023. The products were sold in the business-to-business field using its own distribution network in Europe, Asia, North and South America and Australia.

LEADING SPECIALIST FOR INDUSTRIAL ELASTOMER PRODUCTS

At the beginning of 2020, as part of Semperit's strategic realignment, Semperit decided to focus on the identifiable potential in the industrial sector going forward and to complete its transformation to become a specialist for industrial elastomer products.

The restructuring steps taken in previous years have significantly strengthened resilience within the industrial sector and laid solid foundations for future growth. In the past financial year, this transformation was implemented through the sale of the medical business and a powerful divisional structure that is oriented towards Semperit's two main business models was introduced. The Semperit Industrial Applications (SIA) division focuses on highly efficient production and cost leadership for industrial applications in connection with large-scale production, while the innovation- and technology-driven Semperit Engineered Applications (SEA) division focuses on customized solutions and attractive niche markets. The new positioning enables the optimal scaling of the business for future profitable growth.

FOCUS ON CUSTOMER-ORIENTED SOLUTIONS

For both divisions, the priorities are a significant increase in customer proximity, a market-oriented alignment of the entire organization and a stronger focus on customer-oriented solutions. The goal is to serve existing and future markets faster, more effectively and more efficiently. In addition, the systematic and continuous improvement across all areas of the company is intended to further improve the Semperit Group's competitive position and sustainability. The organic growth potential for the existing divisions is coupled with a clearly aligned M&A strategy. The focus on the strategic M&A activities will be on profiting from key trends, improving the geographical footprint, broadening the range of business activities and driving automatization, digitalization and circular economy.

Against this background, Semperit took an important growth step with the acquisition of the internationally active Rico Group in the financial year 2023, which gave Semperit a leading technological position in liquid silicone and high-end toolmaking and expanded the portfolio in terms of products, processing technologies, automation and materials.

200 YEARS OF EXPERIENCE FOR TOMORROW

The Semperit Group story began all the way back in 1824. Semperit is taking its 200th anniversary in 2024 as an opportunity to highlight its centuries-long tradition as well as its path to a successful future in a number of ways under the motto "200 Years Semperit – Experience for Tomorrow". On the 200-year website www.200.semperitgroup.com/en, Semperit looks back on the company's history, which is a story of outstanding personalities and innovative ideas, of resounding successes and also of overcoming crises that threatened the company's existence. At the same time, solutions and people are presented who are already working on Semperit's future successes today. Visit our website to find out how the Semperit Group keeps its customers' technology and infrastructure running in the world of tomorrow with its products and solutions.

SUSTAINABILITY AT SEMPERIT

Without sustainability in its corporate DNA, Semperit would not be 200 years old. And without sustainability as a strategically anchored basic principle, no bright future would be possible. Semperit is making small and large adjustments in implementation, from climate protection and sustainable supply chains to a healthy and safe working environment. The Semperit Group published its seventh independent sustainability report for the 2023 financial year. The report provides an overview of the various activities, developments and key figures in the context of the main topics and is divided into the sections of environment & climate protection, social affairs and governance (Environmental, Social, Governance – ESG). In addition to topics such as energy, greenhouse gas emissions, material use, health and safety as well as compliance and anti-corruption, it contains general information on the integration of sustainability in the Group and further climate-related information according to the TCFD – Task Force on Climate-Related Financial Disclosures. The Sustainability Report for 2023 and the reports from previous years can be accessed online on our website.

FOREWORD FROM THE EXECUTIVE BOARD

**DEAR READERS,
DEAR SHAREHOLDERS,**

The past financial year 2023 was eventful and at the same time formative for the Semperit Group, as it marked the successful transformation into an industrial elastomer specialist.

Following the sale of our medical business in late summer, from which you were able to benefit with an additional dividend, we are focusing on further developing and expanding our leading position in the core business for industrial elastomer products.

With the acquisition of liquid silicone specialist Rico, we immediately took an important growth step and now occupy a leading technological position in liquid silicone and high-end toolmaking. This enables us to exploit the huge growth potential for silicone products in Western Europe and the USA.

THE 2023 FINANCIAL YEAR MARKS THE SUCCESSFUL TRANSFORMATION OF THE SEMPERIT GROUP INTO AN INDUSTRIAL ELASTOMER SPECIALIST.

EFFICIENT STRUCTURE FOR FUTURE GROWTH

As part of our enhanced strategy with a focus on our industrial core business, we have streamlined our organization and introduced a powerful divisional structure that is aligned with Semperit's two main business models. With the Semperit Industrial Applications (SIA) division, we are a leading international supplier of hydraulic and industrial hoses (Hoses) and sealing profiles (Profiles). In these business units, we focus on highly efficient production and cost leadership for industrial applications in connection with large-scale production. With the Semperit Engineered Applications (SEA) division, we are an internationally renowned supplier of customized and tailor-made technical solutions based on elastomers. We are already one of the world market leaders in escalator handrails, conveyor belts and track underlays. We also cover the entire value chain in the field of liquid silicone – from prototype development and toolmaking to large-scale production. In addition to liquid silicone (Rico), the SEA division, which is strongly driven by innovation and technology, also includes the Belting and Form units. With this new structure we are increasing our efficiency and focusing on even greater customer proximity. It also enables us to optimally scale our business for future profitable growth.

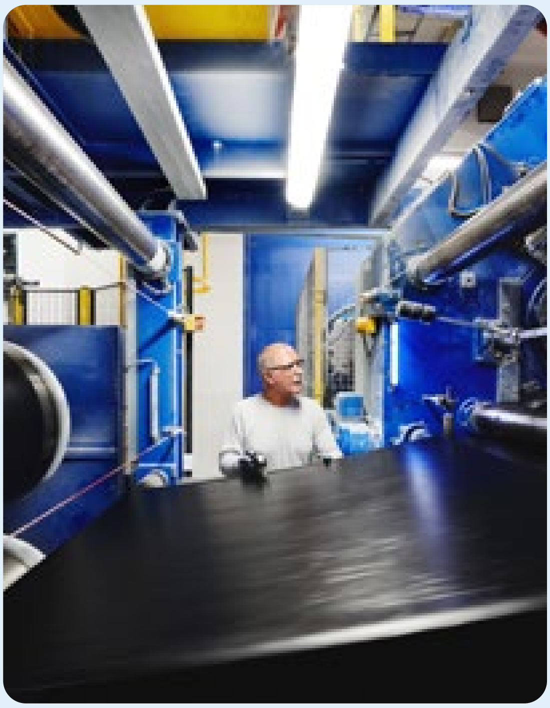
ESG PRIORITIES

Based on the sale of the medical business and our purely industrial focus, we also adapted our ESG targets to the new structure in the past financial year. In the environmental area, we are systematically continuing to reduce energy, waste and CO2 emissions at all our sites. In addition, we are giving top priority to the continuous improvement of our health and safety performance indicators. We are placing a new focus on diversity and inclusion and have set ourselves specific targets for increasing the proportion of women in management positions. We will also take an even more ambitious approach to screening our supply chain. In order to achieve all of these goals, we are making numerous small and large adjustments during implementation, from climate protection and sustainable supply chains to a healthy and safe working environment. You will find all the details about our ESG initiatives and the development of our key figures in our Sustainability Report 2023.

ECONOMIC HEADWIND

As expected, the business development of the Semperit Group in 2023 was characterized by a challenging market environment in which we performed very solidly and generated revenue of EUR 721.1 million (–7.5%) in continued operations. While Semperit Industrial Applications was confronted with the general economic slowdown and ongoing destocking by customers, the Semperit Engineered Applications division benefited above all from continued strong demand for conveyor belts and specialty products in the Form business. Our two divisions, which are partly subject to different cycles, therefore complement each other very well.

In anticipation of economic headwinds, we took early countermeasures in the form of cost reductions and intensified these once again in the middle of the year as a result of the downsizing of the Group following the sale of the medical business. Continued operations generated EBITDA adjusted for one-off expenses of EUR 81.7 million (–14.7%) or EUR 71.8 million unadjusted (–28.5%). Earnings after tax from continued operations were positive at EUR 24.9 million, while the loss from the discontinued and now sold business division had a significant negative impact, as expected. Earnings after tax therefore amounted to EUR –17.1 million.



ROBUST FINANCIAL BASE

We have a very robust balance sheet and financial base in our Group, whereby we proactively adjusted our financing to our strategic needs over the course of 2023. Following the acquisition of Rico and the sale of the medical business, our balance sheet structure is now more balanced between equity and debt with a solid equity ratio of 45.3% and net financial debt of EUR 115.2 million. Our liquidity position of EUR 112.7 million at the end of 2023 was very comfortable. In addition, we have access to an undrawn credit line of EUR 100 million.

IN 2023, WE INVESTED IN THE FUTURE AND OUR COMPETITIVENESS WHILE IMPROVING OUR EFFICIENCY.

STRATEGIC GROWTH INITIATIVES

While we are countering the economic downturn by cutting costs and increasing efficiency, we are systematically pursuing our strategic growth initiatives. These include the construction of a highly automated, additional hydraulic hose production facility at our site in Odry in the Czech Republic, which is already Europe's largest hose factory, and the expansion of production in the liquid silicone sector at Rico at its headquarters in Thalheim near Wels. With the expansion in Odry, we are strengthening our position and our competitiveness as one of the top global players for hydraulic hoses. We are paying particular attention to a high degree of automation and the ecological sustainability criteria of the EU taxonomy. The capacity expansions in Thalheim will in turn enable us to further extend our technological lead in the production of injection molding tools for a high number of cavities per tool and in automation.

In 2023, we thus invested in the future and our competitiveness while improving our efficiency. Therefore, despite the currently still challenging economic environment, we look to the future with confidence, because our business model is healthy and resilient, and we have the ambition to constantly improve and to be able to serve existing and future markets even faster. We will prove this once again in the 2024 financial year, which is a very special year for the Semperit Group.

EXPERIENCE FOR TOMORROW

In 2024, we will celebrate the 200th anniversary of Semperit under the motto “200 Years Semperit – Experience for Tomorrow”. The impressive history of our company is based on strong success factors such as globalization, innovative spirit and customer orientation. Together with the Semperit spirit, which allows us to always find a solution, this has made us a reliable partner in a world that never stands still. And not just since yesterday, but since 1824. We will successfully continue this legacy in the future. Because with our products and solutions, we will keep our customers’ technology and infrastructure running in the world of tomorrow.

With this in mind, we also want to ask our employees worldwide to come forward in 2024. Because without our Semperit employees, our success would never have been possible. Our 200-year website will therefore publish historical and current success stories from the world of Semperit throughout 2024. Check back at regular intervals!

Ladies and gentlemen, we thank you for the trust you have placed in us with your investment in our company and look forward to continuing on the path we have chosen with full commitment.

THE EXECUTIVE BOARD
VIENNA, MARCH 18 2024

Karl Haider

Helmut Sorger

Gerfried Eder

200 YEARS SEMPERIT EXPERIENCE FOR TOMORROW

Our impressive history is based on strong success factors that make us a reliable partner in a world that never stands still. And not just since yesterday, but since 1824.

Johann Nepomuk Reithoffer's factory in Wimpassing in 1852

1824 – 1872

FOUNDATION AND EARLY YEARS

In **1824**, tailor Johann Nepomuk Reithoffer lays the foundations for today's company with his patent for waterproof fabrics. The first European factory for rubber products is established in Wimpassing, Lower Austria.

In 1872, 800 workers are already employed in the factory in Wimpassing. Every month, they produce 15,000 pairs of shoes, 10,000 dozen combs, 2,500 bales, 3,000 pounds of rubber products for technical purposes, 500 coats and skirts and 1,500 rubber threads. A large proportion of the products are already exported worldwide.

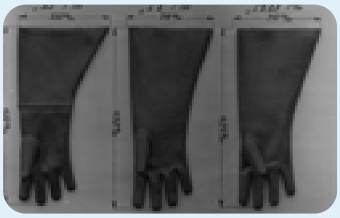
In 1872, Reithoffer's sons merge with the German Harburg rubber factory.

One of the most important products is the "Harburg-Wien" rubber tyre, internationally recognised as a quality product. Around 1900, a wide variety of products are manufactured, including balloon envelopes.

1872 – 1918

A EUROPEAN MULTI-NATIONAL COMPANY IS CREATED

The merger of several rubber companies makes Semperit the largest rubber goods producer in the Austro-Hungarian Monarchy. Semperit goes public on the Vienna Stock Exchange in **1890**.



Gloves have been manufactured in the Wimpassing factory since the 19th century.

Semperit Österreichisch-Amerikanische Gummiwerke AG is founded in 1912. The company is internationally competitive and employs more than 3,000 people.

The Semperit share is one of the oldest shares listed on the Vienna Stock Exchange.

The increasing motorisation in the interwar period causes a surge in growth for Semperit tyres. In 1929, tyre production is already Semperit's largest production branch.

1918 – 1938

AUSTRIA'S SECOND LARGEST INDUSTRIAL GROUP

After the collapse of the Austro-Hungarian Monarchy, Semperit is able to regain a foothold through expansion and the establishment of new sites. In **1926**, Semperit is Austria's second-largest industrial group with 9,000 employees and nine factories. The age of tyres is dawning.

The economic crisis of the 1930s leads to a dramatic revenue decline. The wide variety of the production programme proves to be uneconomical. 40,000 items are produced in Wimpassing, which is the most extensive range on the entire continent. Following a reorganisation of the company, business recovers from 1936 onwards.

Soccer production

Production of latex bulbs

Semperit's General Manager Messner talking to employees.

1938 – 1945

SEMPERIT UNDER NATIONAL SOCIALISM

Semperit is integrated into the wartime economic system of the Nazi era. Forced labourers are employed. Despite the adverse circumstances, General Manager Franz Josef Messner is committed to above-average social benefits at Semperit. He is also active as a resistance fighter and is executed in the last days of the war in **1945**.

Inflatable boats for military operations

Women dominate everyday working life in Wimpassing during the war.

The new Semperit high-rise in Vienna becomes the symbol of an up-and-coming company that is an international flagship of Austrian industry.

1945 – 1973

RECONSTRUCTION IN POST-WAR EUROPE

After disassembling the plants as reparations to the victorious powers and thanks to substantial investments, partially from the Marshall Plan, Semperit gets started with modern production facilities. Shareholdings in Europe provide a boost to internationalisation. In **1965**, the Semperit Group exports goods to 100 countries around the world. 15,000 employees in 24 production and sales companies and an annual production of 158,000 tonnes underpin the Semperit Group's position as an international flagship in **1973**.

Demand is huge after the war. Semperit produces in three shifts and is still unable to fully satisfy demand.

In the 1950s and 1960s, the product range reaches unprecedented diversity. The products are advertised with a designated bus and are so valuable that air freight sometimes pays off.

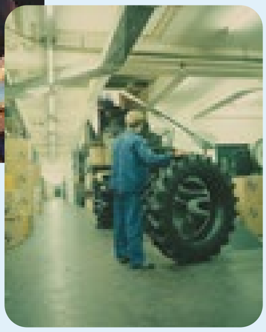
Semperit is one of Austria's best-known brands in the post-war period and is omnipresent, for example at the "Semperit Rally", the first cross-Austrian rally event in post-war Austria.

Satisfied faces after the sale of the tyre division. From left to right: Semperit Tyre CEO Günther Sieber, Semperit CEO Franz Josef Leibenfrost, Continental CEO Helmut Werner, Creditanstalt CEO and Semperit Supervisory Board Chairman Hannes Androsch.

1973 – 1989

OIL PRICE SHOCK AND YEARS OF RESTRUCTURING

Semperit's tyre business collapses due to the oil crisis of the 1970s. In **1985**, the tyre division is sold to Continental. After a difficult restart, product streamlining leads to initial restructuring successes and the development potential of technical products is accelerated. The takeover of a conveyor belt plant near Paris in 1988 makes Semperit the largest supplier of textile conveyor belts in Europe.



The previously highly profitable tyre business collapses along with the entire automotive market. Semperit repositions itself. Investments are made in a product range that is concentrated on gloves, hoses, moulded goods and conveyor belts.

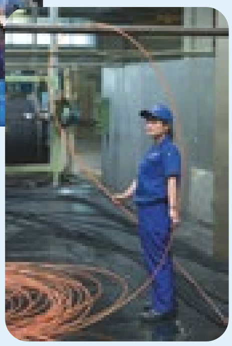
Semperit expands with conveyor belts.

In 1989, the first glove factory in Thailand starts operation together with the joint venture partner Sri Trang. This is followed by dynamic expansion. By the end of 1998, annual production has risen to 2.6 billion examination and protective gloves, making Siam Sempermed the largest global glove factory. The products are exported all over the world.

1989 – 1998

ASIA PIONEER SEMPERIT

From **1989**, General Manager Rainer Zellner shapes the development of Semperit for almost three decades. Under his leadership, the Group becomes the cost leader in many areas and pursues a course of international growth. Semperit is one of the first Austrian companies to have production facilities in Asia.



In 1996, Semperit enters the Chinese growth market for handrails. A hose and moulded goods plant is also built in Thailand. Sales are globalised. The important US glove market is served by Sempermed USA in Florida.

Parallel to the expansion into Asia, the Wimpassing site is modernised. Under reorganisation manager Rainer Zellner, all business areas achieve sustainable profitability.

Innovative strength is further enhanced with the new R&D centre in Wimpassing.

1998 – 2017

RISING TO THE TOP LEAGUE OF THE INDUSTRY

The focus is on internationalisation, innovation and cost leadership. Europe’s largest hose factory in Odry, Czech Republic, becomes part of the Semperit Group in **1998**. The conveyor belt segment Sempertrans expands into Poland and takes over the Bełchatów conveyor belt plant in several stages. At the turn of the millennium, Semperit is present on three continents with 20 production sites and 6,000 employees.

With the acquisitions in the Czech Republic and Poland, Semperit has become one of the big players in the global hose and conveyor belt business.

At the turn of the millennium, Semperit exceeds the revenue threshold of 5 billion Austrian schillings. The product portfolio is consistently competitive.

With the divestment of the medical business, Semperit is realising its transformation to become an elastomers specialist for the industrial sector and is focussing on the expansion of its industrial core business. Semperit CEO Karl Haider (right) signs the closing documents for the sale at the end of August 2023 with Haziq Bin Zairel Oh, CEO of the buyer Harps.

2017 – 2023

GLOBAL PLAYER SEMPERIT

Semperit implements the largest investment programme in the company's history and expands its production capacities worldwide in response to strong demand. After a phase of global growth, the strategic decision is made to focus on the Industrial Sector. Semperit divests its glove segment Sempermed. In **2023**, Semperit acquires the Rico Group, a global technology leader in liquid silicone and mould making, thereby strengthening its industrial core business.

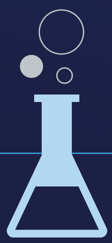
Start of construction for the expansion of hose production in Odry, Czech Republic. This will strengthen the company's position as global market leader for hydraulic hoses.

With Rico's expertise in liquid silicone and mould production, Semperit can tap into new, attractive markets and continue to grow, especially in North America.

Capacities are being expanded around the world. From Odry to Shanghai, from Bełchatów to Kamunting and from Deggendorf to Newnan.

SUCCESS FACTORS
OUR DNA

This experience and our strong focus on our success factors enable us to actively shape the future. With our products and solutions, we keep our customers' technology and infrastructure up and running in the world of tomorrow.

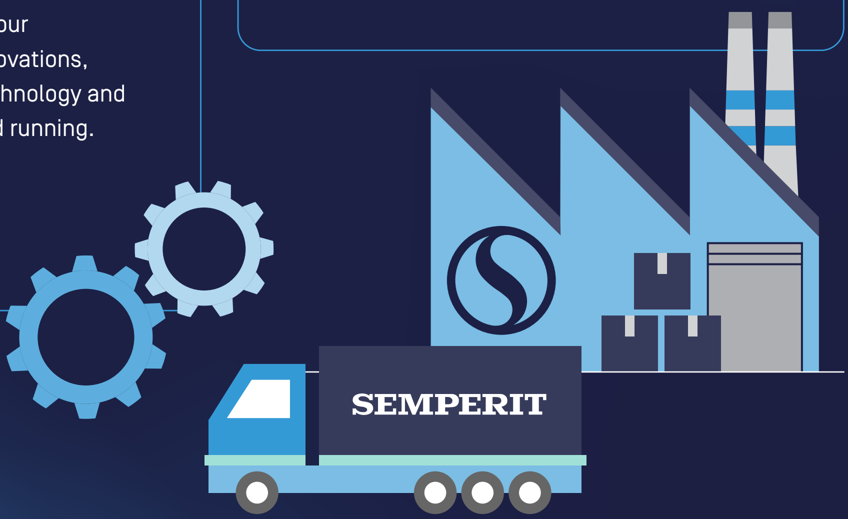


INNOVATION ENGINE

Enabling innovation was the birth of Semperit in 1824: developing products that give our customers a clear advantage. What was then water-repellent clothing are now our technologically sophisticated innovations, which we also use to keep the technology and infrastructure of tomorrow's world running.

GLOBAL PIONEER

For over 200 years, Semperit has made success possible by thinking and acting on an international scale. This was true before the First World War, when Semperit was already a multinational company by the standards of the time. And it is all the more true today and in the future, when we, as a leading supplier, constantly expand our global footprint and grow intelligently and profitably.



Find out more
on our microsite!

CUSTOMER PLAYER

The constant search for customer benefits and the commitment to go the extra mile have made Semperit the partner of first choice more and more often over the years. This is also our credo for the future: in a world that never stands still, we, as a reliable partner, will ensure that our customers are successful. With top performance in quality and service.

SOLUTION MAKER

“Semper it”, there is always a solution – this is the mindset that has made Semperit robust and successful for two centuries. Sometimes our team has to be inventive and innovative, sometimes it is more important to act with pragmatism and routine. But it always goes on, and there is always a solution – you can continue to rely on that in the future.

SUSTAINABLE PARTNER

Without sustainability in its corporate DNA, Semperit would not celebrate its 200-years anniversary. And without sustainability as a strategically anchored basic principle, no promising future would be possible for Semperit. In implementing this principle, we make small and large adjustments, from climate protection and sustainable supply chains to a healthy and safe working environment. This makes Semperit a sustainable partner and fit for future challenges.

SEMPERIT ENGINEERED APPLICATIONS

2023

351.0 MEUR
REVENUE

50.5 MEUR
EBITDA

With our Semperit Engineered Applications (SEA) division, we are an internationally sought-after supplier of customized and tailor-made technical solutions based on elastomers, including escalator handrails, conveyor belts and track underlays. We also occupy a leading technological position in liquid silicone and high-end toolmaking. The SEA division, which is strongly driven by innovation and technology, includes the Form and Belting business units as well as the Rico Group, which was acquired in 2023.

SEA

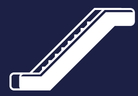
LOCATIONS[1]	COUNTRY	PRODUCTION	SALES	R&D	BUSINESS
Thalheim	AT	●	●	●	Rico
Wien	AT		●		Belting
Wimpassing	AT	●	●	●	Form
Wimpassing	AT			●	Belting
Moers	DE		●		Belting
Wolfhalden	CH	●	●		Rico
Béthune	FR		●		Belting
Courbevoie Cedex	FR		●		Belting
Sopron	HU	●		●	Form
Bełchatów	PL	●	●	●	Belting
Warsaw	PL		●		Belting
Miramar, Florida	US	●	●		Rico
Winnipeg	CA		●		Belting
Querétaro	MX		●		Belting
Newnan, Georgia	US	●	●		Form
Newnan, Georgia	US		●		Belting
Shanghai	CN	●	●	●	Form
Jakarta	ID		●		Belting
Mumbai, Kolkata, Delhi, Chennai	IN		●		Belting
Roha	IN	●		●	Belting
Dubai	UAE		●		Belting
Thornton (NSW)	AU		●		Belting

1 Group headquarters: Vienna

FORM

Our Form business unit is a leading manufacturer of molded and extruded polymer and plastic products. The extensive product range includes handrails for escalators, mountain applications (ski and snowboard foils, cable car rings and track belts or drive belts for snow groomers) and elastomer sheets, which are used in sealing applications, among others. The Engineered Solutions unit comprises customer-specific solutions with sealing or insulating functions. These include, for example, rail pads in railroad superstructures, various pipe seals and large membranes that are used worldwide, for example in filtration presses.

While research and development, mixing operations and toolmaking are concentrated in Wimpassing, Austria, the products are manufactured at sites in Austria, Hungary, China and the USA.

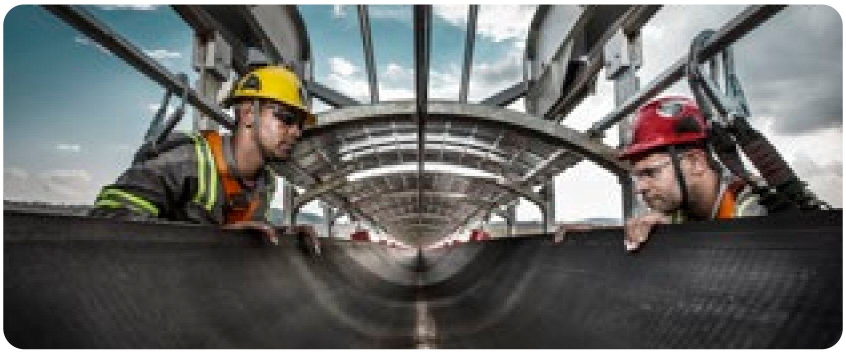


>2,000
KM
HANDRAILS SOLD

>12,000
TONNES
MOLDED ARTICLES

4
PRODUCTION SITES



BELTING

Innovation, experience and know-how have made Semperit one of the world's leading suppliers in the conveyor belt industry. Production takes place at two locations in Poland and India. With standard products ranging from textile belts to steel cord belts with maximum breaking strength, Semperit guarantees safe, top-quality and highly efficient transportation even under extreme conditions. Conveyor belts are used in mining, in the steel industry, in the cement industry, in power plants, in bulk material handling terminals and many other areas. Thanks to their customized production, the solutions are extremely versatile. Customers are supported from the design stage through to production, installation and maintenance.

~ 1,000
KM
BELTS SOLD

2
PRODUCTION SITES

RICO

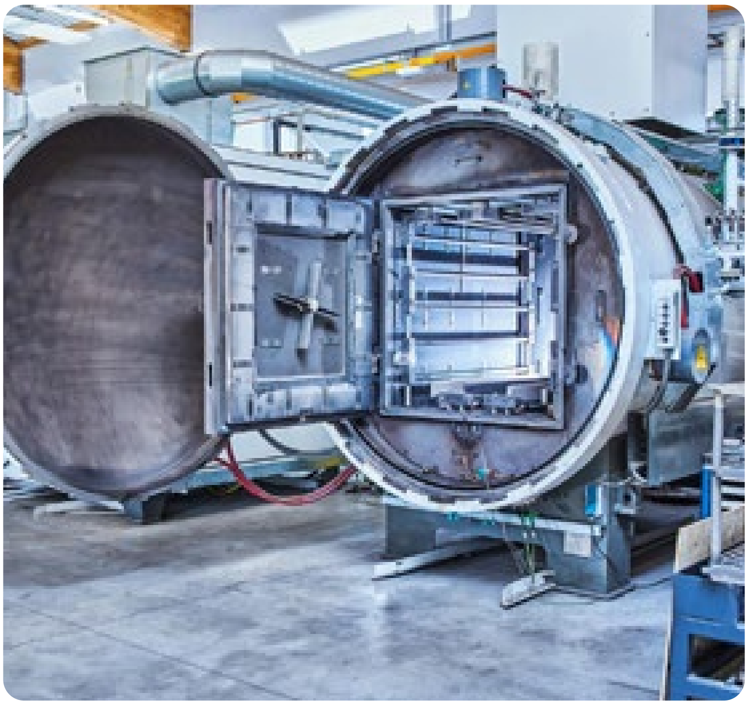
The Rico Group is a technology leader in toolmaking and the production of precision liquid silicone parts and offers complete customized solutions in large quantities. Rico covers the entire value chain in the field of liquid silicone – from prototype development and toolmaking to large-scale production (including clean room production). The company is an international leader, particularly in tool manufacturing and multi-component injection molding products. Rico serves industrial customers with its customized solutions and supplies products for the healthcare, mobility, food, industrial, consumer goods and appliances, and sanitation sectors. The Rico Group has a total of four production sites; two in Austria and one each in Switzerland and the USA. Rico was acquired by Semperit in 2023, the closing took place on July 31, 2023.

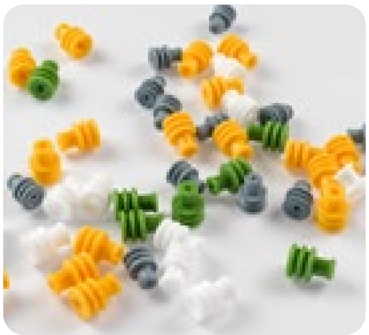
rico GROUP

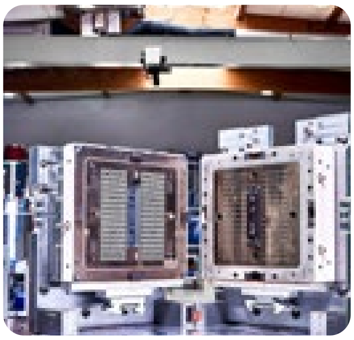
MORE THAN
140
INJECTION MOLDING MACHINES IN OPERATION

UP TO
200
MILLION UNITS PER YEAR
THE LARGEST MACHINE PRODUCES

4
PRODUCTION SITES







SEMPERIT INDUSTRIAL APPLICATIONS

2023

330.8
MEUR
REVENUE

46.9
MEUR
EBITDA

With our Semperit Industrial Applications (SIA) division, we are a leading international supplier of hydraulic and industrial hoses (Hoses) and sealing profiles (Profiles). In these business units, we focus on highly efficient production and cost leadership for industrial applications in connection with large series.

SIA

LOCATIONS[1]	COUNTRY	PRODUCTION	SALES	R&D	BUSINESS
Wimpassing	AT	●	●	●	Hoses
Odry	CZ	●	●	●	Hoses
Deggendorf	DE	●	●	●	Profiles
Hückelhoven	DE	●	●	●	Profiles
Seligenstadt	DE	●	●	●	Profiles
Waldböckelheim	DE		●		Hoses
Newnan, Georgia	US		●		Hoses
Newnan, Georgia	US	●	●		Profiles
Shanghai	CN	●	●		Hoses
Mumbai, New Delhi	IN		●		Hoses
Singapore	SG		●		Hoses
Hat Yai	TH	●			Hoses

1 Group headquarters: Vienna

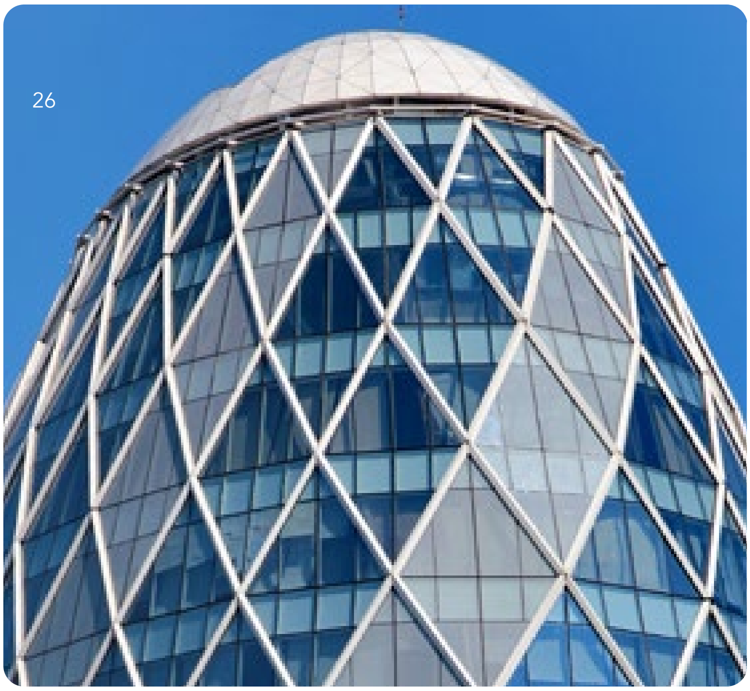
HOSES

With its hose-only strategy, Semperit is one of the world's largest and most successful manufacturers of hydraulic and industrial hoses. Our application-oriented and high-quality hydraulic hoses are used in machinery, mining and plant engineering as well as in agricultural machinery. Our industrial hoses, which are used in the construction, chemical and food industries, among others, ensure the safe transportation of materials. They are manufactured to the highest quality standards at our production sites in Austria, the Czech Republic, China and Thailand.

>1,000
HYDRAULIC AND INDUSTRIAL HOSES

~90
MILLION METERS OF HOSES SOLD

4
PRODUCTION SITES



PROFILES

With our Profiles division, we are one of the most important European gasket specialists for construction elements and industry and have already produced well over 20,000 geometries for our customers, individually tailored to their needs. Whether it is seals for windows and doors, facade seals, glazing seals, pipe insulation, EPDM seals or many more – our custom-made Semperit seals offer lasting protection and optimum tightness for every end product.

~ 19,000
TONNES
GASKETS PRODUCED

~2,800
DIFFERENT PROFILES MANUFACTURED

4
PRODUCTION SITES

WE LIVE THE SPIRIT OF ENGINEERING. WE ARE SHAPING THE FUTURE OF OUR INDUSTRY WITH RESEARCH AND DEVELOPMENT (R&D) AND INNOVATIVE POWER.
FOR THE BENEFIT OF OUR CUSTOMERS, THE ENVIRONMENT AND OUR COMPANY.

Investor Relations

Having been listed since 1890, the Semperit share is one of the oldest on the Vienna Stock Exchange.

Performance of the Semperit share

High interest rates, persistent inflation and geopolitical tensions left their mark on the European stock markets in 2023. The ongoing war in Ukraine led to restraint on the part of international investors and thus to a more subdued share price performance on the Vienna Stock Exchange. Towards the end of the year, however, there was growing hope that the easing inflationary pressure would clear the way for key interest rate cuts. Corresponding signals from central banks also led to a year-end rally on the stock markets. Over the full year, the ATX Index gained 9.9% and the MDAX improved by 8.0%.

The Semperit share performed positively in the first half of 2023, with the signing of the contract for the sale of the medical business at the end of 2022 also having a supportive effect. At EUR 27.10, the share reached its high for the year on April 17, shortly before the Annual General Meeting approved the dividend and the then still conditional additional dividend, totaling EUR 4.5 per share. The second half of the year was characterized by a downward trend. Possible reasons for this were the sales of larger blocks of shares by individual investors as a result of the adapted Semperit business model (sale of the medical business) as well as increased sales following the payment of the additional dividend in September. The low for the year was EUR 13.10 on December 1, the closing price at the end of 2023 was EUR 14.16. Based on the closing price of EUR 19.82 per share for the 2022 financial year, this represents a decline of 28.6%; taking into account the dividends paid out, the total return is –5.9%. The start to the 2024 stock market year was generally positive, with the share also outperforming benchmark indices and shares. However, larger sales volumes at the beginning of February weighed on the share price again.

Market capitalization totaled EUR 291 million at the end of 2023 (EUR 408 million at the end of 2022). The average daily trading volume of Semperit shares in euros decreased accordingly in 2023 compared to 2022, amounting to EUR 291 thousand with around 15,000 shares (2021: EUR 529 thousand with around 24,000 shares).

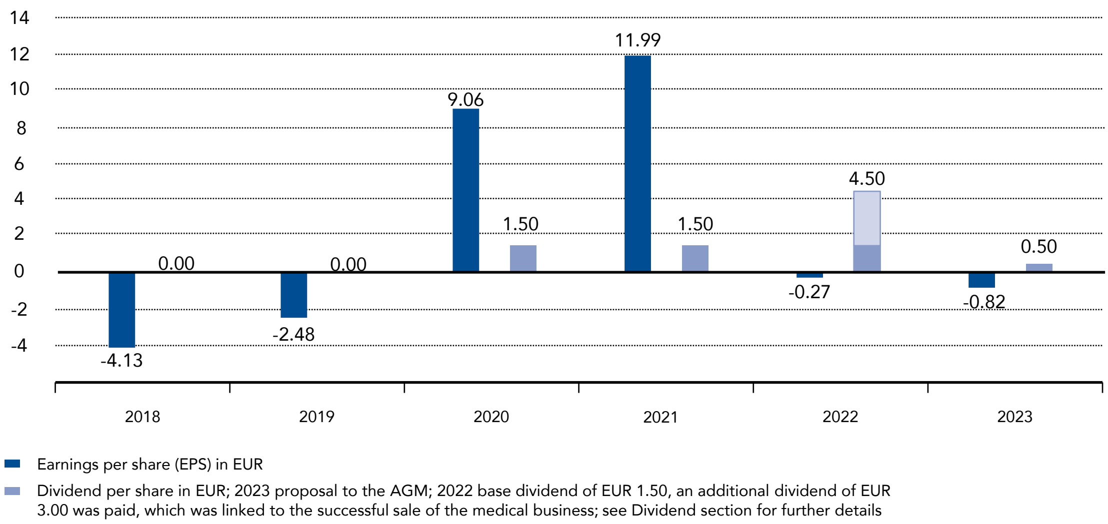
Dividend

The dividend policy of the Semperit Group basically aims at a distribution of around 50% of earnings after taxes – assuming continued successful performance with no unusual circumstances.

In view of the positive earnings after taxes from continued operations – the relevant earnings and comparative figure for future business development – the Executive Board will propose a dividend of EUR 0.50 per share to the Annual General Meeting. A total of EUR 10.3 million therefore should be distributed. With a share price of EUR 14.16 at the end of 2023, this results in a dividend yield of 3.5%.

A basic dividend of EUR 1.50 per share plus an additional dividend of EUR 3.00 per share was distributed for the 2022 financial year following the fulfillment of the conditions precedent in connection with the (first) closing of the sale of the medical business. This corresponds to a total dividend yield of 22.7% in relation to the closing price of EUR 19.82 in 2022.

EPS and DPS



Communication in the capital market

The Semperit Group intends to provide current and potential shareholders with a complete picture of the company's business performance through a transparent and prompt communications policy. The company also relies on different ways of conveying information. This should enable an accurate valuation of Semperit shares on the markets and facilitate a long-term relationship of trust with both shareholders and the general public.

Investor Relations Website: www.semperitgroup.com/ir

The Executive Board and Investor Relations actively seek dialogue with players on the capital markets. As a result of the change in communication habits and in travel behavior after the pandemic, traditional activities such as roadshows or plant visits have shifted more to digital forms of communication. In 2023, Semperit took part in numerous investor conferences, some of which were held online format, while others took place on site, for example in Frankfurt, Munich, Algarve, Zürs and Vienna. Moreover, numerous meetings, conference calls and video calls were arranged to best cater to the requests of individual investors expressing an interest.

Equity research and the ongoing dialogue with analysts are also important elements of the company's communications with the financial market. Analysts from the following institutions reported on Semperit during the 2023 financial year: Baader Bank, Erste Bank, Kepler Cheuvreux, and Raiffeisen Bank International. Meetings with analysts took place regularly again in 2023.

In addition, the Investor Relations website also plays an important role in communication on the technical side. In addition to financial reports and presentations, there is a share chart tool that allows for comparisons to be made with indexes and selected shares and provides detailed information on the share and other topics relating to the financial market.

Semperit share at a glance

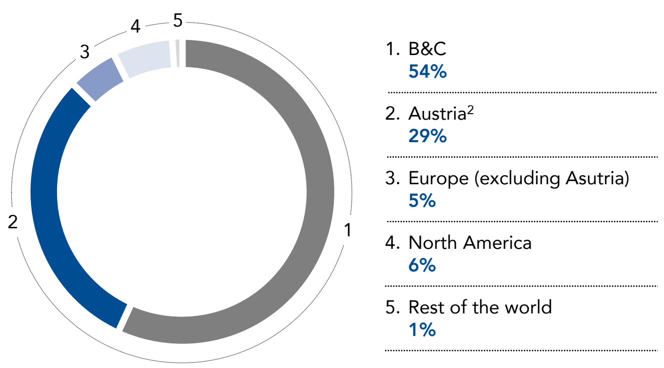
		01.01. – 31.12.2023	Change	01.01. – 31.12.2022
Price at balance sheet date	in EUR	14.16	–28.6%	19.82
Lowest price	in EUR	13.60	–15.8%	16.16
Highest price	in EUR	27.10	–9.7%	30.00
Market capitalisation at balance sheet date	in EUR m	291.32	–28.6%	407.77
Number of shares issued	in units.	20,573,434	–	20,573,434
Earnings per share (EPS)[1]	in EUR	–0.82	n/a	–0.27
Dividend per share[2]	in EUR	0.50	–88.9%	4.50
Average trading volume/day[3]	in 1,000 EUR	291.2	–44.9%	528.6
Average traded shares/day[3]	in units.	14,536	–39.0%	23,812

[1] Attributable to the shareholders of Semperit AG Holding
[2] 2023: Proposal to the AGM of a dividend of EUR 0.5 per share. For 2022, a basic dividend of EUR 1.50 was paid out on May 3, 2023 and an additional dividend of EUR 3.00 on September 14, 2023, which was linked to the successful sale of the medical business.
[3] Single counting

Shareholder structure

Semperit AG Holding is listed with 20,573,434 no-par value bearer shares in the Prime Market of the Vienna Stock Exchange. In total, B&C Privatstiftung holds 54.18% (11,145,917 shares) of Semperit AG Holding, the majority of which (50.00% or 10,286,718 shares) via B&C KB Holding GmbH. B&C Privatstiftung is a private foundation, which was established under Austrian law with the mission of fostering Austrian entrepreneurship. Furthermore, Semperit was informed on January 12 about the increase in the directly and indirectly held stake of Mr. Alain de Krassny (de Krassny GmbH) from 5.02% to 10.07%. Also on January 12, LLB Invest Kapitalanlagegesellschaft announced a reduction in its shareholding from 10.00% to 0.64%. The remaining shares are free float. The following chart shows the shareholder structure by geographic region according to shareholder identification which was made at the beginning of 2024.

Shareholder structure[1]



[1] Shareholder structure as of 31 January 2024, 5% unidentified free float not included in the chart
[2] Austria includes a total of 10% direct and indirect share held by Alain de Krassny

Corporate Governance Report

Commitment to the Austrian Corporate Governance Code

The Semperit Group pursues responsible corporate activities geared towards long-term and sustainable value creation and thus strives to achieve a high degree of transparency for all stakeholders.

The Austrian Corporate Governance Code is a regulatory framework for the management and monitoring of Austrian joint-stock companies. This code contains common international standards and significant related regulations in this context, stipulated in the Austrian Stock Corporation, Stock Exchange and Capital Market Acts. The Austrian Corporate Governance Code is based on the EU recommendations on the tasks of supervisory board members and on the remuneration of executive board members and supervisory board members as well as on the principles set out in the OECD Guidelines for Corporate Governance. The code is aimed at ensuring responsible management and supervision of individual companies and groups, with the goal of creating sustainable and long-lasting value. The code seeks to create a high level of transparency for all company stakeholders.

Companies voluntarily commit to compliance with the guidelines set out in the current version of the Austrian Corporate Governance Code as amended. The version of the Corporate Governance Code that is applicable to the 2023 financial year was published in January 2023 and can be found online at www.corporate-governance.at.

Statement on corporate governance

The Semperit Group, as a publicly listed company that operates globally, hereby declares that it will voluntarily observe the Austrian Corporate Governance Code in its current version and that it also intends to observe the code in the future and justify any behavior to the contrary. Semperit AG Holding complies with all legally binding L-Rules (legal requirements). Unless otherwise declared, the C-Rules (comply or explain) will be observed by the relevant bodies and the company.

Dual management structure

The dual management structure of Semperit AG Holding as a publicly listed stock corporation consists of an Executive Board and a Supervisory Board. Both bodies are strictly separated from each other in terms of personnel and functions and can therefore perform their different tasks independently. The Executive Board is responsible for independently managing the company, while the Supervisory Board is responsible for monitoring it.

Cooperation between the Executive Board and Supervisory Board

The Executive Board and Supervisory Board are committed to managing the company in accordance with the principles of good corporate governance. This management takes place in an open dialogue between the Executive Board and the Supervisory Board as well as within these corporate bodies to ensure its continuous development. Among other things, the Executive Board's internal rules of procedure govern the Executive Board's ongoing reporting to the Supervisory Board. They also specify a catalogue of transactions and measures that, in addition to legal provisions, require the Supervisory Board's explicit authorization. The Supervisory Board monitors the Executive Board and supports it in managing the company, particularly when decisions of fundamental importance are to be made.

The strategic direction of the company is determined in close cooperation between the Executive Board and the Supervisory Board and is discussed in Supervisory Board meetings held at regular intervals.

Executive Board

Composition and function of the Executive Board

At the end of the 2023 financial year, the Executive Board consisted of three members: CEO Karl Haider, CFO Helmut Sorger and CIO Gerfried Eder. Gerfried Eder took over the position on the Executive Board as of 1 July 2023, following Kristian Brok's early departure from the Executive Board. Krstian Brok's term of office lasted from 1 January 2020, to 30 June 2023. The Board has full responsibility for managing the company for the benefit of the business while considering the interests of shareholders and employees as well as the public interest.

The Executive Board's internal rules of procedure regulate the allocation of business responsibilities and the principles of cooperation between members of the Executive Board. Decisions of primary importance are taken by the Board as a whole. The Executive Board is solely responsible for all communications that have a significant impact on how the company is perceived by its stakeholders. Legally binding regulations, the Articles of Association, and the internal rules of procedure for the Executive Board and Supervisory Board laid down by the Supervisory Board form the basis for corporate management.

Karl Haider

Chief Executive Officer (CEO) since 11 January 2022; term of office ends on 31 March 2025.

Karl Haider, born in 1965, started his career as a chemical lab technician. He went on to study Technical Chemistry and Economics, eventually going on to complete his doctorate in Technical Chemistry at the Johannes Kepler University Linz in Austria. Following his studies, he worked in sales and project management at the voestalpine group before being promoted to Board Member within the Stainless Steel Division. Most recently, Karl Haider held the position of Chief Commercial Officer at Tata Steel Europe, one of the world's largest steelmaking companies. His previous roles at Tata Steel included managing major M&A transactions and acting as Director Operations Downstream. A highly regarded industry expert and highly qualified manager, he has gained extensive experience at major international industrial corporations throughout his career. In his previous functions, Karl Haider has also held a number of seats on Supervisory Boards at the respective group subsidiaries.

Currently, he does not hold Supervisory Board mandates in other companies that are not included in the consolidated financial statements pursuant to C-Rule 16 of the Austrian Corporate Governance Code.

Helmut Sorger

Member of the Executive Board since 1 October 2022, Chief Financial Officer (CFO); term of office ends on 30 September 2025.

Helmut Sorger was born in 1978 and holds a doctorate in social sciences and economics. He started his career as a research assistant and university lecturer at the Department for Quantitative Management at the Vienna University of Economics and Business. In 2007, he joined Wienerberger AG in the Corporate Controlling Department. In the same year, Helmut Sorger took over as head of external reporting. In summer 2010, he moved to the USA and served as Director Finance and IT of General Shale Brick Inc. In 2013, he returned to Vienna taking on responsibility as Head of Corporate Reporting of Wienerberger AG. At the beginning of 2015, Helmut Sorger assumed responsibility as CFO of the North America region for the American financial area of Wienerberger AG for the following seven years and supported the division's strategic reorientation and growth course through acquisitions and their rapid integration into the existing organization.

He does not hold Supervisory Board mandates in other companies that are not included in the consolidated financial statements pursuant to C Rule 16 of the Austrian Corporate Governance Code.

Gerfried Eder

Member of the Executive Board since 1 July 2023; CIO (Chief Industrial Officer); term of office ends on 30 June 2026.

Gerfried Eder, born in 1972, Is reponsible in his function for the Industrial Applications Division, which includes production, marketing and sales of hydraulic and industrial hoses as well as profiles.

Gerfried Eder studied business administration at the Vienna University of Economics and Business Administration and has held various management positions at Semperit since 2000. Prior to his appointment to the Executive Board, he was Managing Director of the Hydraulic and Industrial Hose Production Division with plants in the Czech Republic, Thailand, China, Austria, the USA, India and Singapore.

He does not hold Supervisory Board mandates in other companies that are not included in the consolidated financial statements pursuant to C Rule 16 of the Austrian Corporate Governance Code.

End of term in 2023:
Kristian Brok

Member of the Executive Board since 1 January 2020, until 30 June 2023; Chief Operating Officer (COO).

Kristian Brok left Semperit AG Holding prematurely on 30 June 2023, to take on a new professional challenge.

Organizational Structure Semperit Group 2023[1]

Karl Haider Chief Executive Officer	Helmut Sorger Chief Financial Officer		Gerfried Eder Chief Industrial Officer
Division Engineered Applications	Finance	Accounting & Tax	Division Industrial Applications
Surgical Operations	Business Performance Management	Business Process Automation	Commercial Excellence
Corporate Development & ESG	CISO	Compliance	HSEQ
Group Communications, Brand Management & Investor Relations	Controlling	Information Technology	Research & Development
Human Resources	Internal Audit, Risk Management & Assurance	Legal	Supply Chain Management & Procurement
Manufacturing & Engineering	Treasury		
Mixing Operations			

[1] As of 31 December 2023; Gerfried Eder was appointed CIO from 1 July 2023. Kristian Brok held the position of COO (Chief Operational Officer) until 30 June 2023, and left the Executive Board prematurely. In the course of this change and the implementation of the new organizational structure of the Semperit Group, the division of responsibilities was adjusted accordingly.

Supervisory Board

At the end of 2023, the Supervisory Board consisted of seven shareholder representatives and four employee representatives and has resolved to establish the following committees consisting of its own members to carry out specific functions: Audit Committee, Nominating and Remuneration Committee, Strategy, Growth and Innovation Committee, ESG Committee and Committee for Urgent Issues. The authority to make decisions and pass resolutions rests primarily in the hands of the entire Supervisory Board.

Composition of the Supervisory Board[1]

	Year of birth	First appointed to the Supervisory Board	Current term of office[2]	Supervisory board positions in other listed companies
Shareholder representative				
Thomas Cord Prinzhorn, Chairman since 25.04.2023[3, 4,]	1972	25.04.2023	Until the Annual General Meeting, resolving upon the 2025 financial year	Lenzing AG (Chairman)
Stefan Fida Chairman until 25.04.2023 Deputy Chairman since 25.04.2023[3, 4]	1979	29.04.2014	Until the Annual General Meeting, resolving upon the 2024 financial year	Lenzing AG
Birgit Noggler Deputy Chairwoman until 25.04.2023 Member since 25.04.2023[3, 4]	1974	08.05.2019	Until the Annual General Meeting, resolving upon the 2024 financial year	Raiffeisen Bank International AG
Stephan Büttner, Member[3, 5, 6]	1973	27.04.2022	Until the Annual General Meeting, resolving upon the 2023 financial year	–
Klaus Friedrich Erkes Member[3]	1958	23.05.2017	Until the Annual General Meeting, resolving upon the 2026 financial year	Chairman of the Supervisory Board of Simona AG (based in Kirn, Germany); Member of the Supervisory Board of PRÄZI-Flachstahl AG (based in Everswinkel, Germany)
Claus Möhlenkamp Member[3, 5]	1965	22.07.2020	Until the Annual General Meeting, resolving upon the 2026 financial year	–
Marion Weissenberger-Eibl, Member since 25.04.2023[3, 4, 5]	1966	25.04.2023	Until the Annual General Meeting, resolving upon the 2025 financial year	Heidelberg Materials AG, MTU Aero Engines AG, ExxonMobil Central Europe Holding GmbH
Employee representatives				**Works council function**
Herbert Ofner	1966	27.04.2021	–	Deputy Chairman of the Works Council for white-collar workers, Wimpassing
Monika Müller	1964	27.04.2021	–	Chairwoman of the Works Council for white-collar workers, Vienna
Michael Schwiegelhofer	1975	08.03.2017	–	Deputy Chairman of the Central Works Council of Semperit AG Holding, Chairman of the Works Council for blue-collar workers, Wimpassing, Chairman of the European Works Council
Markus Stocker	1979	01.01.2017	–	Chairman of the Central Works Council of Semperit AG Holding, Chairman of the Works Council for white-collar workers, Wimpassing, Deputy Chairman of the European Works Council

[1] As of 31 December 2023.
[2] According to regulations, each year at least two members resign from the Supervisory Board at the end of the Annual General Meeting.
[3] Have declared their independence to the Supervisory Board in accordance with C-Rule 53 of the Austrian Corporate Governance Code.
[4] Stefan Fida, previously Deputy Chairman of the Supervisory Board, exercised the role of Chairman of the Supervisory Board from 27 December 2022, to 25 April 2023, following the premature departure from the Supervisory Board of Herbert Ortner at his own request. Birgit Noggler acted as Deputy Chairwoman of the Supervisory Board during the same period. On 25 April 2023, Thomas Cord Prinzhorn was elected to the Supervisory Board and as its Chairman, and Marion Weissenberger-Eibl was elected as a member of the Supervisory Board. On 25 April 2023, Astrid Skala-Kuhmann left the Supervisory Board at her own request.
[5] No representation by a shareholder over 10% (C-Rule 54 of the Austrian Corporate Governance Code).
[6] Stephan Büttner is a member of the Executive Board of AGRANA Beteiligungs-AG.

Resigned members of the Supervisory Board

	Year of birth	First appointed to the Supervisory Board	Current term of office
Shareholder representative			
Astrid Skala-Kuhmann Member	1953	29.04.2014	Resigned from office as of 25.04.2023

Meetings of the Supervisory Board and its committees in 2023

The **Supervisory Board** convened for seven meetings and a total of 15 committee meetings in 2023. Overall attendance was 99%; only one member was absent from one meeting. Stefan Fida served as Chairman of the Supervisory Board and Birgit Noggler as Deputy Chairwoman of the Supervisory Board until the Annual General Meeting on 25 April 2023. Thomas Cord Prinzhorn was elected to the Supervisory Board at the Annual General Meeting; he was elected as Chairman and Stefan Fida as Deputy Chairman at the constituent meeting of the Supervisory Board. The individual Supervisory Board meetings focused on the further development of the industrial strategy and the associated implementation of the new organizational structure, the acquisition of the RICO Group, the sale of the medical business and measures to reduce costs and increase efficiency.

The **Audit Committee** led by finance expert Birgit Noggler performs its duties in accordance with Article 92 Section 4a of the Austrian Stock Corporation Act and Rule 40 of the Austrian Corporate Governance Code. In 2023, the Audit Committee held four meetings, focusing particularly on the preparation of the adoption of the annual and consolidated financial statements for 2022, on the acquisition of the RICO Group as well as the sale of the medical business, on risk management, the internal control system, internal auditing, the compliance organization, IT security (cybersecurity), and the preparation of the annual and consolidated financial statements for 2023.

The **Nominating and Remuneration Committee** was chaired by Stefan Fida until 25 April 2023, and Thomas Cord Prinzhorn was appointed Chairman at the constituent Supervisory Board meeting following the Annual General Meeting. In eight meetings, the Committee focused on the performance assessment and agreement of targets for the members of the Executive Board. Other focal points were the early departure of Kristian Brok as well as the succession to the Executive Board and the appointment of Gerfried Eder. In addition, the potential and succession issues of the second management level and initiatives for talent management within the company were discussed with the Executive Board.

The **Strategy, Growth and Innovation Committee**, which was established in April 2023, held two meetings under the chairmanship of Thomas Cord Prinzhorn. The committee focused on supporting the strategy process, including the realignment of the organizational structure, as well as discussing strategic initiatives and growth potential. The committee also dealt intensively with the innovation portfolio and the KPIs of the innovation process.

The **ESG Committee**, which was also founded in April 2023, monitors the establishment and effectiveness of sustainability reporting, deals with defining ESG targets in Executive Board remuneration and supports the Supervisory Board with other ESG issues, particularly if these are relevant to the Strategy, Growth and Innovation Committee. Under the chairmanship of Thomas Cord Prinzhorn, the committee held one meeting to discuss the updating of the ESG strategy and targets as a result of the restructuring of the Group and the implementation of new ESG regulations and standards (e.g., CSRD).

The **Committee for Urgent Issues**, headed by Thomas Cord Prinzhorn since 25 April 2023, did not hold any meetings.

In the first half of 2023, the Supervisory Board completed a comprehensive **self-evaluation** based on both qualitative and quantitative assessment in accordance with C Rule 36 of the Austrian Code of Corporate Governance. In addition to a generally very positive evaluation result for the Supervisory Board's activities, specific measures to increase efficiency were also derived from this. These measures related, for example, to the areas of organization and working methods, information and communication or committee work and further training. An update of the quantitative evaluation is planned for the second half of 2024 in order to review the successful implementation of the measures developed and to identify further areas for increasing the effectiveness and efficiency of the Supervisory Board's work.

Composition of the Supervisory Board Committees[1]

Committee	Members
Committee for Urgent Issues	Thomas Cord Prinzhorn (member and Chairman since 25.04.2023)[2] Stefan Fida (Chairman until 25.04.2023) Markus Stocker
Nominating and Remuneration Committee	Thomas Cord Prinzhorn (member and Chairman since 25.04.2023)[2] Stefan Fida (Chairman until 25.04.2023) Markus Stocker
Audit Committee	Birgit Noggler (Chairwoman, financial expert) Thomas Cord Prinzhorn (Member since 25.04.2023)[2] Stephan Büttner Michael Schwiegelhofer Markus Stocker
Strategy, Growth and Innovation Committee (as of 25.04.2023)	Thomas Cord Prinzhorn (Chairman) Klaus Friedrich Erkes Claus Möhlenkamp Marion Weissenberger-Eibl Birgit Noggler Monika Müller Michael Schwiegelhofer Markus Stocker
ESG Committee (as of 25.04.2023)	Thomas Cord Prinzhorn (Chairman) Stefan Fida Birgit Noggler Marion Weissenberger-Eibl Michael Schwiegelhofer Markus Stocker

[1] As of 31 December 2023.
[2] On 25 April 2023, Thomas Cord Prinzhorn was elected to the Supervisory Board at the Annual General Meeting and elected Chairman of the Supervisory Board at its constituent meeting. At the same time, he took over from Stefan Fida as Chairman of the Committees for Urgent Issues and the Nominating and Remuneration Committee; Birgit Noggler stepped down from these committees on the same date.

Attendance of shareholder representatives at the meetings

	Supervisory Board (plenum)	Audit Committee	Nominating and Remuneration Committee	Strategy, Growth and Innovation Committee	ESG Committee	Total attendance
Shareholder representative	**Attendance/number of meetings (in %)**					
Thomas Cord Prinzhorn, Chairman since 25.04.2023	4/4 (100%)	3/3 (100%)	6/6 (100%)	2/2 (100%)	1/1 (100%)	16/16 (100%)
Stefan Fida, Chairman until 25.04.2023 Deputy Chairman since 25.04.2023	7/7 (100%)		8/8 (100%)		1/1 (100%)	16/16 (100%)
Birgit Noggler, Deputy Chairwoman until 25.04.2023, member since 25.04.2023	7/7 (100%)	4/4 (100%)	2/2 (100%)	2/2 (100%)	1/1 (100%)	16/16 (100%)
Stephan Büttner, member	7/7 (100%)	4/4 (100%)				11/11 (100%)
Klaus Friedrich Erkes, member	7/7 (100%)			2/2 (100%)		9/9 (100%)
Claus Möhlenkamp, member	6/7 (86%)			2/2 (100%)		8/9 (89%)
Astrid Skala-Kuhmann, member until 25.04.2023	3/3 (100%)					3/3 (100%)
Marion Weissenberger-Eibl, member since 25.04.2023	4/4 (100%)			2/2 (100%)	1/1 (100%)	7/7 (100%)
Total attendance	45/46 (98%)	11/11 (100%)	16/16 (100%)	10/10 (100%)	4/4 (100%)	87/88 (99%)

Guidelines for the independence of Supervisory Board members

The Supervisory Board adopted the guidelines for independence as per Appendix 1 of the Austrian Corporate Governance Code. According to this, all members of the Supervisory Board declared their independence from the company and its Executive Board. In addition, pursuant to C-Rule 54 of the Austrian Corporate Governance Code, the members Stephan Büttner, Claus Möhlenkamp and Marion Weissenberger-Eibl were not shareholders of the company with an investment of more than 10% each nor did they represent the interests of such shareholders in 2023. There is D&O insurance for the Supervisory Board. The associated expenses are borne by the company.

Remuneration of the Executive and Supervisory Boards

In accordance with Section 78c of the Stock Corporation Act and, as a result, in accordance with the amended reporting requirements in the Corporate Governance Code and AFRAC Statement 37 on the Compensation Report, Directive (EU) 2017/828 to promote long-term participation of shareholders was implemented in the 2019 Stock Corporation Law Amendment Act. Accordingly, the remuneration of the Executive Board and the Supervisory Board must be dealt with in a separate remuneration report and presented to the Annual General Meeting (please also refer to www.semperitgroup.com/investor-relations/reports-presentations).

Directors and Officers (D&O) insurance

Directors and Officers (D&O) insurance has been taken out for the members of the Executive Board and senior executives within the Group. The company bears the related costs. In case of damage, deductibles were agreed for the event that Executive Board members are found to be in breach of duty.

Managers' transactions

There were no proprietary transactions in the financial year. In general, transactions in shares or debt instruments of the company or related derivatives or financial instruments by members of the Executive Board and Supervisory Board are published in accordance with Art. 19 of the Market Abuse Regulation at https://issuerinfo.oekb.at and on the company's website.

Equal opportunities and diversity

The promotion of Diversity & Inclusion (D&I) is an essential part of Semperit's sustainability strategy. The vision for Diversity & Inclusion 2040 is to promote a collaborative and inclusive work culture in which all employees feel valued, have a sense of belonging, feel comfortable, can live their authentic selves and are respected as individuals. The intention is to ensure fairness in all aspects. Semperit wants to reduce unconscious bias and use the great diversity in the workforce to its advantage in order to benefit from the experiences and perspectives of people with different cultural imprints and other backgrounds (for details see also Sustainability Report 2023). Respect, diversity, and inclusion are integral and indispensable elements of the corporate culture of Semperit AG Holding and are always considered when filling vacancies. When proposals are made to the Annual General Meeting for filling Supervisory Board mandates and when nominating Executive Board members, special importance is attached to expertise and diversity because this contributes significantly to the level of professionalism and efficiency delivered through the work of the Supervisory and Executive Boards. In addition to professional and personal qualifications, aspects such as age, ethnic origin, gender, education, and experience are also factored in. The written version of a diversity concept of the Supervisory Board was adopted on 1 February 2018 and updated in the 2021 financial year.

At the same time, the topic of diversity and inclusion (D&I) is not only relevant for filling management positions, but for the entire Semperit Group. This applies to the existing workforce as well as to the recruitment and hiring of new employees. In addition to professional and personal qualifications, aspects such as age, origin, gender, education and experience are also taken into account, as is the case for the Executive Board and Supervisory Board. A diversity and inclusion strategy was developed in 2022. In the course of various workshops, four dimensions and goals were defined that are crucial for Semperit in the area of D&I:

- **Gender**: In a step-by-step process, Semperit is pursuing the path to a more balanced gender distribution at all hierarchical levels of the Group. Each Semperit site is developing a local action plan with at least two defined initiatives to eliminate relevant local gender barriers. In addition, Group HR has been reporting on the current gender balance in Semperit's senior management on an ongoing basis since 2023. In the second half of 2023, a progress plan for a balanced gender ratio in senior management was drawn up, and in October 2023 the Executive Board defined an annual increase in the proportion of women as a target by 2030.
- **Age**: By the end of 2025, Semperit will have ensured that there is equal treatment of all age groups both in guidelines and in corporate practice in the areas of recruitment, employee promotion and development. This goal is to be achieved through a change in corporate culture, which will in turn be initiated through the implementation of at least five defined initiatives focusing on the elimination of system barriers and prejudices against all age groups.
- **People with disabilities**: Following a successful pilot project in Austria in 2022, initiatives to better identify and analyze the needs of employees with disabilities and to implement improvements were carried out at all Semperit sites in 2023. The approach is based on the identification of local system barriers at the site and their targeted elimination. Measure, cost and implementation plans were developed at all production sites in order to make the workplaces and the site more inclusive for employees with disabilities.
- **Culture and intercultural competence**: By the end of 2025, Semperit will have strengthened intercultural competence through continuous awareness-raising communication measures and ensure that all employees have completed awareness training to eliminate prejudices with regard to culture, origin and inclusion.

Building on this, "D&I Councils" were established for each dimension at the beginning of 2022 with representatives from various divisions, locations, age groups and hierarchical levels. The D&I Councils also work as think tank platforms where data is analyzed, ideas are exchanged, and initiatives are designed to promote diversity and inclusion in the workforce. The fact that D&I has become an integral part of Semperit's corporate culture is also reflected in numerous communication measures implemented in 2023. Examples include the D&I PC screensavers provided within the company or informative intranet and shop floor postings. In addition, Semperit offers information opportunities via a specially created "D&I microsite", where employees can also contribute their own ideas. In June 2023, the Executive Board and the upper management levels also signed a "Diversity Charter". This document underlines the importance of promoting a networked and inclusive culture at Semperit.

Advancement of women

Semperit is committed to equal opportunities for all employees – regardless of age, gender, nationality, religion, skin color, or sexual orientation. A person's skills and potential are what counts. The gradual increase in the proportion of women in the Semperit Group, which – typical for an industrial company – is lower than in other sectors, is a central goal for human resources. The measures to promote women include flexible working models in the form of flexitime and part-time work as well as special agreements for part-time parental leave. These measures and the new ESG target introduced by the Executive Board in 2023, which will be applicable from 2024, are intended to contribute to a continuous increase in the proportion of women (for more details, see the 2023 Sustainability Report). In addition to the new target, the Executive Board has set another example in the fight against gender inequality and signed the UN-initiated Women's Empowerment Principles (WEPs). These comprise a series of principles that provide companies with guidance on how they can promote gender equality and the empowerment of women. As a traditional industrial company with a technical focus, the share of women was 27% across the Group in 2023 (2022: 23%). Since May 2017, Semperit AG Holding has met the quota for women on the Supervisory Board, which has been required by law since 2018. Overall, the share of women in management (Executive Board, Management Forum, department heads) was around 14% (2022: 13%).

Issuer Compliance Policy

In order to implement and ensure compliance with all relevant stock exchange regulations, Semperit AG Holding has issued its own Issuer Compliance Policy designed to prevent the misuse or dissemination of insider information. Compliance is monitored and administered by an Issuer Compliance Officer, who reports directly to the Executive Board.

Code of Conduct

Beyond issuer compliance, the Semperit Group has a compliance organization that covers all corporate units. A Group Compliance Officer receives support in fulfilling their responsibilities from central compliance team and local compliance coordinators working in the subsidiaries of the Semperit Group. The main focus is on ensuring compliance with regulations in the areas of anti-corruption, antitrust law, export control and sanctions as well as data protection. The Group Compliance Officer is also the deputy of the Issuer Compliance Officer.

The Code of Conduct, which applies to all employees and managers and is available in several languages, was updated and published in 2022. Its most important objectives are to avoid corruption, money laundering, human rights violations, insider trading, and breaches of competition law. In addition, it deals with aspects of data protection and export restrictions. These conduct requirements are further specified in thematic compliance guidelines. Employees receive in-depth and practical training with a focus on the matters referred to in the Code of Conduct. In addition, there is regular internal communication from the Executive Board and the relevant managers providing support on compliance-related topics. The Code of Conduct can be viewed online here:
https://www.semperitgroup.com/company/compliance-code-of-conduct.

Whistleblower system

In order to support the above-mentioned targets of the Code of Conduct, the information hotline "SemperLine" was set up in January 2018. Employees as well as external stakeholders are welcome to report infringements of the Code of Conduct – also in an anonymous way:
https://www.bkms-system.com/bkwebanon/report/clientInfo?cin=19semp16&c=-1&language=eng.

Risk Management & Assurance

The "Group Risk Management & Assurance" department is responsible for the central coordination, moderation and monitoring of the structured risk process for the entire Group. The enterprise risk management process is based on the globally recognized framework concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and aims to identify, assess and manage risks at an early stage. In addition to fulfilling legal requirements (compliance), the strategic focus is on the early identification of negative developments in the strategic, operational, market and financial areas that could hinder the success of the Semperit Group. Relevant risks are identified and assessed in terms of their impact and probability of occurrence. Responsibilities are identified, measures are defined, and tracking is ensured. Elements of both the bottom-up and top-down approaches are combined to ensure that potential new risks are discussed at management level and, if relevant, included in reporting. As part of the enterprise risk management approach, the reporting period for risk assessment is one year in any case and – in line with medium-term planning – up to five years. ESG-relevant risks may have a different, longer observation period. The process is completed by reporting to the relevant stakeholders. Individual reporting takes place immediately after the respective risk update in the respective Group divisions. Comprehensive risk reporting on individual risks, including aggregation at Group level, is carried out at least once a year, and a quarterly progress report on current developments, changes and additions to the risk portfolio is submitted to the Audit Committee and Supervisory Board. The regular reporting process is complemented by an ad-hoc reporting process to draw attention to critical issues in good time.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. audited and confirmed the functionality of the risk management system of the Semperit Group for the 2023 financial year in accordance with C-Rule 83 of the Austrian Code of Corporate Governance.

The purpose of the internal control system of the Semperit Group is to ensure the effectiveness, efficiency and profitability of business operations, the reliability of financial reporting, and adherence to applicable laws and regulations. It also supports the early recognition and monitoring of risks from inadequate monitoring systems and fraudulent actions and is revised and expanded on an ongoing basis by the "Group Risk Management & Assurance" department together with the relevant specialist departments. The management of the relevant business units is responsible for the implementation and monitoring of the internal control system and the risk management system. The Executive Board of Semperit AG Holding stipulates cross-divisional framework conditions and regulations that are applicable throughout the Group. Follow-up audits are undertaken at the various sites and at the headquarters on a regular basis to ensure sustainable implementation of these framework conditions and regulations.

External evaluation

In accordance with C-Rule 62 of the Austrian Corporate Governance Code, the Semperit Group commissioned an external organization to evaluate its compliance with the stipulations contained in the code and the accuracy of the associated public reporting for 2022. This evaluation, which was performed by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., did not identify any facts inconsistent with the declaration of the Executive Board and Supervisory Board found in the 2022 Corporate Governance Report with respect to its compliance with the C Rules of the Austrian Corporate Governance Code. In accordance with C-Rule 62, a new evaluation is planned for the year 2025.

Vienna, 18 March 2024

The Executive Board

Karl Haider
CEO

Helmut Sorger
CFO

Gerfried Eder
CIO

Report of the Supervisory Board

Dear Sir or Madam,
Dear shareholders,

Thomas Cord Prinzhorn
Chairman of the Supervisory Board

The Semperit Group is looking back on an eventful year. On the one hand, the past financial year was characterized by the still challenging economic environment, in which our company held its ground very solidly and introduced cost-cutting measures at an early stage. On the other hand, important strategic decisions were made and the transformation of the Group into an industrial elastomer specialist was implemented as announced. This was achieved through the sale of the medical business with the first and important transaction closing at the end of August, in which you as shareholders were able to participate in the form of an additional dividend. The acquisition of the Rico Group, in turn, secured Semperit a leading technological position in liquid silicone and high-end toolmaking. The new divisional structure, which is based on the two main business models, is also accompanied by a reduction in complexity and an increase in efficiency. Moreover, it is the ideal platform for further profitable growth.

In our function as the Supervisory Board, we accompanied and supported the Semperit Group and its Executive Board in this strategic transformation and all other projects, took on an active role as a sparring partner for the Executive Board and, as in previous years, performed the duties assigned to us by law and the corporate statutes with great care. The Executive Board informed the Supervisory Board comprehensively, continuously and promptly about developments on the markets and the effects of the challenging market environment on the course of business as well as countermeasures to ensure the Group's competitiveness, strategic growth projects and the company's assets, financial position and earnings situation, thereby fulfilling its duty to provide information at all times and in appropriate depth. A total of seven Supervisory Board meetings were held in 2023, with a total attendance rate of 98% by the shareholder representatives. In addition, there were 15 committee meetings with a total attendance rate of 100%. A detailed overview of the individual attendances and the committees can be found in the Corporate Governance Report from page 31 onwards. The Supervisory Board and the Executive Board were also in regular contact between meetings, and several resolutions were passed by way of circulation. Cooperation between the Supervisory Board and the Executive Board was characterized by open discussions and constructive cooperation throughout.

Effective work in committees

The **Audit Committee**, chaired by financial expert Birgit Noggler, held four meetings in 2023. The focal topics were the preparation of the resolution on the annual and consolidated financial statements for the 2022 financial year, deconsolidation of the medical business, risk management, the internal control system, internal auditing, the compliance organization, IT security (cybersecurity) and the preparation of the annual and consolidated financial statement audit for the 2023 financial year.

The **Nominating and Remuneration Committee** held eight meetings in 2023. It was chaired by Stefan Fida until the Annual General Meeting, and then by myself. Our focus was on the performance assessment and objectives of the Executive Board members as well as the early departure of Kristian Brok and the succession to the Executive Board with the appointment of Gerfried Eder. In addition, the potential and succession issues at the second management level and talent management initiatives were discussed with the Executive Board. The **Committee for Urgent Matters** did not hold any meetings.

In addition, we formed two new committees under my chairmanship in April: In the **Strategy, Growth and Innovation Committee**, we held two meetings to discuss the strategy process and the realignment of the organizational structure as well as strategic initiatives and growth potential. The committee also dealt intensively with the innovation portfolio and the control variables of the innovation process.

The **ESG Committee** held one meeting to discuss the update of the ESG strategy and objectives following the restructuring of the Group and the implementation of new ESG regulations and standards.

Changes to the Supervisory Board and Executive Board

At the end of the 134th Annual General Meeting on 25 April 2023, Astrid-Skala-Kuhmann stepped down from the Supervisory Board at her own request, and the shareholders elected Marion Weissenberger-Eibl and me as new members of the Supervisory Board. In June, the Supervisory Board approved the early termination of the Executive Board contract of Kristian Brok, who left the company at his own request, and appointed Gerfried Eder as a new member of the Executive Board and Chief Industrial Officer with effect from 1 July 2023. We are convinced that the Executive Board team is ideally positioned to continue Semperit's successful course.

On behalf of the entire Supervisory Board, I would like to thank Astrid Skala-Kuhmann and Kristian Brok for their professional work and support of the Semperit Group.

Approval of the 2023 annual financial statements

At the Annual General Meeting on 25 April 2023, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (EY) was appointed as the auditor of the company's annual and consolidated financial statements for the 2023 financial year. As a result of its audit, EY has issued an unqualified audit opinion on the annual financial statements and the consolidated financial statements of Semperit AG Holding as of 31 December 2023. The management report and the group management report are consistent with the annual and consolidated financial statements. The non-financial reporting (sustainability report) for the 2023 financial year was also subjected to an independent audit by EY.

In its meetings held on 13 and 18 March 2023, the Audit Committee of the Supervisory Board dealt intensively with the annual financial statements including the management report, the consolidated financial statements including the group management report, the corporate governance report, the sustainability report and the auditor's reports, with the results of the audit being discussed in detail with the auditor. Based on the efficient audit process for the annual financial statements 2023, the Audit Committee recommended to the Supervisory Board to propose to the Annual General Meeting to reappoint Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. as auditors for the financial year 2024.

The Supervisory Board examined the annual financial statements and the consolidated financial statements as well as the management report and the group management report, the corporate governance report and the sustainability report and concurs with the conclusions of the audit. The Supervisory Board formally approves the annual financial statements for 2023, which are consequently adopted in accordance with Article 96 para. 4 of the Austrian Stock Corporation Act. The corporate governance report, the sustainability report, the consolidated financial statements and the group management report 2023 as well as the remuneration report have also been approved by the Supervisory Board. The Supervisory Board is following the recommendation of the Audit Committee and proposing Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. as auditors for the 2024 financial year to the Annual General Meeting.

The Supervisory Board declares its agreement with the Executive Board's profit distribution proposal, according to which a dividend of EUR 0.50 per share should be proposed to the AGM. A total of EUR 10.3 million is therefore intended to be distributed.

On behalf of the Supervisory Board, I would like to thank the Executive Board and all employees of the Semperit Group for their extraordinary dedication and commitment. Special thanks also go to you, the shareholders, customers and partners of Semperit for the trust you have placed in us.

Vienna, March 18, 2024

Thomas Cord Prinzhorn
Chairman of the Supervisory Board

Group Management Report

With effect from July 1, 2023, the planned adjustment of the organizational structure was carried out as part of the further development of the industrial strategy, and the previously existing segments of the Industrial Sector were divided into two divisions: the Semperit Industrial Applications (SIA) division focuses on industrial applications through highly efficient production and cost leadership; this includes hydraulic and industrial hoses (the former Semperflex segment) as well as profiles (formerly part of the Semperseal segment). The Semperit Engineered Applications (SEA) division focuses on customized technical solutions and comprises escalator handrails, cable car rings and other customer-specific elastomer products (the former Semperform segment), including elastomer sheets (formerly part of the Semperseal segment) and conveyor belts (the former Sempertrans segment). The Rico Group, a leading supplier of silicone injection molding tools and producer of liquid and solid silicone components, has also been part of this division since 1 August 2023.

Economic environment

Overall, the 2023 financial year was characterized by headwinds for the global economy, although the global economy continued to slowly recover from the negative shocks of recent years, such as the Covid-19 pandemic, the Russia-Ukraine conflict and the sharp increase in raw material and energy prices. However, the effects of the Russia-Ukraine conflict, geopolitical uncertainties and the high inflation and interest rate environment remained among the main factors influencing global economic development. In the period following the pandemic, many companies began to reduce their inventories, which they had previously increased as a precautionary measure to ensure production and delivery during periods characterized by supply chain bottlenecks.

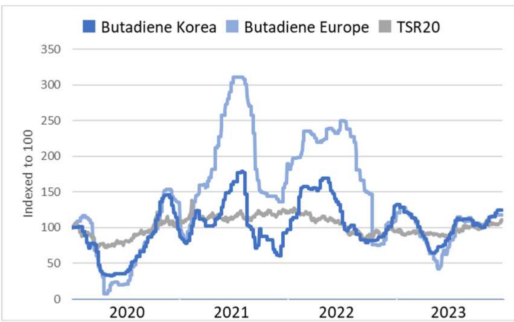
In its growth forecast published in January 2024, the International Monetary Fund (IMF) predicts global economic growth of 3.1% in 2023. It also forecasts 3.1% for 2024, and 3.2% for 2025. Although the forecast for 2024 has been raised by 0.2 percentage points compared to the October 2023 forecast, the estimate for the years 2024 to 2025 is below the historical average (2000 - 2019) of 3.8%.

A growth rate of 2.5% was calculated for the USA for 2023, while 2.1% is currently expected for 2024 – unchanged from last October's estimate. In contrast, the growth forecast for the eurozone has been revised downwards for 2024 and now stands at 0.9% after 0.5% for 2023. In October 2023, GDP was still expected to increase by 1.2% in 2024. With regard to the major eurozone economies, the forecasts fell by 0.4 percentage points to just 0.5% for Germany and by 0.3 percentage points to 1.0% for France. The forecast for Italy remains unchanged at 0.7%. By contrast, the forecast for (primarily Asian) emerging and developing countries improved slightly: while a growth rate of 4.0% was still forecast for both 2023 and 2024 in the fall forecast, the forecast is now 4.1%. China is expected to grow by 4.6% in 2024, after 5.2% in 2023.

According to the forecast published by the Austrian Institute of Economic Research (WIFO) in December 2023, there are hardly any signs of a recovery in the domestic industrial economy. The Austrian economy shrank by 0.8% in 2023. The negative factors were high inflation and global industrial weakness. WIFO is therefore assuming a delayed recovery in industrial production in Austria, which means that GDP should only grow by 0.9% in 2024.

Development in the raw material markets

Various raw materials such as butadiene, carbon black and natural rubber are important basic components for the manufacture of polymer products. After the geopolitical environment led to a shortage of supply and sharp price increases for a number of raw materials in 2022, the situation eased in the 2023 reporting period. Exceptions to this were the prices for carbon black, which were primarily impacted by a supply shortage as well as energy and CO_2 surcharges. Below is an overview of the most important raw materials:



Indexed to January 1, 2020; source: Reuters, Refinitiv Eikon;
Brent Crude, LCOc1 ICE Europe Brent Crude Electronic Energy Future (USD/bbl)
HFO, Heavy Fuel Oil 1% NWE (USD/t)
Butadiene, PHAKE00 BD Korea, PHAKG00 BD Europe (USD/t)
Technically Specified Rubber, TSR20 SICOM (Usc/kg)

Crude oil is an important raw material for synthetic rubber precursors such as butadiene, but also for carbon black. Parallel to the decline in crude oil prices, the average prices for the basic raw material butadiene, which is relevant for both divisions, were lower in 2023 than in 2022, both in Asia (by around 13%) and in Europe (by around 30%). This was also reflected in the price trend for butadiene derivatives.

In the past, prices for the filler carbon black, which is used in both divisions, generally correlated strongly with the development of heavy fuel oil (HFO), which was on average 17% cheaper in 2023 than in the previous year in line with the development of crude oil prices. However, a decoupling began towards the end of the first quarter of 2022, as the Russia-Ukraine conflict and energy and CO_2 surcharges had a significant impact. Overall, average carbon black prices in 2023 were therefore slightly higher than the average level in 2022.

Natural rubber, which is particularly relevant for the Belting business, was traded around 11% cheaper on the commodity exchanges in Asia in 2023 than in 2022.

The price of iron ore, which is used in wire rod, was stable on average in 2023 compared to the previous year but still 7% higher than the five-year average. Wire rod itself was traded below the 2022 level on an annual average in both China and Europe.

After supply chains normalized over the course of 2023, the attacks on shipping in the Red Sea around the turn of the year 2024 once again led to longer transport times and higher freight costs.

Revenue and earnings performance

Key figures Semperit Group

in EUR million	2023[1]	Change	2022[2]
Revenue	721.1	–7.5%	779.8
EBITDA	71.8	–28.5%	100.5
EBITDA margin	10.0%	–2.9 PP	12.9%
EBITDA adjusted	81.7	–14.7%	95.8
EBITDA margin adjusted	11.3%	–0.9 PP	12.3%
EBIT	34.6	–44.3%	62.1
EBIT margin	4.8%	–3.2 PP	8.0%
EBIT adjusted	44.5	–31.9%	65.4
EBIT margin adjusted	6.2%	–2.2 PP	8.4%
Earnings after taxes from continued operation	24.9	–35.2%	38.4
Earnings after taxes from discontinued operation	–41.9	–4.6%	–44.0
Earnings after taxes	–17.1	n/a	–5.6
Earnings after tax adjusted	–8.1	n/a	10.9
Additions to intangible assets and property, plant and equipment[3]	277.0	n/a	37.6
Employees (average)	4,637	7.8%	4,300

[1] Adjusted for the following negative effects: one-off severance payments for changes to the Executive Board and for reductions in headcount (2023: EBITDA, EBIT effect: EUR –2.2 million; earnings after tax effect: EUR –2.1 million), one-off effects from the sale of the medical business (2023: EBITDA, EBIT effect: EUR –1.3 million; earnings after tax effect: EUR –1.3 million), transaction costs for Rico (2023: EBITDA, EBIT effect: EUR –3.3 million, earnings after taxes effect : EUR –3.2 million) and from profits recognized in advance in the purchase price allocation of the Rico Group (2023: EBITDA, EBIT effect: EUR –3.0 million; earnings after taxes effect: EUR –2.3 million).
[2] Adjusted for the positive one-off effect of the net proceeds from the property sale in France in the Belting business (2022: EBITDA, EBIT effect: EUR 4.7 million; earnings after tax effect: EUR 4.0 million), for the negative effect of the net impairments in the former Sempermed segment and the Profiles business (2022: EBIT effect from continued operations: EUR –7.9 million; earnings after tax effect in total from continued and discontinued operations: EUR –12.3 million) and by the negative effect of transaction costs (2022: earnings after tax effect: EUR –8.2 million).
[3] Excluding right-of-use assets in accordance with IFRS 16

In the 2023 financial year, the Semperit Group performed solidly in a challenging market environment characterized by high inflation and a weak economy. Revenue of EUR 721.1 million was generated, which was –7.5% below the previous year's figure. Positive price effects could not offset lower sales volumes, as customers reduced their inventories and ordered more cautiously due to the economic situation – especially in the Semperit Industrial Applications division. This decline was only partially compensated for by the significantly higher earnings of the Semperit Engineered Applications division. In anticipation of this development, cost reduction programs were introduced at an early stage, which already had a positive effect of EUR 5.8 million and thus exceed the planned run rate of EUR 10 million per year. EBITDA from continued operations amounted to EUR 71.8 million (previous year: EUR 100.5 million), including one-off expenses of around EUR 9.9 million. These one-off expenses consisted of the transaction costs for the acquisition of the Rico Group, from profits recognized in advance in the purchase price allocation, from one-off severance payments for changes to the Executive Board and for reductions in headcount, as well as expenses in connection with the sale of the medical business (separation of IT systems). Earnings after tax from continued operations were positive at EUR 24.9 million, while the loss from the discontinued and now sold operations had a significant negative impact, as expected. Earnings after tax thus amounted to EUR –17.1 million.

The continued operations of the Semperit Group recorded revenue of EUR 721.1 million (–7.5%) in the 2023 financial year. The two divisions, in which the former Industrial Sector has been reorganized, developed differently. While the difficult economic market environment in the Semperit Industrial Applications division (SIA, comprising Hoses and Profiles) led to a decline in sales volumes and thus revenue by –26.5% to EUR 330.8 million in the 2023 financial year, the Semperit Engineered Applications division (SEA, comprising Form, Belting and Rico) benefited primarily from the ongoing strong demand for mining products and the associated demand for conveyor belts as well as the demand for special products for formed parts. Revenue in the SEA division thus increased by 23.7% to EUR 351.0 million, of which EUR 37.2 million was attributable to Rico (since initial consolidation, for the months of August to December 2023). In Surgical Operations (production of surgical gloves in Wimpassing including packaging in Sopron), revenue fell as expected by –23.3% to EUR 42.1 million.

Inventories of own products decreased by EUR 11.0 million in the 2023 financial year (previous year: increase of EUR 11.8 million), reflecting the focus on working capital management.

Other operating income fell slightly to EUR 8.3 million (previous year: EUR 9.3 million) and includes income from the sale of emission certificates (EUR 0.9 million) and from research funding (EUR 1.8 million). In the previous year, this item included income from the sale of a property in France in the amount of EUR 4.8 million.

Cost of materials (including energy and purchased services) fell by EUR 79.5 million or 19.4% to EUR 330.7 million (previous year: EUR 410.2 million), primarily as a result of lower production volumes in the SIA division. Around two thirds of the reduction can be attributed to volume effects and around one third to the slight easing of the raw material price situation compared to 2022.

Personnel expenses increased to EUR 220.1 million in the 2023 financial year (+11.7% compared to EUR 197.1 million in 2022), primarily as a result of the Rico takeover. Other effects included inflation-related wage and salary increases as well as one-off severance payments in connection with the changes to the Executive Board and the reduction in personnel overheads. This increase has already been partially offset by capacity-related adjustments to headcount.

At EUR 98.5 million, other operating expenses were 2.8% higher than in the previous year (previous year: EUR 95.8 million). This is primarily due to transaction costs in connection with the acquisition of the Rico Group (EUR 3.3 million) and a warranty claim for conveyor belts. In addition, there were higher IT-related expenses in connection with the sale of the medical business and the further development of IT systems as well as higher travel expenses following the end of the corona pandemic. By contrast, lower expenses for outgoing freight (EUR –7.5 million compared to the previous year) had a positive effect.

The cost-cutting programs introduced have already reduced expenses by a total of EUR 5.8 million, of which around 85% was attributable to personnel expenses and the remainder to other operating expenses.

EBITDA in continued operations amounted to EUR 71.8 million (previous year: EUR 100.5 million) and the EBITDA margin to 10.0% (previous year: 12.9%). The Rico Group's operating contribution to EBITDA totaled around EUR 7.6 million. However, the profits recognized in advance of EUR 3.0 million as part of the purchase price allocation and transaction costs of EUR 3.3 million initially reduced this contribution to around EUR 1.2 million.

Adjusted for special effects amounting to around EUR 9.9 million, EBITDA totaled EUR 81.7 million. These are transaction costs for the acquisition of the Rico Group, profits recognized in advance in the purchase price allocation, one-off severance payments for changes to the Executive Board and for reductions in headcount, as well as one-off expenses (IT) for the sale of the medical business. The adjusted EBITDA margin 2023 amounted to 11.3%. Adjusted EBITDA in the previous year was EUR 95.8 million and was adjusted for the positive one-off effect of EUR 4.7 million; the corresponding margin was 12.3%.

Depreciation and amortization increased to EUR 37.6 million in the 2023 financial year (previous year: EUR 30.4 million), primarily as a result of the first-time consolidation of the Rico Group (EUR 7.0 million). EBIT from continued operations therefore amounted to EUR 34.6 million (previous year: EUR 62.1 million) or EUR 44.5 million after adjustment (previous year: EUR 65.4 million).

The financial result improved to EUR –8.7 million (previous year: EUR –10.4 million). Higher financing expenses as a result of new bank financing for strategic growth projects were offset by higher interest income and a change in the result attributable to redeemable non-controlling interests.

Tax expenses decreased to EUR 1.1 million (previous year: EUR 13.4 million). In the 2023 financial year, the effective tax rate for continued operations was therefore 3.7% compared to 22.9% in the comparative period. In particular due to the recognition of deferred tax assets on tax losses in the Austrian tax group in the 2023 financial year, the effective tax rate is very low in comparison. The effective tax rate relates to income taxes in relation to earnings before tax less the earnings attributable to redeemable non-controlling interests.

Earnings after tax from continued operations amounted to EUR 24.9 million (previous year: EUR 38.4 million) and earnings after tax from discontinued operations were EUR –41.9 million (previous year: EUR –44.0 million). The latter included a reclassification of historical currency translation differences of EUR –23.5 million due to the deconsolidation.

Overall, earnings after tax (from continued and discontinued operations) were negative at EUR –17.1 million (previous year: EUR –5.6 million). Earnings per share attributable to the shareholders of Semperit AG Holding thus amounted to EUR –0.82 in the 2023 financial year (previous year: EUR –0.27).

Discontinued operations

Discontinued operations were deconsolidated as of 31 August 2023, after the (first) closing of the sale of the medical business. Following the pandemic-related exceptional economic situation in the preceding years with comparatively high demand and price trends, revenue in discontinued operations fell significantly to EUR 108.4 million in the 2023 financial year (previous year: EUR 324.2 million).

EBITDA amounted to EUR –21.2 million, EBIT to EUR –19.7 million and earnings after tax from discontinued operations to EUR –41.9 million (previous year: EUR –1.6 million, EUR –28.0 million and EUR –44.0 million respectively).

Dividend policy and treasury shares

The dividend policy of the Semperit Group basically aims at a distribution of around 50% of earnings after taxes – assuming continued successful performance with no unusual circumstances.

In view of the positive earnings after taxes from continued operations – the relevant earnings and comparative figure for future business development – the Executive Board will propose a dividend of EUR 0.50 per share to the Annual General Meeting. A total of EUR 10.3 million should therefore be distributed. With a share price of EUR 14.16 at the end of 2023, this results in a dividend yield of 3.5%.

A basic dividend of EUR 1.50 per share plus an additional dividend of EUR 3.00 per share was distributed for the 2022 financial year following the fulfillment of the conditions precedent in connection with the (first) closing of the sale of the medical business. This corresponds to a total dividend yield of 22.7% in relation to the closing price of EUR 19.82 in 2022.

Semperit AG Holding did not hold any treasury shares as of 31 December 2023, or 31 December 2022.

Assets and financial position

Balance sheet

The development of the balance sheet structure as of 31 December 2023, can be summarized as follows:

in EUR million	31.12.2023	Share	31.12.2022	Share	Change
Non-current assets	597.7	64%	316.6	38%	+88.8%
Current assets	339.6	36%	338.4	40%	+0.4%
Assets held for sale	0.5	0%	187.9	22%	–99.7%
ASSETS	937.9	100%	842.9	100%	+11.3%
Equity[1]	425.3	45%	519.1	62%	–18.1%
Non-current provisions and liabilities	346.6	37%	115.9	14%	+199.2%
Current provisions and liabilities	165.5	18%	161.0	19%	+2.8%
Provisions and liabilities held for sale	0.4	0%	46.9	6%	–99.1%
EQUITY AND LIABILITIES	937.9	100%	842.9	100%	+11.3%

[1] Incl. non-controlling interests

The balance sheet as of 31 December 2023, is heavily influenced by the first-time consolidation of the Rico Group. Non-current assets increased by 88.8% to EUR 597.7 million, which was primarily driven by additions to property, plant and equipment (including right-of-use assets) in the amount of EUR 188.8 million and intangible assets in the amount of EUR 121.3 million. Of this amount, EUR 125.8 million and EUR 120.9 million respectively (including goodwill of EUR 49.4 million) was attributable to the first-time consolidation of the Rico Group. The remaining additions to property, plant and equipment totaled EUR 63.0 million, which primarily includes investments in the modernization of the Wimpassing site (EUR +12.1 million) and in the Czech Republic, in particular the expansion of hose production in Odry (DH5 project; EUR +22.9 million). This was contrasted by regular depreciation and amortization amounting to EUR 37.6 million.

Current assets increased slightly by 0.4% or EUR 1.2 million to EUR 339.6 million compared to 31 December 2022. The increase in cash and cash equivalents by EUR 6.0 million to EUR 112.7 million and in other assets by EUR 12.5 million (mainly due to the Rico Group) to EUR 23.8 million was contrasted by the reduction in inventories by EUR 17.5 million to EUR 110.8 million and the reduction in trade receivables by EUR 2.8 million to EUR 86.1 million. The (first) closing for the sale of the medical business took place on 31 August 2023; the Group companies in discontinued operations were deconsolidated on this date, which led to a reduction in the "Assets held for sale" item by EUR 187.3 million to EUR 0.5 million.

Equity primarily reflects the dividend payments made in May and September in the amount of EUR 92.6 million.

In addition to the effects of the first-time consolidation of the Rico Group, the increase in non-current liabilities and provisions is mainly due to an increase in liabilities to banks of EUR 181.2 million for the expansion investment in the Czech Republic (DH5) and the acquisition of the Rico Group. In addition, non-current other financial liabilities increased by a total of EUR 30.9 million to EUR 49.8 million as a result of the acquisition of the Rico Group, primarily due to its lease liabilities and the present value of the deferred purchase price of EUR 3.9 million.

Current liabilities and provisions are EUR 4.5 million or 2.8% higher at EUR 165.5 million, which is partly due to the acquisition of the Rico Group.

Net Financial Debt

in EUR million	31.12.2023	Change	31.12.2022
Corporate Schuldschein loan	38.4	–26.8%	52.5
Liabilities to banks	189.4	n/a	0.0
Financial liabilities	**227.8**	**n/a**	**52.5**
Cash and cash equivalents	112.7	5.7%	106.6
Cash and cash equivalents	**112.7**	**5.7%**	**106.6**
Net Financial Debt (+) / Net Financial Surplus (–)	**115.2**	**n/a**	**–54.2**

The Semperit Group had net financial debt of EUR 115.2 million as of 31 December 2023, as financial liabilities (EUR 227.8 million) exceeded cash and cash equivalents (EUR 112.7 million) (31 December 2022: net cash surplus of EUR 54.2 million). The leverage ratio as the quotient of net financial debt divided by EBITDA was 1.6x as of December 31 (previous year: –0.6x).

New bank financing with a volume of up to EUR 360 million was concluded with effect from 31 March 2023. A financing agreement for a total of EUR 250 million consists of a loan of up to EUR 150 million and a framework credit line of EUR 100 million. In this financing agreement, Semperit AG Holding has undertaken to comply with three ESG key figures, which are also part of the sustainability strategy. This financing is provided by a consortium of six Austrian and international banks and replaces an earlier framework credit line of EUR 75 million. In July 2023, the loan of EUR 150 million for the acquisition of the Rico Group was drawn down. Of this amount, EUR 40 million was repaid in December. The second financing agreement for EUR 110 million was concluded particularly for the expansion investment at the Odry site. Of this amount, EUR 33 million was drawn down in the reporting period.

Cash flow

The cash flow statement is prepared jointly for the continued and discontinued operations; no distinction is made between the cash flows of the individual business units. The cash flows from operating, investing and financing activities of the discontinued operation are disclosed in the note.

The development of the liquidity situation in the 2023 financial year can be summarized as follows:

Cash flow

in EUR million	31.12.2023	Change	31.12.2022
Cash flows from operating activities	66.2	43.2%	46.2
Cash flows from investing activities	–131.4	n/a	–46.2
Cash flows from financing activities	20.5	n/a	–82.1
Net increase / decrease in cash and cash equivalents	–45.2	–41.7%	–77.6

In the 2023 financial year, cash flow from operating activities developed positively despite the lower result, which was primarily due to a significant reduction in inventories and a decrease in receivables.

At EUR 55.6 million, cash expenditures in intangible assets and property, plant and equipment in the 2023 financial year were slightly above the prior-year level (previous year: EUR 54.5 million). The largest investments were made in the Czech Republic with EUR 23.5 million (previous year: EUR 6.2 million), Austria with EUR 14.6 million (previous year: EUR 15.8 million), Germany with EUR 3.7 million (previous year: EUR 3.8 million) and Poland with EUR 4.9 million (previous year: EUR 3.5 million). The comparative figure for the previous year included investments in Malaysia amounting to EUR 17.3 million.

Cash flow from investing activities amounted to EUR –131.4 million (previous year: EUR –46.2 million) and was influenced in particular by the major corporate transactions (sale of the medical business and acquisition of Rico) in the 2023 financial year.

Cash flow from financing activities amounted to EUR 20.5 million (previous year: EUR –82.1 million) and included the cash receipts from financial liabilities in the amount of EUR 190.0 million in the 2023 financial year (previous year: EUR 0). In addition, in particular the dividends to the shareholders of Semperit AG Holding totaling EUR 92.6 million (previous year: EUR 30.9 million), dividends to redeemable non-controlling interests in subsidiaries amounting to EUR 6.5 million (previous year: EUR 5.7 million), the repayment of current and non-current financial liabilities amounting to EUR 58.6 million (previous year: EUR 39.0 million) and the repayment of lease liabilities with a volume of EUR 4.4 million (previous year: EUR 3.4 million) were considered.

Free cash flow[1]

in EUR million	2023	Change	2022
Cash flows from operating activities	**66.2**	**43.2%**	**46.2**
Interest paid	–7.5	n/a	–2.8
Interest received	2.8	n/a	1.2
Cash investments for maintenance and small growth projects (intangible assets and property, plant and equipment)	–36.2	–33.7%	–54.5
Proceeds from the disposal of property, plant and equipment and from the repayment of financial investments, investment grants received, and payments made for the acquisition of financial investments	0.9	–86.8%	7.2
Free cash flow before the sale of companies	**26.3**	**n/a**	**–2.8**
Proceeds from business disposals net of cash disposed of	85.3	n/a	0.0
Free cash flow after the sale of companies	**111.5**	**n/a**	**–2.8**

[1] The calculation includes continued and discontinued operations.

Free cash flow is the net cash flow adjusted for interest payments that is available for strategic growth investments, dividends and the repayment of debt. It amounted to EUR 26.3 million in the 2023 financial year (previous year: EUR –2.8 million). After considering the proceeds from the sale of Examination Operations, EUR 111.5 million remained (previous year: EUR –2.8 million).

Performance of divisions

Division Semperit Industrial Applications (SIA)

Key figures Semperit Industrial Applications

in EUR million	2023	Change	2022[1]
Revenue	330.8	–26.5%	450.2
EBITDA	46.9	–46.8%	88.0
EBITDA margin	14.2%	–5.4 PP	19.6%
EBIT	29.7	–56.2%	67.9
EBIT margin	9.0%	–6.1 PP	15.1%
EBIT adjusted	29.7	–57.5%	70.0
EBIT margin adjusted	9.0%	–6.6 PP	15.5%
Additions to intangible assets and property, plant and equipment[2]	35.3	53.3%	23.0

[1] Adjusted for the negative one-off effect from the impairment in the Profiles business (2022: EBIT effect: EUR –2.1 million).
[2] Excluding right-of-use assets in accordance with IFRS 16

- The SIA division's business performance reflects the challenging economic environment, particularly in the second half of the year. As expected, the effects of the recession intensified throughout the year; this led to a significant decline in revenue – mainly due to a significant drop in volume – and earnings.
- Demand for hydraulic and industrial hoses and incoming orders were also affected by high inventory levels and customers' ongoing destocking. Ordering behavior was restrained, also based on the customers' low market demand. Due to short delivery times, there was no pressure for customers to order well in advance.
- Demand for elastomer and sealing profiles remained low as a result of the weak construction sector. The downward trend from 2022 thus continued to a lesser extent in the reporting year.
- The lower order intake led to a persistently declining order book, particularly in the first half of 2023. The level finally stabilized, albeit at a low level as expected.
- Adjustments to personnel capacities were initiated at an early stage and have largely already been implemented. In addition, further savings potential was identified as part of an overhead cost project, and implementation has begun. This relates to third-party costs and, above all, further personnel costs.

Division Semperit Engineered Applications (SEA)

Key figures Semperit Engineered Applications

in EUR million	2023[1]	Change	2022[2]
Revenue	351.0	23.7%	283.8
EBITDA	50.5	35.8%	37.2
EBITDA margin	14.4%	+1.3 PP	13.1%
EBITDA adjusted	56.9	75.2%	32.5
EBITDA margin adjusted	16.2%	+4.8 PP	11.4%
EBIT	33.2	18.4%	28.1
EBIT margin	9.5%	–0.4 PP	9.9%
EBIT adjusted	39.6	69.5%	23.4
EBIT margin adjusted	11.3%	+3.1 PP	8.2%
Additions to intangible assets and property, plant and equipment[3]	240.0	n/a	9.2

[1] Adjusted for the negative effects of the transaction costs for Rico (2023: EBITDA and EBIT impact: EUR –3.3 million) and for profits recognized in advance in the purchase price allocation of the Rico Group (2023: EBITDA and EBIT impact: EUR –3.0 million).
[2] Adjusted for the positive one-off effect of the net proceeds from the sale of real estate in France in the Belting business (2022: EBITDA and EBIT effect: EUR –4.7 million).
[3] Excluding right-of-use assets in accordance with IFRS 16

- Business development in the SEA division benefited significantly from the continued good economic situation for mining products and, as a result, from the high demand for conveyor belts and higher sales prices. Higher sales and earnings were also generated in the Form business. In particular, the Mountain Applications business, which includes ski foils and cable car upper rings, and the handrail business developed positively despite the economic headwind. This also reflects the first-time consolidation and the results of the last five months of the Rico Group, which has been part of the Semperit Group since August. The Rico Group's revenue contribution for the months of August to December 2023 totaled EUR 37.2 million. Rico's operating contribution to EBITDA for five months amounted to around EUR 7.6 million. However, the profits recognized in advance as part of the purchase price allocation of EUR 3.0 million and the transaction costs of EUR 3.3 million initially reduced this contribution to around EUR 1.2 million.
- The good overall capacity utilization, the related higher operating leverage and a slightly higher average price level due to a more advantageous product mix led to an increase in margins.
- Demand in the late-cycle business with conveyor belts (Belting) continued to be determined by the effects of the positive price trend for mining products and the resulting high demand for conveyor and transport belts in 2023. Order intake continued to develop very well and was only just below the high level of the comparable period 2022. As a result of the continuous processing of orders, the order backlog also declined slightly.
- Overall, demand for the individual products in the Form business showed a mixed picture. The railroad business remained stable at a high level, as did Mountain Applications. Products in the construction industry and related areas such as piping, sanitary and household, on the other hand, recorded a decline. Overall, incoming orders were just below the previous year's level. Although sales volumes were down, the product mix was significantly higher in terms of margins.
- Demand for the Rico Group's products also varied depending on the product group. While demand from the healthcare and food sectors was stable and strong and remained at a high level in the mobility sector, the areas assigned to construction showed significant declines in some cases.

Surgical Operations

Key figures Surgical Operations

in EUR million	2023	Change	2022[1]
Revenue	42.1	–23.3%	54.9
EBITDA	–6.1	88.2%	–3.3
EBITDA margin	–14.6%	–8.6 PP	–6.0%
EBIT	–7.0	–29.1%	–9.9
EBIT margin	–16.6%	+1.4 PP	–18.0%
EBIT adjusted	–7.0	–72.7%	–4.1
EBIT margin adjusted	–16.6%	–9.2 PP	–7.4%
Additions to intangible assets and property, plant and equipment[2]	1.4	–42.9%	2.5

[1] Adjusted for the negative one-off effect of the net impairment of Surgical Operations (2022: EBIT effect: EUR –5.8 million).
[2] Excluding right-of-use assets in accordance with IFRS 16

Following the first closing of the sale of the medical business at the end of August 2023 (see Note 2), only the time-limited contract production agreed with the buyer (production and packaging of surgical gloves) will be reported in Surgical Operations.

Sustainability

The Semperit Group published its seventh independent Sustainability Report for the 2023 financial year. The document provides an overview of the various activities, developments and key figures in the context of the material topics and is divided into the areas of environment & climate protection, social and governance (Environment, Social, Governance – ESG). In addition to topics such as energy, greenhouse gas emissions, use of materials, health & safety and compliance & anti-corruption, it contains general information on the anchoring of sustainability in the Group and other climate-related information in accordance with the TCFD – Task force on climate-related financial disclosures. The Sustainability Report 2023 and the reports from previous years can be accessed online on the Semperit website.

Employees

At 4,576 employees (FTE, full-time equivalent), the headcount for continued operations as of 31 December 2023 was above the level as of 31. December 2022 (4,506). The year-on-year increase is due to the first-time consolidation of the Rico Group, while the reduction in headcount as part of the cost-cutting program had an opposite effect. The average number of employees for the year was 4,637 (average 2022: 4,300).

Research and development

The Research & Development (R&D) team of the Semperit Group is continuously working on the development of innovative materials and products as well as on the improvement of manufacturing processes. The innovation management system used across the Group is the core of all R&D activities, covering the systematic identification of potential, the selection of promising ideas, risk analysis with regard to the effects of products on people and the planet, and successful project management. In the 2023 financial year, R&D expenditure in continued operations (for personnel and other expenses) amounted to around EUR 18.0 million (previous year: EUR 17.7 million) and therefore around 2.5% of revenue (previous year: 2.3%).

The R&D team is divided into a central and several decentralized areas. The central area, which is working in the R&D Centre in Wimpassing, deals with fundamental projects in addition to material and central process development as well as the management of Group-wide activities. Decentralized teams in the business units work on product and process optimization – often in close cooperation with customers. In addition to the headquarters in Wimpassing, Semperit operates seven further research sites. Most production sites have by onsite laboratories, which carry out the daily quality assurance processes and are also involved in the R&D activities. In addition to integrated and structured processes, communication between the various departments and with important stakeholders, such as customers and university research institutes, is paramount.

Fields of activity in R&D

In addition to the optimization of production processes, the further and new development of products is at the heart of research and development work. The topic of resource and energy efficiency was also a focus in 2023. In addition to intensive work on the product carbon footprint model (CO_2 footprint), cross-departmental workshops were initiated to develop ideas for more effective and efficient use of resources and to check their feasibility. The most promising approaches are further developed and implemented by the relevant departments. The Semperit Group is now able to calculate a carbon footprint for most of its products.

The Semperit Group relies on close cooperation with customers in research and development in order to be able to respond to their wishes and requirements in the best possible and most timely manner. In addition, the company is continuously working on expanding its product portfolio, for example with regard to environmental friendliness. Ecological advantages can include, for example, low material consumption during production and therefore lower weight in use and consequently a reduction in energy consumption during operation.

The Group is also driving developments in the area of bio-based elastomers. In this regard, the use of traditional natural rubber should be highlighted, which was expanded in 2023, especially in conveyor belts, hoses and molded products, and synthetically produced bio-based rubber as a substitute for the petroleum-based raw material. Products that contain up to 50% more ecologically sustainable raw materials have been developed, especially in the Form business.

Among other things, Semperit focuses on avoiding and replacing ecologically questionable or harmful additives. Since 2020, two Semperit products from the sealing profiles area have been evaluated according to the criteria of the material health category in the Cradle to Cradle Certified™ product standard and have been awarded a gold level material health certificate by the Cradle to Cradle Products Innovation Institute. Pollutant-free materials in residential and house construction are important topics that is being continuously worked on.

However, it is not only the safety and health safety of the products that play a role in their use; negative ecological effects during the use phase can also be reduced. These are not serious in the case of Semperit products because, unlike car tires, there is no significant abrasion and thus no problematic release of microplastics. Nevertheless, the aim is to use certain material properties, such as low weight, low rolling resistance or high strength, to contribute to more efficient operation or a longer service life and thus to a lower environmental impact during the use phase of the products. The “Silent Pad”, for example, which was developed for railroad superstructures, contributes to a reduction in noise emissions of around 3 dB when driving over the sleepers supported by it, thus improving the quality of life of local residents. Another best-practice example from railroad superstructures is an angled polyamide guide plate for fastening the sleeper to the rail. Material consumption was reduced by 25% while maintaining the same functionality.

Corporate innovation

In addition to traditional research and development work, Semperit places a special focus on the Group-wide innovation program. End-to-end transparency from the creation of an idea through its development to its market launch is highly relevant for effectively evaluating and managing the entire portfolio of ideas and projects. In order to achieve this goal, the foundations have been laid for the uniform measurement of the effectiveness of the innovation program. This includes the introduction of innovation KPIs and Group-wide targets, the measurement of which was continued in 2023.

Additional information

Corporate governance

The corporate governance report can be found online at www.semperitgroup.com/en/ir, under the Corporate Governance menu. The direct link is:
www.semperitgroup.com/en/ir/corporate-governance/corporate-governance-reports.

Disclosures pursuant to Section 243a (1) of the Austrian Commercial Code (UGB)

As of 31 December 2023, the share capital of Semperit AG Holding (SAG) amounted to EUR 21,358,996.53 and consisted of 20,573,434 no-par-value ordinary shares, each carrying equal rights in every respect.

There are no restrictions with regard to voting rights or the transfer of shares that go beyond the general provisions contained in the Austrian Stock Corporation Act. No shares were issued entitling the owners to special control rights.

B&C KB Holding GmbH directly owned 50% of the shares in SAG as of 31 December 2023, and is the direct majority shareholder of SAG. The private foundation B&C Privatstiftung is the highest controlling legal entity. B&C Holding Österreich GmbH is the indirect majority shareholder which draws up and publishes consolidated financial statements in which the Semperit Group is consolidated. Employees who own shares are entitled to exercise their right to vote at the Annual General Meeting.

The Executive Board consists of up to five people. Members of the Executive Board are appointed by the Supervisory Board for a maximum period of five years. Reappointments, for a maximum of five years, are permissible.

The following applies with respect to the appointment and revocation of Supervisory Board members pursuant to the Articles of Association: Unless a shorter term of office is specified, Supervisory Board members are elected until the end of the Annual General Meeting resolving upon the ratification of the actions of the Executive and Supervisory Boards for the fourth year after the election, not including the financial year in which the election took place. However, at least two members of the Supervisory Board shall resign each year at the end of the Ordinary Annual General Meeting. Members of the Supervisory Board who have resigned from the Supervisory Board since the last Annual General Meeting or have resigned from office with effect from the end of the respective Annual General Meeting shall be counted towards this figure.

Otherwise, the members having to resign are determined as follows: First of all, members have to leave if their term of office has ended. If this does not apply to at least as many members required for two members to be determined, including other members who have left since the last Annual General Meeting or have resigned from office at the end of the respective Annual General Meeting, the members who have been in office for the longest will have to resign. In the event that the number of members eligible for departure is greater than required, the members will draw lots to decide who leaves. This procedure is also used to decide which members will depart if a decision cannot be made based on the above rules. The resigning members are immediately eligible for re-election.

If an elected member of the Supervisory Board retires from the Supervisory Board during their term of office, a substitute election shall only be held immediately if the number of elected Supervisory Board members falls below three. Substitute elections shall be held for the remaining term of office of the retiring Supervisory Board member unless the Annual General Meeting decides otherwise at the time of election. If a member is elected to the Supervisory Board by an Extraordinary Annual General Meeting, the first year in office is considered to be completed upon the close of the next Ordinary Annual General Meeting.

Each member of the Supervisory Board may resign from office by giving written notice to the Chairman of the Supervisory Board without having to provide reasons, subject to a four-week period of notice.

Resolutions of the Annual General Meeting require a simple majority of the votes cast, unless mandatory law requires a larger majority. In cases where capital majority is required, it shall pass resolutions by a simple majority of the share capital represented at the passing of the resolution, unless mandatory law requires a larger capital majority.

The Executive Board was authorized by the Ordinary Annual General Meeting on April 25, 2023, with the consent of the Supervisory Board, to increase the nominal capital of the company within five years from the registration of the amendment to the Articles of Association with the commercial register – if necessary in several tranches – by up to EUR 10,679,497.23 by way of issuing up to 10,286,716 new no-par-value shares in bearer or registered form against cash and/or payment in kind and to determine the share type, the issue price, and the terms and conditions of the issue. The Executive Board was also authorized to issue convertible bonds with agreement from the Supervisory Board. This may be linked to a right of conversion or purchase or a mandatory conversion or purchase of up to 10,286,716 no-par-value shares in SAG. The share capital is conditionally increased according to Section 159 (2) (1) of the Austrian Stock Corporation Act by up to EUR 10,679,497.23 by issuing up to 10,286,716 new no-par-value bearer shares.

The Ordinary Annual General Meeting on 27 April 2022 authorized the Executive Board, with the consent of the Supervisory Board, to repurchase and, if applicable, retire own shares up to the legally permitted maximum of 10% of the share capital for a period of 30 months from the adoption of the resolution in the Annual General Meeting in accordance with Section 65 (1) (8) of the Austrian Stock Corporation Act. At the same Annual General Meeting, the Executive Board was also authorized – pursuant to Section 65 (1bb) of the Austrian Stock Corporation Act and with agreement from the Supervisory Board – to decide on a different type of sale than via the stock exchange or through a public offering, and to decide on a possible exclusion of the repurchase option (purchase right) on the part of shareholders. There is no share buyback program in place at present and SAG does not hold any treasury shares.

Certain financing agreements contain contractual clauses regarding a change of control in the event of takeovers pursuant to Section 243a (1) (8) of the Austrian Commercial Code.

There are no compensation agreements pursuant to Section 243a (1) (9) of the Austrian Commercial Code.

Risk management

Basic principles of risk management (Enterprise Risk Management)

The Semperit Group's risk policy supports the efforts to achieve competitive advantages, thereby increasing the Semperit Group's enterprise value in the long term. Risk management serves to create robust operational processes. In addition to fulfilling legal requirements (compliance), the strategic focus is on the early identification of negative developments in the strategic, operational, market and financial areas that could be detrimental to the success of the Semperit Group. An essential integrative component here comprises environment, social and governance (ESG) topics as well as areas for securing the supply chains and ensuring on-time deliveries. The chosen systematic risk management process is also intended to increase risk awareness. The resulting findings are incorporated into strategic corporate development and daily operational work.

The Semperit Group manages risks by avoiding, reducing or transferring them, or creates a framework for the company to accept and thus bear risks. The Group-wide risk management is an integral component of planning and implementing the business strategy and serves as a sparring partner for the ongoing evaluation of target achievement. The risk policy is defined by the Executive Board. In accordance with the organization and the accountability structure, all Semperit companies are obliged to follow and implement the defined risk management process. Enterprise Risk Management is organizationally part of the "Group Risk Management & Assurance" department.

The enterprise risk management process

The Semperit Group uses coordinated internal control and risk management systems for early identifying and reducing material risks and negative deviations representing risks to the company as a going concern. These systems are based on Group-wide processes that serve to assess potential risks as early as possible before major business decisions are made. The internal reporting system facilitates more thorough monitoring of such risks in the course of business.

The Semperit Group's risk management is based on a comprehensive enterprise risk management approach (ERM approach) that is integrated into the business organization. The ERM approach is based on the globally recognized conceptual framework drafted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the "Enterprise Risk Management – Integrated Framework". The ERM process aims at the early identification, assessment and control of risks, which could have a significant influence on the achievement of the Group's strategic, operational, financial, and social goals as well as goals related to governance and compliance, health, occupational safety and the environment (HSEQ and ESG).

Risks are identified and evaluated along a structured process combining elements of both the bottom-up and top-down approaches. As part of the ERM approach, the reporting period for risk assessment is at least one year and – in accordance with medium-term planning – up to five years. ESG-relevant risks can have a deviating, longer observation period. With regard to climate risks in particular, assumptions are considered in decades and up to 80 years into the future in accordance with regulatory requirements.

The ERM is based on a net principle, according to which only risks remaining after the implementation of existing measures to mitigate or transfer risks are addressed. If potential negative deviations have already been accounted for in the consolidated financial statements, in the budget or in medium-term planning, they are no longer shown as risks. The progress made in implementing risk-reducing measures is monitored on a regular basis and is broken down to the individual Group companies in the internal risk reporting.

The "Group Risk Management & Assurance" department is responsible for the central coordination, moderation and monitoring of the structured risk management process for the entire Semperit

Group. Relevant risks are prioritized from different perspectives and, in a further step, assessed with regard to their potential impact and their probability of occurrence. The bottom-up identification and prioritization process is supported by (remote) workshops with the management of the respective Semperit Group companies. This bottom-up element ensures that potential new risks are brought up for discussion at the management level and incorporated into the reporting, if relevant. These risks are coordinated with the business management (top-down). Individual reporting takes place immediately after the respective risk update in the respective Group businesses. At least once a year, a comprehensive risk reporting of the individual risks including aggregation is made at Group level, and a quarterly progress report on current developments, changes and additions to the risk portfolio is submitted to the Audit Committee and Supervisory Board. The regular reporting process is supplemented by an ad hoc reporting process to draw attention to critical issues in a timely manner.

Integrated risk management must also identify, assess and manage internal and external trends and effects in the field of ESG (Environment, Social and Governance). In order to address current and future issues, the Semperit Group conducts an annual ESG (Environment, Social and Governance) Risk & Opportunity Assessment. In a comprehensive process that takes place in parallel with the traditional risk process, the ESG and Group Risk Management & Assurance departments identify and evaluate the main risks. This process will be integrated into the general risk assessment from the 2024 financial year onwards.

In addition to the assessment of risks with regard to their impact on the planned EBITDA figure, possible effects on liquidity have also been taken into account on the basis of a cash flow analysis since the 2023 financial year. This approach is used to assess the risk-bearing capacity, i.e., the maximum level of risk that the company can bear without jeopardizing its continued existence. Following the acquisition of the Rico Group as of 31 July 2023, the implementation of the risk management system also began there; it had not yet been fully integrated by the end of the 2023 financial year.

Organization of risk management and responsibilities

To monitor the ERM process and to further drive the integration and standardization of existing control activities in accordance with legal and operational requirements, risks, changes and developments in the risk management process are discussed in the Executive Board, Audit Committee and Supervisory Board meetings on a quarterly basis.

The Group Risk Management & Assurance department is supported in the process by the individual Group companies and central functions. An update on the progress of measures is provided by the persons responsible for risks or measures. Insurable risks are covered by insurance policies as far as economically reasonable (see also “Insurable risks”).

The legal framework and principles relevant to risk management are set forth in the Risk Management Guideline.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. audited and confirmed the functionality of the Semperit Group’s risk management system for the 2023 financial year in the 2024 reporting year in accordance with C-Rule 83 of the Austrian Corporate Governance Code.

Risk report

As an internationally active corporate group, the Semperit Group is continuously confronted with new challenges posed by pronounced regional differences in global economic development. The countries in which the Semperit Group operates differ in terms of economic conditions as well as political, constitutional and social development. The success of the two divisions Semperit Industrial Applications and Semperit Engineered Applications and the five operating business units depends on the overall economic situation to varying degrees due to their strategic orientation.

The slowdown in macroeconomic development, consistently high inflation rates and the limited ability to pass on the associated additional costs to customers led to negative financial effects overall in the 2023 financial year. Political tensions, such as the Russia-Ukraine conflict, availability (sourcing) as well as inflationary pressure and the price development of raw materials and energy also characterized the 2023 financial year. These uncertainties again posed challenges for the Semperit Group. However, thanks to its global presence and the different market dynamics of the five business units, the Semperit Group was able to address the risk accordingly.

At the time this management report was prepared, no risks were identified in connection with future developments that could threaten the continued existence of the Semperit Group either in isolation or jointly. Adequate insurance has been taken out for specific liability risks and damages when reasonable and cost effective. Selected individual risks that could have a significant negative effect on the financial position, financial performance, and profit situation of the Semperit Group are discussed below. In addition to the risks listed here, further risks possibly exist, including strategic, operational, financial, and social risks, governance- and compliance-related risks, and health, safety, and environmental risks (HSEQ and ESG) as well as other internal and external risks that are currently unknown to the Semperit Group or which it is presently not aware of. If one or more known or unknown risks occur, this may have significant adverse effects on the financial position, financial performance, and profit situation as well as the reputation of the Semperit Group.

Strategic risks

Transformation, governance and sustainability risks

The structure of the Semperit Group was significantly influenced by the first and major closing of the sale of the medical business and the acquisition of the Rico Group in 2023. The transformation into an industrial rubber and elastomers specialist was thus implemented. The definition of the refined new strategy and the adjustment of the organizational structure to this strategic realignment were accompanied by the risk management team identifying opportunities and risks. In order to perform management and control tasks, projects to optimize information flows were driven forward and processes were implemented, particularly in the areas of finance and IT. The risks relating to the implementation of transformation and governance measures, such as a longer implementation period, higher costs or a lower positive effect than originally estimated, were incorporated into the risk management system.

Furthermore, the Semperit Group has committed itself to complying with the Austrian Code of Corporate Governance and achieving sustainability targets. Deviations from these goals can result in risks such as loss of reputation or higher interest rates.

The Semperit Group sees several opportunities in the introduction of the new divisional structure, which is based on the two main business models. These include a reduction in complexity and an increase in efficiency, which can lead to faster decisions, lower costs and an overall more effective way of working. Furthermore, the flexible organizational structure can strengthen the Semperit Group's innovative capability.

Risks from technology development

Innovative and disruptive technologies as well as regulations for industrial chemicals can have a significant impact on the Semperit Group's business areas and products. New technologies can lead to the displacement or replacement of Semperit products (e.g., the use of direct extrusion for window seals). With respect to environmental requirements, the significance of low-carbon products and circular economy will continue to increase. In addition, chemicals used by the Semperit Group could be added to the list of Substances of Very High Concern (SVHC) defined under the REACH Regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals). It is updated twice a year and must be taken into account in the selection of raw materials and in product development and production.

In order to ensure its competitiveness, the Semperit Group is continuously working on the development of innovative materials and products as well as on the improvement of manufacturing processes. Topics such as resource and energy efficiency, consideration of the life cycle perspective as well as health and environmental compatibility in product application are becoming increasingly important.

The innovation projects initiated in connection with the utilization of new raw materials, the introduction of new products and technologies can be associated with the investment of significant financial resources and cannot always be successful. If capital expenditures do not lead to the expected success or are not met with the expected market acceptance, it could lead to a negative influence on the financial performance. Existing patents and other intellectual property rights of the Semperit Group cannot completely prevent competitors from developing and selling similar products. Furthermore, not all trade secrets are patentable. In order to ensure appropriate secrecy, confidentiality agreements are agreed in service contracts or non-competition clauses.

Risks relating to customer needs and market trends

The competitiveness of the Semperit Group is based on the ability to recognize market trends in good time and the flexibility to adapt products, production and services to them in a timely manner. For example, EPDM (ethylene propylene diene rubber) seals in PVC windows are being replaced by alternative products such as thermoplastic elastomers. If market trends and potential substitute products are not recognized in time and no countermeasures are taken, this could have a major adverse effect on the earnings situation of the Semperit Group. In order to profitably exploit market trends with the development of new or sustainable products, Semperit works closely with customers and supports scientific research – with a focus on innovative materials, technologies and products. The aim of the research activities is to secure and further strengthen the market position of the Semperit Group in the long term and at the same time to become more attractive for sustainable investments, for example through the successive improvement of ESG rating results.

Operational risks

Investment and divestment risks

In the case of investments and divestments, the opportunities arising from corporate development and sustainable transformation are contrasted by numerous risks. These include transaction risks (market, liquidity, creditworthiness, inflation, currency, operational, regulatory, social and environmental risks, political and geopolitical risks as well as industry and company risks), the risk of cost remanence, misjudgments in the transaction process and legacy risks of all kinds. The mentioned risks were taken into account in the investment (acquisition of the Rico Group, expansion of the Odry site to include DH5 hose production, expansion of the Rico Group site in Thalheim) and divestment projects (sale of the medical business) by implementing each of them as separate projects, taking into account modern management disciplines (project management including risk management) and with external support. The risks arising from transaction processes were countered by structuring the contractually agreed guarantees and indemnities accordingly and by taking out W&I insurance. Longer-term risks, above all financial risks (liquidity and interest), were transferred to the risk management system. Furthermore, delays in growth projects can lead to strategic risks. Company acquisitions may result in the recognition of goodwill, which reflects intangible assets that cannot be recognized in the balance sheet, expected synergies and positive future prospects of an acquired company. Such goodwill must be tested annually for impairment. Goodwill is only recoverable if the original expectations can be realized or even exceeded. Otherwise, impairment losses in the form of extraordinary depreciation would result. Such an impairment risk naturally increases with the amount of goodwill and its share of Group equity. In order to confirm the recoverability of the goodwill resulting from the acquisition of the Rico Group amounting to EUR 49.4 million, the management determined the recoverable amount of this business as at 30 September 2023. The recoverable amount was calculated as the value in use. The increased forecasting uncertainty caused by the economic slowdown and geopolitical crises was countered by considering alternative planning scenarios. Rico's products are used in particular in the automotive and medical technology industries as well as in the consumer and household goods industries.

The Semperit Group sees the acquisition of companies with complementary products or services as an opportunity to diversify its offering, expand its range of services and realize synergies. By acquiring the Rico Group or another company with advanced technologies and know-how, particularly in the area of production automation, the Semperit Group can strengthen its technological lead and accelerate innovation.

Value chain risks

The value chain of the Semperit Group covers all stages from research and development, through supply chain management and production to marketing and sales of products. In particular in raw material and energy supply, bottlenecks may arise along the value chain; likewise, production disruptions, scrap, quality defects in products/packaging/storage/ delivery may occur and thus lead to additional costs and delivery bottlenecks and/or delays. Moreover, this may result in reputational damage and loss of orders as well as potential product liability, occupational safety, compliance and environmental risks, which may have a negative effect on the financial position, financial performance, and profit situation of the Semperit Group.

The earnings position of the Semperit Group depends on the reliable and effective management of the supply chain for raw materials and mixes as well as on ensuring the appropriate cost-optimized logistics. Capacity limitations and supply shortages – also in the face of global disruptions in the transport chains – could lead to delays and additional costs as well as an increase in greenhouse gas emissions due to longer freight times. The most recent examples of this development are the rebel attacks on international shipping in the Red Sea and the water shortage in the Panama Canal.

Price increases for raw materials, components, personnel costs and energy, for example due to market bottlenecks, could also have a negative impact on the financial position, financial performance, and profit situation of the Semperit Group. This also applies to delays and interruptions in the supply chain as a result of (economic, geopolitical, pandemic or climate-related) disasters, especially if it is not possible to develop alternative sources of supply in different countries or regions.

Active management of the supplier portfolio and globally oriented and coordinated Group-wide purchasing and supply chain management counteract these risks.

Procurement risks

The Semperit Group purchases large amounts of raw materials such as rubber (natural and synthetic rubber), chemicals, fillers and both textile and steel reinforcing materials as well as energy (gas, electricity) for manufacturing its products. These raw materials can be subject to significant price volatility. If price increases, for example for raw materials, cannot be passed on to customers, or can only partially be passed on or with delay, this will lead to a negative impact on earnings. There are also monopolistic and oligopolistic supply situations for some raw material and chemical suppliers as well as energy and water suppliers, which means that the Semperit Group has only limited options for negotiations. Geopolitical unrest can significantly increase this risk.

A supply shortage of individual raw materials or finished products, restrictions on imports, limitations due to geopolitical tensions or international restrictions and sanctions or the loss of an important supplier can lead to a production loss and a negative impact on the financial position, financial performance, and profit situation of the Semperit Group.

The management of appropriate safety stocks, multiple sourcing and reducing dependence on individual suppliers, the conclusion of long-term contracts and price escalation clauses with suppliers and the continuous monitoring of their sustainability performance counteract these risks.

Production and utilization risks

The Semperit machine park includes facilities which are essential for production and for which there are no adequate replacements. A long-term failure of one of these machines would lead to a (partial) loss of production and negative effects on the financial position, financial performance, and profit situation of the Semperit Group.

In the 2023 financial year, further investments were made in the replacement of equipment that had been in use for a longer period and in the expansion of production facilities. In addition, the risk that production facilities may break down is counteracted by regular inspections, including preventive maintenance and servicing. As far as possible, such risks are optimized through technical preventive measures and insurance in an economically reasonable dimension.

Quality problems may arise in Semperit products, which are caused by low-quality raw materials or result from the development or production of these products. Despite all efforts, the risk of operational downtimes, accidents, underutilization or overloading of production sites as well as limited availability of space for production, room to move and storage cannot be completely ruled out. Such risks may lead to delayed deliveries and, subsequently, to a potential loss of customers, with possible negative effects on the financial position, financial performance, and profit situation of the Semperit Group.

In connection with the replacement of older production facilities, the Semperit Group sees opportunities in increasing the degree of automation of the production process and the associated efficiency gains.

Risks related to information technology (IT), cyber-attacks, and data protection

The majority of production and control systems as well as services are dependent on a functioning and error-free IT/OT (information technology and operation technology) landscape. The failure of essential servers and production scheduling units as well as enterprise resource planning (ERP) systems, non-availability, and unauthorized access to IT networks (cyber-crime) may lead to an irrecoverable loss of production volumes, quality impairment as well as delivery delays and loss of orders and thus be detrimental for the Semperit Group. Like other multi-national companies, the Semperit Group is also subject to the risk of cyber-attacks. In addition, the risk of cybercrime could continue to increase as a result of international conflicts such as the Russia-Ukraine conflict and potentially result in the disclosure, falsification, espionage or loss of information, abuses of information systems or product faults, production losses and supply shortages. This would have negative effects on the reputation and competitiveness as well as the financial position, financial performance, and profit situation of the Semperit Group. The company continuously invests in resources for the further development of training measures and projects that serve to increase cyber security.

Additional risks are posed by IT/OT systems developed in-house and a wide variety of different systems in use requiring a large number of manual interventions or depending on specific persons, which could have a negative effect on data quality and processes. Ensuring the traceability of produced goods may not be possible due to faulty and non-existent systems. This risk is countered with strategic projects to standardize IT/OT processes and ERP systems.

Fraud and cyber-attacks (e.g., email fraud, fake president fraud, etc.) generally represent a major risk for the company, which is also countered with ongoing Group-wide awareness training as part of the “Sempercyber” project, ICS training (internal control system training) and projects in the area of payment security. The non-detection of such attacks or the failure of internal control systems cannot be completely ruled out and could therefore contribute to a deterioration of the business, financial position, financial performance, and profit situation.

Handling sensitive/confidential data inappropriately or not in compliance with legal requirements (particularly with the General Data Protection Regulation GDPR) may also represent a risk. A data protection organization has been set up based on the Group-wide data protection guidelines, and regular training courses are held.

Personnel risks

The Semperit Group's business performance will be largely determined by the recruitment of adequately qualified professional and managerial staff at the individual locations, their integration, further development, and long-term retention. Risks arising from the departure of key personnel should be countered by training internal successors in due time. The orientation of the Semperit Group with regard to social aspects such as diversity, inclusion and attractive work is becoming increasingly important. This applies to existing and potential staff and will be successively expanded through appropriate additional benefits and activities to increase employer attractiveness. Should this not be possible, it may lead to a risk of a deterioration of the financial position, financial performance, and profit situation of the Semperit Group.

Labor shortages or restrictions on the admission of guest workers or outsourcing, state minimum wage regimes, strikes or outflow of know-how may lead to an impairment of production and to limitations in other business areas, thus also burdening productivity and the financial position, financial performance, and profit situation. The risk of a staff shortage is countered with substitutions, flexibilization, and preventive measures using shift models and remote working.

Financial risks

As an internationally active company, the Semperit Group is exposed to financial risks, which can have an impact in particular in the areas of capital, liquidity and financing risks, foreign currency and interest rate risks, as well as in the default risks of customers and banks. As required by IFRS 7.31, the financial risks and their management are described in detail in the notes under chapter 11.

Capital, liquidity and financial risks (capital management)

Capital risk is the risk of capital tied in investments. Liquidity risk (also known as refinancing risk) refers to the risk of being unable to raise the necessary cash for possible payments or only at increased refinancing costs. Financing risk refers to the risk that financing instruments are not available or not available to the required extent and thus threaten to cause payment difficulties or even insolvency.

Market risks to which the Semperit Group is exposed include political and economic developments that negatively influence the financial markets all over the world. These may be, for example, more restrictive regulations for the finance sector, monetary policy of central banks or a limited availability of financial resources, including due to the consideration of sustainability aspects, e.g., in connection with the EU Taxonomy Regulation. Changes in the credit ranking and limitations of the legal capacity of banks and other funders, changes in interest rates or restrictions on the use of financial instruments are risks, which may affect the company's scope of action regarding the taking up of financing operations or which impair the financing costs and deposit conditions.

Furthermore, the Semperit Group is subject to corporate risks in capital management. For example, a deterioration of its own creditworthiness may lead to higher expenses for borrowings, or no further financing granted by creditors. An increase in credit risk premiums may also result in a negative change of the market values of financial assets due to uncertainty and risk aversion on the financial markets.

Foreign currency risks
Foreign currency risks can generally be divided in transaction and translation risks. Due to international trade relations and existing subsidiaries all over the world, the Semperit Group is exposed to both risks. Furthermore, in some countries there are capital controls that limit the Semperit Group in its freedom of action. Some national banks, for example, have restrictions on trade in currencies and hedging instruments.

Interest rate risks
Interest rate risks arise from the change in interest rates, both for variable and fixed interest financing, in the form of interest change risks or cash value risks. The external financing of the Semperit Group exists primarily at the level of Semperit AG Holding. Since 2023, there has also been local financing at the Czech subsidiary Semperflex Optimit s.r.o. and within the Rico Group, which was newly acquired in the 2023 financial year. The majority of this financing has a variable interest rate, while a small portion has a fixed interest rate. According to the latest forecast, yield curves have already peaked, and interest rates are expected to fall in the near future.

Default risks of customers and banks
The Semperit Group is exposed to the risk of loss of orders or receivables on the part of customers. If the credit rating of Semperit customers deteriorates, their default risk increases. Credit risks and the risk of payment default are managed through standardized credit checks, defined credit limits and credit insurance. The default of a key business partner could have a negative impact on the results and the liquidity of the Semperit Group. This is particularly relevant for the Rico Group, as it has not yet been integrated into the Semperit Group's credit insurance program.

In addition, there are default risks in relation to the credit balances that the Semperit Group holds with banks. Although the risk of bankruptcy of individual banks or of another banking and/or financial market crisis tends to be low for the Semperit Group's partners, it would be associated with considerable potential effects. In the event of such a default, the Semperit Group may not be able to access this liquidity or credit lines or may only be able to do so partially or with a delay.

Tax risks
The group companies of the Semperit Group are subject to local tax legislation in the respective countries and have to pay income taxes as well as other (local) taxes and fees. Changes in tax legislation and regulations in these jurisdictions could lead to higher tax expenses. The constant change and, in some cases, tightening of tax regulations increases the demands on tax compliance to comply with and monitor these regulations. Inadequate controls in business processes or lack of documentation can lead to the violation of regulations in national and international tax law and result in negative findings in tax audits.

Unused tax loss carryforwards could also be subject to tax audits and be questioned in part. The Semperit Group and its local companies are subject to regular tax audits by financial authorities which may entail negative findings.

Compliance risks

The constant tightening of international codes of conduct and laws increases the requirements for compliance and monitoring of these regulations. Inadequate controls in business processes or insufficient documentation can lead to the violation of applicable rules and jeopardize the company's reputation and economic success through compliance violations. Among other things, the Semperit Group counters this risk with a Group-wide Code of Conduct and continuous training for all employees worldwide in order to further increase awareness of non-compliant actions. The implemented whistle-blowing system also makes an important contribution by pointing out concerns and potential abuses regarding unethical or illegal behavior.

Regulatory risks and potential sanctions

The Semperit Group had or has business activities with customers and suppliers, which are subject to export and import control regulations or other forms of trade restrictions (for example through the USA and the EU). New or extended sanctions could lead to restrictions of the raw material supply and the existing business activities in these countries, or indirectly in other countries. In addition, the Semperit Group could be subject to claims or other measures by customers due to the termination of their business in countries, which are subject to sanctions.

For business activities in emerging countries, there are risks such as unrest, health risks, cultural differences, for example regarding employment relationships and business practices, volatility of the gross domestic product, economic and governmental instability and legal uncertainty, possible nationalization of private assets as well as imposition of currency restrictions and stricter environmental requirements.

Risks arising from cartel and corruption allegations

Proceedings against the Semperit Group regarding corruption and cartel allegations as well as due to other violations of laws could lead to monetary fines under criminal or civil law as well as to penalties, sanctions, court orders regarding future behavior, disgorgement of profits, to the exclusion from directly or indirectly participating in certain business transactions, to the loss of trade licenses or other restrictions and legal consequences. Part of the Semperit Group's business activities are conducted with state-owned companies. Investigations into corruption or cartel allegations or allegations regarding other legal violations could have a long-term impact on the Semperit Group's business, including even an exclusion from public and private-sector orders. Moreover, such investigations could also lead to the cancellation of existing contracts and loss of orders and customers, and proceedings against the Semperit Group could be initiated.

Developments in ongoing or potential future investigations, such as the reaction to requests by the authorities and cooperation with the authorities, could distract the attention and resources of the management from other business matters.

Risks related to legal proceedings

The Semperit Group is, and will be in the future, confronted with different legal disputes and proceedings as part of its ordinary business activities. As a consequence of such litigation, the payments of damages, punitive damages, meeting other claims as well as criminal or civil sanctions, fines or disgorgements may be imposed on the Group. In addition, this may in individual cases result in the formal or informal exclusion from tendering procedures, or withdrawal or loss of business licenses or permits. Moreover, further proceedings may be initiated, and existing proceedings could be extended. Asserted claims from litigation are generally subject to interest payments.

In some of these legal disputes, negative decisions can be made against the Semperit Group, which may have significant effects on the business, financial position, financial performance, and profit situation of the company.

The Asian markets are of major importance for the Semperit Group. These legal systems there are subject to regular changes, which could have negative effects on the financial position, financial performance, and profit situation of the Semperit Group.

Occupational safety, health, and environmental risks (HSEQ)

The safety and health of employees are focal points of the corporate strategy with the aim of ensuring the protection of employees, further raising awareness of hazardous situations and continuously improving occupational safety.

Present or future occupational safety-related, health-related, and environmental or other state regulations, or changes of such regulations, could require adjustments of the operating activities of the Semperit Group and lead to a significant increase in operating costs. Moreover, there are risks regarding a possible occupational safety-related, environmental, and health-related incident, also when handling hazardous substances, as well as non-compliance with environmental, health- or occupational safety-related regulations, which could subsequently lead to severe accidents, staff absences, reputation loss and legal consequences. Environmental damage could result in losses for the Semperit Group which exceed the insured amount or are not covered by insurance. Such losses could have a negative impact on the financial position, financial performance, and profit situation.

Compliance risks with respect to corporate social responsibility (ESG)

Due to existing local and international requirements as well as regulations in the area of environment, social and governance (ESG), risks that are not sufficiently known at the current time may arise. These can be based on legal requirements in the respective countries, but also on international requirements and, in addition to burdens on the business, financial position, financial performance, and profit situation of the company, can also lead to reputational damage and loss of customers. A detailed description of ESG and climate change-related risks and opportunities can be found in the Sustainability Report of the Semperit Group (see www.semperitgroup.com/company/sustainability). It includes, for example, risks regarding the impact of climate change, the so-called transition effects on technologies, markets and regulations as well as rising energy costs and additional costs due to decarbonization efforts.

To counter these risks, the Semperit Group regularly undergoes external audits, for example those of the Business Social Compliance Initiative (BSCI). In addition, the Semperit Group is a member of EcoVadis in order to be assessed with regard to its own performance in the fields of the environment, labor and human rights, ethics and sustainable procurement, and to subsequently improve further. Furthermore, since 2021 the Semperit Group has been a member of “Together for Sustainability” (TfS), an initiative of leading chemical companies with the goal of ensuring and successively improving sustainability along the supply chain and thus the environmental and social standards of the relevant suppliers.

Insurable risks

Although the Semperit Group has concluded global insurance programs to cover the risks relevant to its business, for example with regard to fire, natural hazards and natural disasters, there is no guarantee that possible losses will be fully covered by these insurance policies, that the insurance companies will be liable for damages, or that the insurance coverage will be sufficient. In order to counteract this loss potential, the Semperit Group has taken further precautions in the form of additional insurance coverage, for example with regard to so-called earthquake or flood layers, which in some cases doubles coverage in addition to other existing insurance policies. In addition, critical business processes with a high potential threat are regularly examined as part of risk assessments and business continuity management, and preventive strategies and measures are developed to ensure that the company can continue to operate in the event of an emergency. The implementation of these measures is monitored on an ongoing basis.

In this context, specific effects of climate change were also identified based on a climate risk analysis carried out in 2023 and included in the catalogue. This analysis identified immediate physical risks, such as acute events (storms and heavy rainfall), as well as chronic changes (rising sea levels). The consequences for the economy range from storm damage to buildings to temporary disruptions of global supply chains. Indirect physical risks were also identified. These are risks that can arise from the indirect or long-term effects of climate change, for example losses in production due to a shortage of water supply as a result of prolonged periods of drought. According to this analysis, none of the Semperit sites are currently exposed to a physical climate risk in the short term. In the medium and long term, water-related risks such as flooding and water shortages were identified at the Roha, Odry and Bełchatów sites. Projects for efficient water use and sustainable water management have been initiated to counter these risks.

In any case, Semperit ensures that the risk of insurable natural hazards is reduced as much as possible through regular exchanges with contracted insurers. Legal disputes that exceed the sum insured or are not covered by the insurance may result in additional losses for the Semperit Group. A further risk lies in the fact that it cannot be guaranteed that the Semperit Group will continue to receive adequate insurance cover at economically reasonable conditions in the future.

Market risks

Competitive environment

The global markets for the Semperit Group's products are highly competitive in terms of pricing, product and service quality, production technology, product development and introduction times, customer service and financing conditions, and regarding shifts in market needs. The Semperit Group continues to be confronted with strong competitors, partially also from emerging countries, which have a more favorable cost structure, often also due to higher energy costs in Europe. Some industries in which the Semperit Group operates are undergoing consolidation, which could lead to increased competition and a change in the relative market position of the Semperit Group. Furthermore, it must be noted that suppliers are also increasingly becoming serious competitors for the Semperit Group. In order to further strengthen the competitiveness of the Semperit Group, projects with the goal to increase the strengthening of innovative power, reduce costs, improve efficiency, reduce waste and maintain sustainable energy management are being implemented.

Economic, political, and geopolitical environment

From the Semperit Group's perspective there is currently an insecurity regarding the future development of the global economy. The global markets were recently considerably affected by geopolitical crises and their impact on the supply chain. Since February 2022, the development of the global economic climate has been significantly influenced by the Russia-Ukraine conflict and the uncertainty in the energy sector due to generally higher or strongly fluctuating energy prices as well as high inflation. There is a risk that the global economy will recover more slowly than expected and that the negative impact particularly in Asia, Europe and the USA will continue. A slowdown in economic growth in Asia or even a collapse of the real estate market, the banking sector or the stock market represent further significant risks. In the euro zone, too, the cooling of the economic climate might continue. This could increase business volatility and represent risks for the financial markets. The investment climate could suffer a slump due to political upheavals in Eastern Europe, further independence movements inside and outside the European Union or because of sustainable successes of protectionist parties and policies that are hostile to business and the EU.

A further intensification of the trade conflicts between the USA and China as well as USA and Russia and the consequences of a dispute with Iran, the tensions between China and Taiwan, and Japan as well as the further development of the Russia-Ukraine conflict could have negative effects on the business performance of the Semperit Group.

A terrorist attack or a series of such attacks in large economies or along supply chains could impair the global economic activity.

If the Semperit Group is not able to further adjust its production and cost structures appropriately in the current economic development, there is a risk of a negative impact on the financial position, financial performance, and profit situation of the company.

Opportunities

In addition to monitoring risks, it is an essential part of corporate management to recognize opportunities in good time and make the best possible use of them for the company. Opportunity management as an entrepreneurial approach that aims to identify, record and utilize the positive aspects and opportunities in a business environment is aimed at managing the uncertainties associated with business activities.

To identify opportunities, the Semperit Group looks for possibilities to recognize potential for growth and improvement, for example through market analyses, innovations or partnerships. Potential opportunities are carefully evaluated and prioritized in order to use resources efficiently. Strategies developed on the basis of identified opportunities can result in the adaptation of business models, product developments or market entry strategies. Opportunity management is therefore a proactive approach that aims to not only minimize risks, but also maximize the positive potential for the Semperit Group.

In the long term, the management sees great potential in the further expansion of the core business as part of the strategic orientation of the Semperit Group as an industrial rubber and elastomer specialist.

Opportunities arising from the new organizational structure

The new divisional structure is oriented towards the two main business models of the Semperit Group, while at the same time reducing complexity and enabling business expansion. This can open up various opportunities for the Semperit Group, such as rationalizing processes and increasing efficiency.

Opportunities through acquisition

The acquisition of the Rico Group in the reporting year, its further growth steps and other potential acquisitions of companies with similar elastomer or complementary products and services may offer the Group the opportunity to gain access to new geographical regions and sales markets or to strengthen its presence in existing markets. This opens up new sales opportunities and the expansion of the customer base. The acquisition of the Rico Group, for example, has given Semperit a leading technological position in liquid silicone and high-end toolmaking. This goes hand in hand with servicing high-growth sectors such as healthcare and industrial household applications. In addition, synergy effects can be achieved through acquisitions by rationalizing redundant functions and resources, for example in the areas of sales, logistics and administration. The acquisition of a company with advanced technologies, such as the Rico Group or another company with advanced technologies and know-how, especially in the area of production automation, strengthens the technological lead of the Semperit Group, can accelerate innovation and provides access to highly qualified employees. Instead of developing new markets or products organically, an acquisition enables faster market entry. This is particularly important in fast-moving industries. As a further opportunity, a broader business base through acquisitions can help to diversify risk.

Opportunities through automation

Increasing the level of automation is a key component of the Semperit Group's strategic orientation. This is reflected, for example, in the construction of the DH5 hose production facility in Odry, where automation in production and internal logistics is intended to achieve a very high and consistent level of quality throughout the entire production process, and in the recent acquisition of the Rico Group. Increased use of automation technologies leads to cost savings, error reduction and time savings, which in turn improves responsiveness to customer requirements. Automated systems are often easier to adapt to fluctuating demand than manual processes, which is particularly advantageous in a volatile market environment. In addition, processing information in real time enables data-driven decision-making processes.

Opportunities through sustainability

The Semperit Group's commitment to sustainability can strengthen its reputation and market value. Consumers and stakeholders increasingly value companies that assume social and ecological responsibility. Sustainability is becoming an important decision-making factor for many consumers when purchasing products or services. Sustainable practices can therefore help to attract new customers and retain existing customers in the long term.

In order to drive the development of new or sustainable products and identify corresponding market trends, the Semperit Group is cooperating closely with customers and supporting scientific research – with a focus on innovative materials, technologies and products. The aim of the research activities is to secure and further strengthen the market position of the Semperit Group in the long term while at the same time becoming more attractive for sustainable investments, for example through the successive improvement of ESG rating results. In the production of sealing profiles, for example, the Semperit Group is working on a gradual increase in the reuse of recycled material.

Opportunities through innovation

Innovations offer a variety of opportunities for the Semperit Group to achieve competitive advantages, promote growth and increase market success. Examples of innovative products that satisfy new market trends are the "Hybrid Handrail" and "SemperSilentPads". The former, a newly developed escalator handrail, consists of two materials (rubber and Smart Polymer) and combines the best of both material worlds. The SemperSilentPads are an innovative solution for a rail pad that significantly reduces noise compared to competitor products.

Opportunities through digitalization

The consistent implementation of digitalization projects will allow the Semperit Group to collect, store and analyze large amounts of cross-location data on production and financial processes. This will enable even faster reactions to market trends, changes in demand and external threats. Current major projects such as "oneERP" with the introduction of SAP S/4 Hana serve to harmonize the IT infrastructure. On the other hand, automation and digital back-office projects are being used to further increase efficiency.

Internal Control System (ICS)

The Semperit Group's internal control system is designed to ensure the effectiveness and efficiency of its business activities, the reliability of its financial reporting and compliance with relevant statutory regulations. It also supports the early recognition and monitoring of risks deriving from inadequate monitoring systems and fraudulent actions and is improved and expanded on an ongoing basis by the Group Risk Management & Assurance department together with the relevant specialist departments. The management of the respective business unit is responsible for implementing and monitoring the ICS and the risk management system. The Executive Board of Semperit AG Holding stipulates cross-divisional framework conditions and regulations that are applicable throughout the group. Regular follow-up audits are performed at the locations to ensure the sustained implementation of the framework conditions and regulations.

The following principles form the basics of ICS:
- Ensuring the accuracy of accounting and reporting
- Compliance with internal regulations (limits of authority) and external laws and regulations
- Increased payment security based on a predefined corset of payment transaction controls
- Ensuring adequate implementation and segregation of duties
- Ensuring the controls provided in the process
- Auditability by independent experts
- Protection of property
- Recognition of potential operating risks and making losses visible that have already occurred
- Improvement in operating effectiveness

Essential characteristics of the internal control and risk management system with regard to the financial reporting process

The key points of the existing internal control system and the risk management system with regard to the (consolidated) financial reporting process are summarized as follows:
- With regard to the financial reporting process, the functions of accounting are separated from other areas of responsibility such as treasury.
- The applied financial systems are protected against unauthorized access by appropriate IT facilities.
- With regard to applied financial systems, standard software is widely used.
- A guideline system (e.g., accounting guidelines, payment guidelines) has been implemented.
- Received or forwarded accounting data will be examined for completeness and correctness, e.g., by means of random samples, by the responsible persons.
- The dual-control principle is applied in accounting-related processes.
- Accounting-related processes are examined on a random basis by internal audit.

Outlook

After a solid performance in continued operations in the 2023 financial year, the Executive Board of the Semperit Group expects the market environment to remain challenging in the coming months. For the SIA division, no significant recovery in demand is expected in the short term, as the reduction of increased customer inventories will extend into the first half of 2024. In addition, demand from the relevant industries (including construction machinery and agricultural machinery such as tractors) continues to decline or is not yet showing any signs of recovery. For the SEA division, the good demand from the mining industry, healthcare and food sectors as well as the railway sector should continue, while demand for products linked to the construction industry and related sectors will be lower.

In addition, uncertainties due to geopolitical conflicts are still present and may quickly lead to adverse effects on the market environment.

Cost masures take effect

In anticipation of this development, countermeasures have been introduced at an early stage of the 2023 financial year. These include improvements to the product mix in the direction of higher-margin products, cost reduction programs and a streamlining of processes, accompanied by an increase in operating efficiency in order to be able to react flexibly to further market fluctuations. Defined and already established measures for savings include a run-rate of more than EUR 10 million, of which around EUR 5.8 million was already recognized in profit or loss in 2023.

Against this backdrop, the Executive Board of the Semperit Group expects EBITDA to increase to around EUR 80 million for the 2024 financial year.

Dividend/distribution

The dividend policy of the Semperit Group generally aims at a distribution of around 50% of earnings after tax – provided that business development continues successfully, and no extraordinary circumstances occur.

In view of the positive earnings after tax from continued operations – the relevant earnings and comparative figure for future business development – the Executive Board will propose a dividend of EUR 0.50 per share to the Annual General Meeting. A total of EUR 10.3 million should therefore be distributed. With a share price of EUR 14.16 at the end of 2023, this results in a dividend yield of 3.5%.

Note

This outlook is based on the assessments of the Executive Board as of 18 March 2024, and does not take into account the impact of potential acquisitions, divestments, or other unforeseeable structural and economic changes during the remainder of 2024. These assessments are subject to both known and unknown risks and uncertainties, which may result in actual events and outcomes differing from the statements made here.

Vienna, 18 March 2024

The Executive Board

Karl Haider	**Helmut Sorger**	**Gerfried Eder**
CEO	CFO	CIO

Consolidated financial statements

Consolidated income statement

in EUR thousand	Note	1–12 2023	1–12 2022
Revenue	2.2	721,081	779,848
Changes in inventories		–11,002	11,756
Own work capitalised		2,629	2,671
Operating revenue		**712,708**	**794,276**
Other operating income	2.3	8,344	9,258
Cost of material and purchased services	2.4	–330,654	–410,169
Personnel expenses	2.5	–220,081	–197,066
Other operating expenses	2.6	–98,478	–95,800
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**2.1**	**71,839**	**100,499**
Depreciation and amortisation of intangible assets and property, plant and equipment	3.1, 3.2	–37,589	–30,430
Impairment of intangible assets and property, plant and equipment	3.1, 3.2	0	–8,545
Reversal of impairment of intangible assets and property, plant and equipment	3.1, 3.2	392	618
Earnings before interest and taxes (EBIT)		**34,642**	**62,142**
Finance income	2.7	3,038	481
Finance expenses	2.7	–7,801	–2,619
Profit / loss attributable to redeemable non-controlling interests	2.7	–2,877	–6,684
Other financial result	2.7	–1,071	–1,581
Financial result		**–8,711**	**–10,403**
Earnings before taxes		**25,931**	**51,739**
Income taxes	2.8	–1,066	–13,379
Earnings after taxes from continued operations		**24,865**	**38,360**
Earnings after taxes from discontinued operations	2.9	–41,938	–43,952
Earnings after taxes		**–17,073**	**–5,592**
thereof attributable to the shareholders of Semperit AG Holding	2.10	–16,807	–5,529
thereof attributable to non-controlling interests	2.10	–266	–63
Earnings per share in EUR (basic and diluted)[1]	**2.10**	**–0.82**	**–0.27**
of which earnings per share in EUR from continued operations (basic and diluted)		1.21	1.86
of which earnings per share in EUR from discontinued operations (basic and diluted)		–2.03	–2.13

[1] Earnings per share only concern the ordinary shareholders of Semperit AG Holding.

Consolidated statement of comprehensive income

in EUR thousand	Note	1–12 2023	1–12 2022
Earnings after taxes		**–17,073**	**–5,592**
Other comprehensive income that will not be recognised through profit and loss in future periods		**–1,195**	**6,309**
Remeasurements of defined benefit plans	7.1	–2,081	6,510
Income tax thereon	9.	887	–201
Other comprehensive income that will be recognised through profit and loss in future periods		**17,662**	**8,137**
Currency translation differences	5.1	17,662	8,137
thereof reclassification to profit or loss for the period	2.9	23,541	0
Other comprehensive income – total		**16,467**	**14,446**
Comprehensive income		**–606**	**8,854**
thereof on earnings attributable to the shareholders of Semperit AG Holding		–287	8,912
thereof on earnings attributable to non-controlling interests		–319	–58

Consolidated cash flow statement

in EUR thousand	Note	1–12 2023	1–12 2022
Earnings before taxes		25,931	51,739
Earnings before taxes from discontinued operations after deduction of transaction costs	2.9	–19,991	–35,947
Depreciation, amortisation, impairment and reversal of impairment of intangible assets and property, plant and equipment	3.1, 3.2	35,627	64,683
Gain / loss from disposal of assets (including current and non-current financial assets)		233	–4,627
Change in non-current provisions	7	–3,791	1,185
Profit / loss attributable to redeemable non-controlling interests	6.1	2,877	6,684
Net interest income (including income from securities)		4,628	1,197
Income taxes paid	2.8	–18,877	–62,186
Other non-cash income / expense	2.11	–2,220	7,742
Gross cash flow		**24,417**	**30,470**
Change in inventories	4.1	44,842	19,652
Change in trade receivables	4.2	16,846	–5,483
Change in other receivables and assets	3.3, 6.5, 8.1	1,569	6,984
Change in trade payables	4.3	–13,760	–8,960
Change in other liabilities and current provisions	6.3, 7.2, 8.2	–7,724	3,548
Cash flows from operating activities		**66,190**	**46,209**
Proceeds from sale of property, plant and equipment	3.2, 3.4	528	6,524
Proceeds from business disposals net of cash disposed of	2.9	85,252	0
Purchases of intangible assets and property, plant and equipment	2.11	–55,603	–54,536
Business acquisitions net of cash acquired	10.1	–164,824	0
Interest received	2.11	2,787	1,154
Investment grants received		385	115
Proceeds from the repayment of financial assets	2.11	33	1,276
Acquisition of financial assets	2.11	0	–725
Cash flows from investing activities		**–131,443**	**–46,192**
Cash receipt from non-current financial liabilities	2.11, 6.2	190,037	0
Repayment of non-current financial liabilities	3.2, 2.11	–40,000	0
Repayment of current financial liabilities		–18,565	–38,954
Repayment of lease liabilities	2.11	–4,446	–3,422
Dividend to shareholders of Semperit AG Holding	6.1	–92,580	–30,860
Dividends to redeemable non-controlling interests in subsidiaries	6.1	–6,482	–5,705
Repayment of liabilities from capital repayment to non-controlling interests in subsidiaries	6.1	0	–348
Interest paid	2.11	–7,487	–2,830
Cash flows from financing activities		**20,477**	**–82,120**
Currency translation differences		–458	4,469
Net change in cash and cash equivalents		**–45,235**	**–77,633**
Cash and cash equivalents at the beginning of the period related to continued operations		106,631	109,416
Plus cash and cash equivalents related to discontinued operations		51,274	126,123
Cash and cash equivalents at the beginning of the period (consolidated balance sheet value)		**157,906**	**235,539**
Cash and cash equivalents at the end of the period		112,671	157,906
Less cash and cash equivalents related to discontinued operations	3.4	0	51,274
Cash and cash equivalents at the end of the period related to continued operations (consolidated balance sheet value)	**6.6**	**112,671**	**106,631**

Consolidated balance sheet

in EUR thousand	Note	12.31.2023	12.31.2022
Intangible assets	3.1	124,971	6,283
Property, plant and equipment	3.2	447,498	293,531
Trade receivables		51	0
Other financial assets	3.3	6,491	5,628
Other assets	8.1	14,422	5,842
Deferred tax assets	9	4,302	5,344
Non-current assets		**597,734**	**316,628**
Inventories	4.1	110,760	128,214
Trade receivables	4.2	86,074	88,861
Other financial assets	3.3, 6.5	1,574	2,457
Other assets	8.1	23,781	11,241
Current tax receivables	9	4,750	1,010
Cash and cash equivalents	6.6	112,671	106,631
Current assets		**339,609**	**338,414**
Assets held for sale	**3.4**	**541**	**187,875**
ASSETS		**937,885**	**842,917**
Share capital	5.1	21,359	21,359
Capital reserves	5.1	21,503	21,503
Retained earnings	5.1	371,554	482,136
Currency translation reserve	5.1	10,891	–6,825
Equity attributable to the shareholders of Semperit AG Holding		**425,307**	**518,174**
Non-controlling interests	5.2	0	970
Equity		**425,307**	**519,145**
Provisions	7	35,184	32,134
Liabilities from redeemable non-controlling interests	6.1	11,905	12,162
Financial liabilities	6.2	219,165	37,956
Trade payables	4.3	851	52
Other financial liabilities	6.3	49,779	18,925
Other liabilities	8.2	3,052	1,995
Deferred tax assets	9	26,693	12,629
Non-current provisions and liabilities		**346,630**	**115,854**
Provisions	7	23,824	23,442
Liabilities from redeemable non-controlling interests	6.1	2,820	6,745
Financial liabilities	6.2	8,657	14,503
Trade payables	4.3	68,336	63,890
Other financial liabilities	6.3	14,330	9,553
Other liabilities	8.2	41,887	35,289
Current tax liabilities		5,674	7,586
Current provisions and liabilities		**165,527**	**161,009**
Provisions and liabilities held for sale	**3.4**	**421**	**46,909**
EQUITY AND LIABILITIES		**937,885**	**842,917**

Consolidated statement of changes in equity

in EUR thousand	Note	Share capital	Capital reserves	Retained earnings	Currency translation reserve	Total	Non-controlling interests	Total equity
As at 01.01.2022		**21,359**	**21,503**	**512,216**	**–14,956**	**540,122**	**1,028**	**541,151**
Earnings after taxes		0	0	–5,529	0	–5,529	–63	–5,592
Other comprehensive income		0	0	6,309	8,132	14,441	5	14,446
Comprehensive income		0	0	780	8,132	8,912	–58	8,854
Dividend	5.3	0	0	–30,860	0	–30,860	0	–30,860
Balance as at 12.31.2022		**21,359**	**21,503**	**482,136**	**–6,825**	**518,174**	**970**	**519,145**

in EUR thousand	Note	Share capital	Capital reserves	Retained earnings	Currency translation reserve	Total	Non-controlling interests	Total equity
As at 01.01.2023		**21,359**	**21,503**	**482,136**	**–6,825**	**518,174**	**970**	**519,145**
Earnings after taxes		0	0	–16,807	0	–16,807	–266	–17,073
Other comprehensive income		0	0	–1,195	17,716	16,521	–53	16,467
Comprehensive income		0	0	–18,002	17,716	–287	–319	–606
Dividend	5.3	0	0	–92,580	0	–92,580	0	–92,580
Deconsolidation of non-controlling interests	2.9	0	0	0	0	0	–651	–651
Balance as at 12.31.2023		**21,359**	**21,503**	**371,554**	**10,891**	**425,307**	**0**	**425,307**

Notes to the consolidated financial statements

1. General

1.1. General information

Semperit Aktiengesellschaft Holding (SAG), a public limited company under Austrian law, is the parent company of an international industrial group (hereinafter: the Semperit Group). It is domiciled at Am Belvedere 10, 1100 Vienna, Austria, and it develops, produces, and sells highly specialized rubber products in the Semperit Industrial Applications (SIA) and Semperit Engineered Applications (SEA) divisions and in the Surgical Operations business. B&C KB Holding GmbH is the direct majority shareholder of SAG, and B&C Privatstiftung is the controlling legal entity. The Semperit Group completed its strategic realignment and transformation to an industrial rubber specialist by selling the Medical Sector, which initially excluded the Surgical Operations business, in August 2023. Please see section 2.1 for additional information on the divisions.

1.2. Basic preparation principles

The consolidated financial statements as at December 31, 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and Section 245a of the Austrian Commercial Code (*Unternehmensgesetzbuch*, UGB). The fiscal year comprises the period from January 1 to December 31. The consolidated financial statements were prepared on March 18, 2024 and approved for submission to the Supervisory Board.

The reporting currency is the euro (EUR), with figures rounded to the nearest thousand, unless expressly stated otherwise. Rounding differences may occur when totaling rounded amounts and percentages through the use of automated calculation methods.

As at December 31, 2023, the former Medical Sector, which is now Surgical Operations and Examination Operations, was recognized for the most part under discontinued operations in the consolidated financial statements (see section 2.9). As per the accounting rules under IFRS 5, Non-current assets held for sale and discontinued operations, the earnings after taxes of continuing and discontinued operations are shown separately in the consolidated income statement. The earnings from discontinued operations were reported as a separate item, including the earnings after taxes resulting from the measurement at fair value less costs to sell or from deconsolidation. This item also includes the recycling of any historical currency translation differences recognized in other comprehensive income relating to discontinued operations. Cash flows from continuing and discontinued operations were presented together in the consolidated cash flow statement. Cash flows from the operating, investing, and financing activities of discontinued operations are disclosed in the notes (see section 2.9). The disclosures in the notes explaining the consolidated income statement, the consolidated cash flow statement, and the consolidated balance sheet follow the presentation described here.

With the exception of the measurement of certain financial instruments, as well as provisions and deferred taxes, the consolidated financial statements were prepared based on amortized cost. Securities and derivative financial instruments are measured at fair value. The three levels in the fair value hierarchy are defined as follows:

- Level 1: measurement based on quoted prices on an active market for a specific financial instrument
- Level 2: measurement based on quoted market prices for similar instruments or on the basis of measurement models based exclusively on input factors that are observable on the market
- Level 3: measurement based on models with significant input factors that are not observable on the market

In the 2023 fiscal year, no financial instruments were reclassified between the individual levels.

The amount of provisions corresponds to the best estimate of the expenditure required to settle the liabilities as at the reporting date. Deferred taxes that are expected to be realized are calculated based on the nominal amount of existing temporary differences between the IFRS carrying amounts and the tax base, using the tax rate that is expected to apply.

1.3. Consolidation principles

The consolidated financial statements include the financial statements of the parent company and the financial statements of the subsidiaries controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control begins and until the date on which control ceases. Please see sections 1.6 and 10.1 through 10.2 for more detailed information on the scope of consolidation.

Acquisition accounting involves offsetting the amortized cost of the equity interest in subsidiaries and the respective subsidiary's equity attributable to the investment. Receivables and liabilities between companies included in the scope of consolidation are eliminated during the course of the consolidation of intercompany balances. Foreign currency differences from the consolidation of intercompany balances are presented in the other financial result. All income and expenses from intercompany transactions, such as deliveries of goods and services, Group financing, or profit distributions, are offset during the elimination of income and expenses. Depending on the underlying transaction, foreign currency differences from the elimination of income and expenses are presented in the cost of materials, other operating expenses, or other financial result. In addition, intercompany profits and losses from intragroup goods and services are eliminated.

Currency translation

Assets and liabilities, including goodwill of subsidiaries included in the consolidated financial statements whose functional currency is not the euro, are translated at the mean exchange rate as at the reporting date; items in the consolidated income statement, the consolidated statement of comprehensive income, and the consolidated cash flow statement are translated using an average mean exchange rate for the fiscal year. The reference exchange rates of the European Central Bank (ECB) are generally used for currency translation. Currency differences resulting from this translation of subsidiaries' financial statements are recognized in the consolidated financial statements through other comprehensive income in the currency translation reserve and reclassified to the consolidated income statement upon the sale or other disposal of the subsidiary in question.

Pursuant to IAS 21, for some subsidiaries there are mixed factors and indicators for determining the functional currency. In management's judgment, attributes that give rise to a functional currency other than the local currency predominate at the following subsidiaries:

- Semperit Industrial Products Singapore Pte Ltd., Singapore: US dollar
- Sempermed Singapore Pte Ltd., Singapore: US dollar
- Sempermed Kft., Sopron, Hungary: Euro

At Semperflex Optimit s.r.o., the Czech Republic, and Sempertrans Bełchatów Sp. z o.o., Poland, the assessment of the (mixed) factors and indicators for determining the functional currency results in the use of the local currency as the functional currency.

1.4. Judgments and uncertainties in estimates

Judgments

The accounting policies set out in the IFRS provide users of the standards with various implicit and explicit options. The application of accounting policies is therefore subject to various exercises of judgment by management that can significantly affect the amounts recognized in the financial statements. The following judgments by management have a significant influence on these consolidated financial statements:

- Determination of the functional currency of subsidiaries (see section 1.3)
- Determination of sufficient indications of a need to recognize impairment losses or the reversal of impairment losses (see section 3.2)
- Lease terms: assessment of whether the exercise of extension options or the non-exercise of termination options is reasonably certain; determination of any economic disadvantages resulting from an early termination (see section 3.2)
- Treatment of non-controlling interests in subsidiaries with termination options (see sections 6.1 and 10.2)
- Classification of money market fund units as cash equivalents (see section 6.6)
- Full consolidation of companies (see section 10.2): assessment of whether control over a subsidiary does or does not exist
- Determination of whether the conditions for the presentation of non-current assets held for sale or discontinued operations have been met (see section 2.9 as well as the consolidated balance sheet)
- Identification of intangible assets as part of a purchase price allocation for the acquisition of subsidiaries (see section 1.6)
- Determination of whether the useful life of intangible assets is indefinite (see section 3.1)

Material estimates and assumptions

Preparation of the consolidated financial statements requires management to make estimates and assumptions about future developments that affect the recognition and measurement of assets and liabilities, the disclosures on other obligations as at the reporting date, and the reporting of the income generated and expenses accrued during the fiscal year. The amounts ultimately realized may differ from the amounts recognized based on the decisions and assumptions that were made. Estimates and the underlying assumptions are reviewed regularly and adjusted if necessary.

The following estimates and assumptions were made; more detailed explanations of these can be found under the respective item:

- Intangible assets: the annual impairment test of goodwill or intangible assets with indefinite useful lives (see section 3.1)
- Intangible assets and property, plant, and equipment: determination of the useful lives of assets with finite useful lives (see sections 3.1 and 3.2)
- Intangible assets and property, plant, and equipment: indication-driven impairment testing of the assets, delineation and determination of costs to sell (see section 3.2)
- Inventories: determination of net realizable values during inventory measurement (see section 4.1)
- Trade receivables: determination of loss allowances (see section 4.2)
- Financial instruments: determination of the fair values for which there is no active market (see section 6.4)
- Contract assets: determination of the stage of completion based on the total expected order cost for customer tools (see sections 2.2 and 8.1)
- Tax uncertainties: recognition and measurement of actual and deferred income taxes in cases in which there is uncertainty about the amount of (recoverable) income taxes owed (see sections 2.8 and 9)

- Deferred tax assets: availability of future taxable profits against which unused tax loss carryforwards or tax credits can be utilized, or of tax planning opportunities that will create taxable profits in future (see sections 2.8 and 9)
- Provisions for personnel: significant actuarial assumptions used in measuring provisions for pensions, severance payments, and anniversary bonuses (see sections 7.1 and 7.2)
- Other provisions: significant assumptions about the probability of occurrence and extent (see section 7.2)

Effects of climate-related matters and risks

In the 2023 fiscal year, the European Union's aim to use the "Green Deal" to create the framework required for a sustainable economic future led once again to the development of rules and regulations as well as action plans that are now being implemented step by step. Taking this into account, the Semperit Group enhanced its efforts to make entrepreneurial decisions in favor of environmental and social impacts. The Semperit Group used the "30% by 2030" initiative to bundle and accelerate all existing activities aimed at boosting efficiency, thus making a significant contribution to climate action. Its goal was to leverage process optimization to achieve a 30% increase in efficiency and a 30% decrease in resource and energy consumption and waste generation by 2030 relative to the baseline year 2019.

Due to the sale of the Medical Sector and the acquisition of the Rico Group, the size of the Semperit Group and its impact on the environment and society changed in the 2023 fiscal year. The Semperit Group's management therefore examined the targets set in 2020 by conducting a materiality analysis in the fiscal year 2023 and adjusting them in line with the new circumstances and potential. The fact that the division with the comparatively highest potential to reduce energy, emissions, waste, and water consumption was discontinued, and that there is comparatively little, if any, remaining potential to make reductions in the continued operations, is one reason why this savings potential is now much smaller. In addition, there are "only" seven more years between the new baseline year 2023 and 2030 to realize this savings potential. From 2024, the adjusted targets will include a reduction in energy consumption by 5%, emissions by 10%, and waste by 7% by 2030. This work focuses chiefly on continual improvements in energy efficiency in production and also in facility management, as well as on reductions in waste, waste generation, and water consumption. In addition, further measures to reduce CO_2 emissions are to be developed and implemented (e.g., installation of photovoltaic (PV) units and the continued promotion of electromobility in the fleet). Thanks to the demolition of the given thermal generation plants and measures aimed at reducing combustible heat capacities, for example, plants at the Austrian entity, Semperit Technische Produkte Gesellschaft m.b.H. (STP), and the Czech entity, Semperflex Optimit s.r.o. (SFO), have already fallen outside of the purview of the respective emission allowance laws (see section 3.1). Additional activities aimed at environmental protection and climate action concern measures specific to materials (e.g., recycling activities) or the use of secondary raw materials. Not every raw material used in a rubber mixture can be substituted by a secondary raw material, because a change in the formulation not only affects the finished product's material and product properties but also the process-related steps in manufacturing. Currently, the use of secondary raw materials is still limited for this reason – not least in view of their limited availability. Different kinds of vulcanized rubber are difficult to reuse due to the chemical crosslinking reaction that occurs when they are exposed to heat – i.e., long-chain rubber molecules are crosslinked by sulfur bridges; elastomeric product components must be subjected to a separate regeneration step. This distinguishes rubber from other materials such as steel, glass, paper, or cardboard. Recycling rubber and silicone is highly desirable from a circular economy perspective: in the Semperit Group, production waste and scrap are fed back into the production process to the extent technically possible. Nevertheless, what must be considered in this case is the fact that the extraction of secondary raw materials can be very energy-intensive and may also involve large quantities of chemicals. Product design also plays a major role in the potential recycling of old products. In addition to the rubber mixture, the Semperit Group's finished products often contain reinforcing materials such as ropes, wires, woven fabrics, and yarns. It is difficult to separate these materials at the end of a product's useful life. As the main component of the finished products from the Rico Group, silicone is considered non-recyclable for environmental and economic reasons based on the latest technological and scientific knowledge. Energy-intensive thermal recycling (incineration) generates sand, water, and carbon dioxide, which cannot be directly converted back into silicone or are only marginally returned to the production process. Despite this, it is possible to manufacture lubricating oil from silicone waste and silicone residue in production (with the help of an external partner). This downcycling will significantly reduce the amount of waste generated at Rico and enable the reuse of waste silicone in the production process.

The Semperit Group tracks developments and technological progress in the extraction of secondary raw materials, regularly tests newly available recyclates, and works to establish a supplier network for this, as well as to improve technical options through research and development conducted in cooperation with third parties. Thanks to technological advances, the Semperit Group was able to develop products in the Profiles business in the 2023 fiscal year that contain up to 70% regenerated vulcanized waste from the company's own profile production. This will make it possible to close the recycling gap in the construction industry in the future, as the market does not currently offer an option to recycle sealing profiles. While sealing profiles that are no longer needed were previously utilized for energy purposes, i.e., incinerated, the Semperit circularity profiles enable reuse as a secondary raw material for the first time – in keeping with the principle of a circular economy. The process of chemical crosslinking, which generates an insoluble and no longer deformable elastomer from the rubber compound, is reversed. The bridges formed during crosslinking are split and a deformable, soluble rubber compound is formed. In the next process step, 50% of the newly recovered raw material will be reused as the primary raw material for the total mass of a new EPDM compound. As with the recycled vulcanized profiles, the resulting compound containing 50% recycled content meets the standard requirements for elastomer materials DIN 7863-1. Semperit circularity profiles make a noteworthy contribution to the decarbonization of the construction industry and thus to climate action, with a product carbon footprint that is 47% lower than that of a conventional, comparable sealing profile and 26% lower than that of a standard Semperit Group profile.

Climate-related matters and risks may affect the business medium-term financial planning, which may be used as the basis to determine the value in use for impairment tests. For example, this applies to the assumptions used to estimate the market development of the Belting business: it engages in the production and sale of transport and conveyor belts, which are used (among other things) in the mining of coal, ores, and rare earth metals, in the steel and cement industry, as well as in the civil engineering and transport industry. In order to meet various application requirements, the Belting business reinforces the belts either with textile or with steel cord carcasses. The market for transport and conveyor belts comprises the replacement business as well as new or expansion projects. In the medium to long term, the coal phase-out in Europe will lead to the replacement of both the coal infrastructure and related energy production in favor of non-fossil and carbon-neutral energy sources. The demand for transport and conveyor belts from the European coal mining industry will therefore decrease in the medium and long term. By contrast, the demand is growing from the heavy load sector (particularly for transport and conveyor belts reinforced by steel cord carcasses) in the mining industry in connection with the mining of ores (e.g., copper) and rare earths, which are increasingly needed for electrification purposes and sustainable power supplies. The mining industry also aims to reduce its carbon footprint through "green mining" initiatives. In this context, the traditional truck and shovel operation model is increasingly being replaced by transport and conveyor belt solutions. Furthermore, transport and conveyor belt solutions help counteract soil compaction resulting from the use of heavy mining machines. The business medium-term financial planning accounts for sustainability issues related to energy consumption and emissions (e.g., improving energy efficiency, reducing emissions, improving the use of renewable resources to meet energy demands, etc.).

The medium-term financial plans include EUR 1.7 million in investments in photovoltaic units in the SIA division to speed up the relevance of solar energy in the energy mix and to produce up to 2.1 million kWh of electricity with it. Investments in circulation water treatment have also been factored in to reduce the SIA division's water requirements and mitigate water shortage risks. Finally investments in more modern and efficient lighting systems in the SEA division were planned to achieve up to EUR 0.7 million in annual energy savings and up to 10% savings in production energy. The same applies to aspects of the circular economy (e.g., choice of raw materials, use of available recyclates, efficiency of material use, improvements to waste management) and to environmentally friendly new product development (e.g., high-density window profiles and sound-reducing rail pads to lower environmental noise pollution arising from harmful excess noise). Planned climate-related measures aimed at improving earnings that are predicated on infrastructure improvements were explicitly taken into account in the determination of the values in use, provided they had been formally adopted and are being implemented. This applies, for example, to the plant expansion in Odry, the Czech Republic (see section 3.1). Future developments related to the potential expansion of the sustainable product portfolio, to the realization of potential in the economical recycling of vulcanized rubber, and to the use of replacement materials and technologies for vulcanized rubber products were only anticipated in part in the medium-term financial planning (e.g., use of recyclates) even though the Semperit Group is currently evaluating such measures. As far as the resilience of the corporate strategy underlying the medium-term planning with regard to various climate-related scenarios (including a scenario aimed at achieving the 1.5-degree objective of international climate policy) is concerned, the Semperit Group conducted a climate scenario analysis for the first time in the fiscal year 2023 in order to assess the potential effects and risks of future climate developments and enable well-founded decisions with respect to climate adaptation and investments. The climate scenario analysis helps prepare the sites better for climate change and to develop a sustainable corporate strategy and medium-term planning. The risk of the limited availability and increase in price of raw materials is reflected in medium-term planning. The transition to alternative energy sources and adaptation of production facilities and associated processes can also have an effect on medium-term planning, and investments in photovoltaic systems have already been taken into account. The risk of flooding and droughts varies depending on the location over the medium and long term, and only affects certain locations. Mitigating structural measures have already been partially incorporated into medium-term planning as investments. The implications of the analysis will be incorporated into the current financial and strategic planning starting in the 2024 fiscal year.

Currently, there are no inventories in the Semperit Group that are at risk of obsolescence or falling prices due to climate-related risks. Climate-related risks did not represent an indication of impairment and also did not result in any adjustment of the useful lives of intangible assets or property, plant, and equipment. The recognition of provisions for climate-related matters and risks is of minor importance to the Semperit Group. However, the topic of sustainability with its three key dimensions – environmental, social, and governance (ESG) – has also found its way into corporate and Group financing. The current regulatory and market-related developments with respect to sustainable finance first found their way into the terms and conditions of bank financing in the 2023 fiscal year. Three key performance indicators (KPIs) with quantitative targets up to 2030 have been identified and incorporated into bank financing:

- Reduction of energy consumption by 5% by 2030,
- Improvement in occupational accident rate by 8% p.a.,
- Integration of sustainability into the supply chain with more than 75% ESG-certified expenditure by 2030

The KPIs are reported to the bank via the Semperit Sustainability Report and are applied to determine the credit margin. Starting in the fiscal year 2025, the achievement of these targets will have a direct impact on interest rates from bank financing of up to +/– 6 basis points with a nominal value of up to EUR 360,000 thousand as of December 31, 2023.

In addition, the ESG targets of occupational health and safety, energy efficiency, and waste reduction, as well as a target value for an ESG rating (CDP Climate Rating), are applied to achieving the target of long-term variable performance bonuses for management, whereby climate-related issues may have a direct impact on premium provisions (see section 7.2).

Macroeconomic influences

The indirect consequences of macroeconomic developments related to the Russia-Ukraine conflict, in particular a mixture of high inflation and interest rates, geopolitical uncertainty, and a slowdown in macroeconomic developments, had a major impact on both Semperit Group divisions. The SEA division's Belting business benefited from the intensification of mining activities and, as a result, from the high demand for conveyor belts. In the SIA division's Hoses business, customer portfolio optimization programs resulting from the economic downturn led to customer ordering behavior that was outside the scope of usual practice, which resulted in a sharp decline in revenue. As at the end of December 2023, the Hoses business' order books were more than 50% lower than the figures from the same period in the previous year. In addition, the SIA division was impacted by the effects of a weak construction industry, especially in the Profiles business, which suffered from weak demand. Please see section 2.1 for more details on the individual divisions' performance. To offset this, EUR 5.8 million in savings were realized as part of the ongoing implementation of an overhead costs project, approximately 85% of which was attributable to personnel expenses and the remainder to other operating expenses.

The impact of trade conflicts and growing geopolitical tension on global procurement flows was negligible for key raw materials and auxiliary materials used in the production of the Semperit Group's products due to a wide range of optimization initiatives. On the whole, we observed a restoration of supply chains following the severe bottlenecks in the previous year, which ensured improved and reliable supplies in the 2023 fiscal year. These developments had a positive impact on freight costs and contributed substantially to ending the trend toward the highly precautionary building up of safety stock levels for materials critical for production.

The escalation of the conflict in the Middle East did not affect the Semperit Group in the fiscal year 2023. At the start of 2024, the attacks on shipping in the Red Sea led to a slight increase in delivery times and container costs. Both effects were much smaller than during the COVID-19 pandemic. The ramifications of the escalation of the conflict in the Middle East have so far been confined to shipping in the Red Sea. In principle, the Semperit Group established international multiple sourcing some time ago now and this mitigates the effects of crises.

The revenue for surgical glove production in Wimpassing, Austria, which for now remains part of the Semperit Group and thus within its continued operations despite the sale of the medical business, has decreased after the exceptional boom period during the pandemic with a comparatively high demand and price development. Despite savings in personnel and lower freight costs, the result remained negative due to the reduction of customer inventories.

Stagnant to slightly slowing economic performance is expected for the fiscal year 2024; this has already been anticipated accordingly in the medium-term financial planning, which may be used as the basis to determine value in use for impairment tests. The changed interest rate landscape mainly affects investment income, debt service for financial liabilities, social capital (i.e., provisions for pensions, severance payments, and anniversary bonuses), and weighted average cost of capital (WACC) for impairment test purposes (see sections 7.1 and 3.1).

As part of the impairment tests, the increased forecasting uncertainty caused by the COVID-19 pandemic was managed by considering alternative planning scenarios. The risk-free interest rate rose due to the central banks raising the key interest rates and changes in inflation expectations, whereas the market risk premium fell. The calculation of the weighted average cost of capital takes into account a risk-free interest rate of 2.7% (previous year: 1.6%), which is calculated on the basis of German federal securities with a 30-year term using the Svensson method. The market risk premium was assumed to be 5.8% (previous year: 7.9%), taking into account observable developments in market rates of return (see section 3.1).

The measurement of social capital reflects the changed interest rate landscape by applying the most recent interest rates based on the Mercer Yield Curve (MYC) on the reporting date that take into account the corresponding duration of the liabilities, derived from a spot rate yield curve on euro area bonds. The current wage and salary cost pressures were countered in the measurement of social capital by assuming salary increases in 2024 and 2025 in excess of those expected in the long term (from 2025). Please see section 7.1 for details on the measurement of social capital, including sensitivity analysis.

In the fiscal year 2023, the financial position of the Semperit Group changed primarily due to the acquisition of the Rico Group, the first closing for the sale of the Medical Sector, the commencement of new bank financing, and the payment of dividends from a net cash surplus of EUR 9,424 thousand in the previous year to a net debt of EUR –192,411 thousand as at the reporting date.

The Semperit Group's financial liabilities currently consist of fixed-interest corporate Schuldschein loans and variable-interest bank financing (see section 6.2). Corporate Schuldschein loans do not bear any (negative) present value risk as interest rates rise, in contrast to the higher variable-interest bank financing. The effective interest rate on the corporate Schuldschein loans is below the current interest rate level and, given the current level of inflation, has a favorable effect on the Semperit Group's financial position (see section 6.4). The newly acquired variable-interest bank financing was concluded with a volume of up to EUR 360,000 thousand. Of this amount, EUR 110,000 thousand from the first loan and EUR 33,000 thousand from the second loan were utilized as of December 31, 2023 and recognized as a liability (see section 6.2). Both the newly acquired bank financing and the bank financing of the Rico Group, which was consolidated for the first time, are subject to fluctuations in the usual benchmark interest rates on the European money market. Please see section 11.1 for details on interest rate terms and requirements under credit law.

In the period from December 31, 2022 to December 31, 2023, the three-month EURIBOR surged from 2.1% to 3.9%. Please see section 2.7 for the impact of higher interest rates on finance expenses and section 11.4 for details on the interest rate profile and sensitivities. At the time the annual report was prepared, the development of the three-month EURIBOR forward interest rate curve indicated that lower interest rates are expected between 2024 and 2030, which will have a favorable effect on the refinancing risk. Please see section 11.2 for details on liquidity management and maturities on financial liabilities. Due to its international trade relations, the Semperit Group is exposed to currency fluctuations that are strongly influenced by macroeconomic factors. Please see section 11.5 for details on the foreign currency risk profile.

1.5. New and amended accounting standards

The following new/amended standards and interpretations were applied for the first time in the fiscal year 2023:

		Endorsement	Mandatory application for the Semperit Group	Effects on the Semperit Group
New standards and interpretations				
IFRS 17	Insurance Contracts	November 19, 2021	January 1, 2023	No
Amended standards				
IAS 1	Amendments to the presentation of the financial statement: disclosure of accounting standards	March 2, 2022	January 1, 2023	No
IAS 8	Amendments to accounting policies, amendments to accounting estimates and errors: definition of accounting estimates	March 2, 2022	January 1, 2023	No
IAS 12	Amendments to deferred taxes related to assets and liabilities arising from a single transaction	August 11, 2022	January 1, 2023	No
Miscella-neous	Amendments to the initial application of IFRS 17 and IFRS 9 – comparative information	September 8, 2022	January 1, 2023	No
IAS 12	Amendments to disclosure requirements related to income taxes according International Tax Reform – Pillar Two model rules	November 8, 2023	January 1, 2023	Yes, see section 9

The following new/amended standards and interpretations will be applicable in future:

		Endorsement	Mandatory application for the Semperit Group	Effects on the Semperit Group
New standards and interpretations				
None				
Amended standards				
IAS 1	Amendments to the presentation of the financial statement: classification of liabilities as current or non-current, non-current liabilities with covenants	December 19, 2023	January 1, 2024	No
IFRS 16	Amendments to lease liability in a sale and leaseback	November 20, 2023	January 1, 2024	No
IAS 7	Amendments to statements of cash flows related supplier finance arrangements	TBD	January 1, 2024	No
IAS 21	Amendments to the effects of changes in foreign exchange rates in the event of a lack of exchangeability	TBD	January 1, 2025	No

1.6. Company acquisitions

On April 17, 2023, SAG came to an agreement with the owners of RICO Group GmbH, Upper Austria, regarding the acquisition of 100% of the equity interests in the Rico Group. As a one-stop-shop (OSS) provider of individual synthetics and elastomer projects, the Rico Group's product portfolio ranges from the manufacture of injection molding tools, to consulting on component development, all the way to mass production of customer-specific components. The Group focuses on the processing of elastomers, especially liquid and solid silicone. This involves producing the components in single, double, or multi-shot component injection molding processes. The technological market leadership of the Rico Group in the processing of liquid and solid silicone, the group's strong expertise in toolmaking and process automation to develop high-precision and highly complex customer solutions, its access to attractive markets, and its presence in the United States are the main reasons for this business combination. These factors determine goodwill as well as the tax synergies that will be realized through inclusion in the Austrian Group in accordance with Section 9 of the Austrian Stock Corporation Act (*Körperschaftssteuergesetz*, KStG) (see section 12.3), as well as the acquired workforce. The closing of the acquisition of the Rico Group took place on July 31, 2023.

The final purchase price totaled EUR 184,329 thousand, which corresponds to a cash and debt free purchase price of EUR 197,500 thousand taking into account a customary price adjustment mechanism at the time the transaction was effected. The amount of cash and cash equivalents in the subsidiaries consolidated for the first time was EUR 15,004 thousand. According to the contractual agreements, the final purchase price is EUR 4,500 thousand to be paid three years after closing. A present value of EUR 3,832 thousand was taken into account in the purchase price allocation for the deferred purchase price in the total consideration and recognized as a non-current other financial liability. The transaction costs totaled EUR 3,350 thousand and were recognized in the SEA division's other operating expenses.

The assets acquired and liabilities assumed by the Rico Group as of the acquisition date, the goodwill, and disclosures pursuant to IFRS 3.B64 (q) are as follows:

in EUR thousand	Fair value at time of acquisition
Intangible assets	71,514
Property, plant and equipment	125,799
Other financial assets	536
Other assets	337
Deferred tax	337
Non-current assets	**198,523**
Inventories	18,171
Trade receivables	11,115
Other assets	13,441
Current tax receivables	745
Cash and cash equivalents	15,004
Current assets	**58,476**
Provisions	1,897
Financial liabilities	35,669
Other financial liabilities	28,236
Other liabilities	2,733
Deferred tax	26,591
Non-current provisions and liabilities	**95,127**
Provisions	402
Financial liabilities	8,921
Trade payables	5,458
Other financial liabilities	1,525
Other liabilities	10,833
Current tax liabilities	430
Current provisions and liabilities	**27,570**
Total identifiable net assets at fair value	134,303
Goodwill	49,358
Total amount of consideration	**183,661**
Present value of deferred purchase price	–3,832
Advance purchase price payments	**179,829**
Cash and cash equivalents	–15,004
Advance purchase price payments excluding cash and cash equivalents	**164,825**
Revenue 1-12 2023[1]	90,787
Revenue 8-12 2023	37,166
Earnings after taxes 1-12 2023[1]	1,633
Earnings after taxes 8-12 2023[2]	–3,644

[1] Revenue and earnings after taxes were derived from preliminary interim financial statements prepared in accordance with local accounting rules and for internal reporting purposes.
[2] The earnings after taxes were determined in accordance with IFRS and considering the continuation of the carrying amounts from the purchase price allocation.

The intangible assets identifiable as part of the allocation of the purchase price include contractual and non-contractual customer relationships (in particular due to high customer concentration with relatively low customer churn rates), unpatented technologies (especially in the area of toolmaking), and brand names. Customer relationships were measured using the residual value method, technologies using the excess profit method, and brand names using the license price analogy method. Please see section 3.1 for the subsequent measurement of intangible assets acquired in business combinations.

2. Performance

2.1. Segment reporting

In accordance with IFRS 8, segment reporting is based on internal reporting to the SAG Executive Board as the chief operating decision-maker, which decides on the allocation of resources to the businesses. Segment reporting comprises the two divisions SIA and SEA, plus the two businesses Surgical Operations and Examination Operations.

As part of the development of the Group's industrial strategy, both the Executive Board and the Supervisory Board of the Semperit Group adopted the Group's organizational structure effective July 1, 2023 and divided up until then existing segments in the Industry Sector into two divisions. From the former Medical Sector, Surgical Operations remain as a business – for the duration of the contract manufacturing agreement concluded with Harps Global Pte. Ltd. and/or Semperit Investments Asia Pte. Ltd. (now Harps Investment Asia Pte. Ltd.). The new divisional structure distinguishes between business models that focus on different customer groups and their specific technical and organizational requirements.

- **Semperit Industrial Applications:** The Semperit Industrial Applications division will focus on industrial applications such as hydraulic and industrial hoses (the former Semperflex segment) and profiles (formerly part of the Semperseal segment). Its business model is characterized by cost leadership in the volume business, optimization of rubber compounds, manufacture of standard products with long life cycles, high standardization of products and processes, and relatively low product portfolio complexity.

- **Semperit Engineered Applications:** The Semperit Engineered Applications division will focus on technical solutions tailored to customers' individual needs and comprises escalator handrails, cable car rings and other elastomer products built to customer specification (formerly the Semperform segment), including elastomer plates (formerly part of the Semperseal segment) and transport and conveyor belts (formerly the Sempertrans segment); the newly acquired Rico Group (see section 1.6) is also a part of this division. The Semperit Engineered Applications division's business model is characterized by a focus on industrial niches, the creation of products with a high degree of customer customization through the effective use of application-specific technologies and know-how, and relatively high product portfolio complexity.

- **Surgical Operations and Examination Operations:** In the fiscal year 2023, the former Medical Sector, the Sempermed segment, was divided into two businesses for internal segment reporting: Examination Operations, which comprise the production of examination gloves, the production of porcelain dip moldings used to manufacture gloves in Malaysia, and worldwide sales and distribution organizations, and Surgical Operations, which comprise the production of surgical gloves in Wimpassing, Austria, by STP and their packaging in Sopron, Hungary. The (first) closing for the sale of the Medical Sector to Harps Global Pte. Ltd. was effective from August 31, 2023. The Semperit Group thus separated itself from the Medical Sector, with the exception of Surgical Operations for the time being. The Semperit Group will continue this business for up to five years as a contract manufacturer until its final sale in a separate (second) closing. Consequently, Surgical Operations will remain under continuing operations for the time being.

The accounting policies applied in deriving the segment figures are identical to the Semperit Group's accounting policies. This does not apply to the presentation and measurement requirements in IFRS 5 for discontinued operations; these were not applied in internal segment reporting (see below).

The segment result is EBITDA. It is the result that is reported to the Executive Board for the purposes of allocating resources and performance measurement. Trade working capital and additions to intangible assets and property, plant, and equipment are reported to the Executive Board as key performance indicators of the segment assets.

Segmentation by division and businesses

The segmentation by division and businesses is based on internal management and reporting that still includes the entire former Medical Sector in the fiscal year 2023, divided into the Surgical Operations and Examination Operations businesses.

1–12 2023 in EUR thousand	Semperit Industrial Applications	Semperit Engineered Applications[2]	Surgical Operations[4]	Examination Operations[3]	Corporate	Group Eliminations	Total
Revenue	330,786	350,978	42,120	81,327	0	0	805,211
Revenue with other segments	278	163	0	0	0	–441	0
EBITDA	46,867	50,475	–6,150	–41,946	–20,965	0	28,281
EBIT	29,718	33,248	–6,996	–40,942	–22,373	0	–7,346
Depreciation and amortisation of intangible assets and property, plant and equipment	–17,541	–17,228	–846	–7,625	–1,408	0	–44,648
Reversal of impairment losses of intangible assets and property, plant and equipment	392	0	0	1,570	0	0	1,962
Trade working capital	53,340	72,022	6,741	–2	–3,603	0	128,497
Additions to intangible assets and property, plant and equipment[1]	35,289	239,958	1,426	1,729	383	0	278,786

[1] Excluding right-of-use assets in accordance with IFRS 16
[2] EBITDA and EBIT includes the transaction costs of EUR 3,350 thousand for the acquisition of the Rico Group.
[3] EBITDA and EBIT includes the transaction costs, the deconsolidation result and the reclassification of other results from (historical) exchange difference to profit or loss for the discontinued operation, see section 2.9.
[4] Revenue includes the external revenue of the discontinued operations for eight months and of the continued operations for four months.

1–12 2023 in EUR thousand	Total	Adjustments[2]	Discontinued + continued operations	Discontinued operations	Continued operations
Revenue	805,211	24,245	829,457	108,376	721,081
Revenue with other segments	0	0	0	0	0
EBITDA	28,281	22,320	50,601	–21,238	71,839
EBIT	–7,346	22,320	14,974	–19,668	34,642
Depreciation and amortisation of intangible assets and property, plant and equipment	–44,648	7,059	–37,589	0	–37,589
Reversal of impairment losses of intangible assets and property, plant and equipment	1,962	0	1,962	1,570	392
Trade working capital	128,497	0	128,497	0	128,497
Additions to intangible assets and property, plant and equipment[1]	278,786	0	278,786	1,752	277,034

[1] Excluding right-of-use assets in accordance with IFRS 16
[2] see Chapter 2.9

1–12 2022 in EUR thousand	Semperit Industrial Applications	Semperit Engineered Applications	Surgical Operations	Examination Operations	Corporate	Group Eliminations	Total
Revenue	450,206	283,794	54,887	269,291	0	0	1,058,179
Revenue with other segments	248	826	0	0	0	–1,075	0
EBITDA	88,043	37,165	–3,267	–12,111	–19,343	0	90,488
EBIT	67,859	28,090	–9,874	–39,645	–20,625	0	25,805
Depreciation and amortisation of intangible assets and property, plant and equipment	–18,082	–9,076	–774	–22,586	–1,281	0	–51,798
Impairments of intangible and tangible assets	–2,103	0	–6,519	–45,142	0	0	–53,764
Reversal of impairment losses of intangible assets and property, plant and equipment	0	0	686	40,194	0	0	40,880
Trade working capital	95,528	60,184	8,173	34,556	–8,932	0	189,510
Additions to intangible assets and property, plant and equipment[1]	23,018	9,158	2,496	12,497	2,900	0	50,068

[1] Excluding right-of-use assets in accordance with IFRS 16

1–12 2022 in EUR thousand	Total	Adjustments[2]	Discontinued + continued operations	Discontinued operations	Continued operations
Revenue	1,058,179	45,825	1,104,004	324,155	779,848
Revenue with other segments	0	0	0	0	0
EBITDA	90,488	8,364	98,851	–1,647	100,499
EBIT	25,805	8,364	34,169	–27,974	62,142
Depreciation and amortisation of intangible assets and property, plant and equipment	–51,798	0	–51,798	–21,369	–30,430
Impairments of intangible and tangible assets	–53,764	0	–53,764	–45,220	–8,545
Reversal of impairment losses of intangible assets and property, plant and equipment	40,880	0	40,880	40,262	618
Trade working capital	189,510	0	189,510	36,325	153,185
Additions to intangible assets and property, plant and equipment[1]	50,068	0	50,068	12,510	37,557

[1] Excluding right-of-use assets in accordance with IFRS 16
[2] See section 2.9

The income and expenses of Group companies that engage in production and/or sales operations in more than one segment are divided and allocated to the appropriate segment so that no additional eliminations are required. The Corporate Center consists of SAG, which is not operationally active, as well as of those parts of a service company in Singapore that are assigned to the Corporate Center. In addition, certain Corporate Center services are provided by operating companies. Corporate Center's internal charging and allocations have already been assigned to the segments, to the extent possible.

As far as Surgical Operations is concerned, the pre-packaged surgical gloves were sold by STP to the (formerly intra-Group) Singaporean Semperit Investments Asia Pte. Ltd. (now Harps Investment Asia Pte. Ltd.) on August 31, 2023, both before and after the (first) closing for the sale of the Medical Sector; the latter will continue to sell the surgical gloves to external customers. As at August 31, revenue totaled EUR 24,245 thousand (previous year: EUR 45,825 thousand). As the revenue (of the continuing operation) and the cost of materials (of the discontinued operation) from this supply relationship still exist, the expense and income consolidation was not retained for this purpose. Taking into account the previous transfer prices up to August 31, 2023, this adjustment will result in a corresponding recognition of earnings in the respective business segments.

The consolidated income statement is thus extended in order to present the effects of the disposal of the Medical Sector as realistically as possible. In addition, all intra-Group charges between the continuing operation and the discontinued operation were eliminated in full. The primary expenses underlying the intra-Group charges were allocated to the divisions in accordance with the current contractual arrangements with Harps Global Pte. Ltd. In addition, EBITDA and EBIT were adjusted for the transaction costs of the discontinued operation in the amount of EUR 612 thousand (previous year: EUR 8,364 thousand). Transaction costs are presented in discontinued operations below earnings after taxes (see section 2.9).

EBITDA in the "Continuing operations" column corresponds to EBITDA in the Semperit Group's consolidated income statement; the reconciliation to earnings before taxes can therefore be taken from the consolidated income statement. Please see section 2.9 for EBITDA related to discontinued operations. In addition to the revenue from the ongoing supply relationship between STP and Semperit Investment Asia Pte. Ltd. (now Harps Investments Asia Pte. Ltd.), the "Adjustments" column also includes the the suspension of scheduled depreciation and amortization that was not applied in internal segment reporting. Furthermore, the "Adjustments" column includes the transaction costs incurred, the effects of deconsolidation, and the reclassification of other comprehensive income to profit or loss, all of which, unlike internal segment reporting, are presented separately after tax in the discontinued operation's income statement.

Trade working capital consists of inventories plus trade receivables, less current trade payables (also see section 4).

Geographic segmentation

The Group's activities are conducted primarily in Europe, Asia, and the Americas. In accordance with IFRS 8, the disclosures on revenue are presented by the customer's location and those on non-current assets and additions to intangible assets and property, plant, and equipment are presented on the basis of the Semperit Group companies' locations. The corresponding disclosures relate exclusively to continuing operations. Non-current assets do not include any deferred tax assets or securities. To the extent possible, consolidating entries have been allocated to the appropriate regions. The Semperit Group does not generate more than 10% of its revenue with one external customer.

in EUR thousand	Non-current assets 2023	Additions to intangible assets and property, plant and equipment[1] 2023	Revenue 2023	Non-current assets 2022	Additions to intangible assets and property, plant and equipment[1] 2022	Revenue 2022
Europe	518,594	248,934	467,506	264,787	31,618	529,252
thereof EU	485,028	215,166	430,183	264,787	31,618	492,460
thereof Austria	251,484	181,845	35,695	62,093	14,357	35,546
thereof EU excluding Austria	233,545	33,321	394,488	202,695	17,261	456,914
thereof rest of Europe	33,565	33,769	37,323	0	0	36,793
Asia	27,204	4,869	128,816	26,813	15,487	128,999
The Americas	41,404	23,222	99,478	14,284	2,962	103,264
Rest of the world	8	8	25,281	12	1	18,333
Group	**587,209**	**277,034**	**721,081**	**305,896**	**50,068**	**779,848**

[1] Excluding right-of-use assets in accordance with IFRS 16

2.2. Revenue

Revenue is recognized using the transaction prices assigned to the performance obligations. Deductions are made for agreed rebates, volume and cash discounts, and similar sales reductions, as well as for contractual penalties and expected returns. These sales reductions are based on contractual agreements. All available information and historical values are taken into account when estimating the variable price components. As a rule, the amount delineated as a transaction price reduction is the amount that is likely to be claimed based on agreements or historical values; these estimates are updated regularly.

A refund liability is recognized for potential returns and expected refunds on the basis of contracts or historical values over the past three years. Assets from return claims (refund assets) are recognized at the original carrying amount less expected costs for the return of the products and are presented in inventories.

The agreed transaction price is normally charged upon delivery. Revenue from deliveries must generally be recognized when economic control is transferred to the customer and therefore refers to a given date in accordance with the Incoterms agreed for the delivery of the goods. In the Rico business, revenue from toolmaking is recognized over time. This is done by applying the cost-to-cost method, which best reflects the manufactured tools' degree of completion. In this way, the expenses already incurred for customer tools are set in relation to the expected total order costs and the pro rata margin is realized over time based on the degree of completion.

With the production of injection molding tools in the Rico business, part of the revenue is generated with an amortization component. These injection molding tools are sold to customers at a reduced sales price. Higher sales prices for the series production of customer-specific finished products will be charged in return. Both, the receivable from the amortization component and the revenue from the injection molding tool are recognized at the non-reduced sales price. The receivable from the amortization component is subsequently reduced based on the added margin of the products sold from series production.

The payment targets normally granted are between 14 and 90 days.

For practical reasons, revenue has not been adjusted for the effects of a significant financing component if the period between satisfaction of the performance obligation and payment by the customer is not more than one year. As in the previous year, no revenue was generated in the 2023 fiscal year from contracts that included a significant financing component and for which the period between satisfaction of the performance obligation and payment by the customer is longer than one year.

Some contracts are agreements with several components that, in addition to the sale of certain products, also include additional performance obligations such as services. In accordance with IFRS 15, the consideration is allocated to the components in line with the relative stand-alone selling prices, where appropriate.

Contractually agreed warranties, which represent a separate and identifiable performance obligation, are recognized pro rata over the warranty period from the date on which control of the product sold is transferred.

Contract performance costs exist in the form of tool costs that are paid by customers but not transferred to them. The tools are capitalized in accordance with the provisions of IAS 16, and depreciated over a useful life of one to ten years. These tools are offset by contract liabilities, which are recognized in revenue over the useful life of the tools.

Contract initiation costs, if material, are capitalized when the contract term exceeds twelve months. As in the previous year, there were no instances of such cases in the fiscal year 2023.

Revenue from contracts with customers is broken down by division and geographic region, which is determined by the recipient of the invoice, as follows:

1–12 2023 in EUR thousand	Semperit Industrial Applications	Semperit Engineered Applications	Surgical Operations	Group
Western Europe	215,964	164,252	0	380,217
Asia	22,436	67,063	39,317	128,816
Eastern Europe	48,015	39,256	0	87,271
North America	40,173	46,167	0	86,339
Africa	760	17,865	0	18,624
Central and South America	1,698	11,456	0	13,154
Australia and Oceania	1,740	4,920	0	6,660
Revenue	**330,786**	**350,978**	**39,317**	**721,081**

1–12 2022 in EUR thousand	Semperit Industrial Applications	Semperit Engineered Applications	Surgical Operations	Group
Western Europe	308,284	122,495	24	430,803
Asia	25,536	57,638	45,825	128,999
Eastern Europe	64,711	33,711	0	98,422
North America	62,956	23,899	0	86,855
Africa	2,586	11,600	0	14,186
Central and South America	5,086	11,327	0	16,412
Australia and Oceania	1,762	2,411	0	4,173
Revenue	**470,919**	**263,081**	**45,848**	**779,848**

The revenue for Surgical Operations relates essentially to the supply relationship involving pre-packaged surgical gloves between the Austrian production company and the Singaporean sales company (see sections 2.1 and 2.9). This revenue for the 2023 fiscal year includes revenue of EUR 15,072 thousand (previous year: n.a.) based on the contract manufacturing agreement effective since August 31, 2023.

In the fiscal year 2023, the Semperit Group's revenue from customers in the countries affected by the Russia-Ukraine conflict totaled 0.7% (previous year: 0.8%) of the revenue from continuing operations. No new orders for customers in Russia and Belarus have been accepted since mid-March 2022. The Semperit Group's revenue with customers in countries impacted by the Russia-Ukraine conflict is broken down by division and country as follows:

1–12 2023 in EUR thousand	Semperit Industrial Applications	Semperit Engineered Applications	Surgical Operations	Group
Russia	0	0	0	0
Ukraine	2,762	2,156	0	4,919
Belarus	0	0	0	0
Total	**2,762**	**2,156**	**0**	**4,919**

1–12 2022 in EUR thousand	Semperit Industrial Applications	Semperit Engineered Applications	Surgical Operations	Group
Russia	3,644	356	0	4,000
Ukraine	1,579	569	0	2,148
Belarus	263	61	0	324
Total	**5,486**	**986**	**0**	**6,472**

As at December 31, 2023, gross trade receivables from Russian, Ukrainian, or Belarusian customers totaled EUR 9 thousand (previous year: EUR 808 thousand). Ukrainian customers were only supplied against advance payment.

2.3. Other operating income

in EUR thousand	1–12 2023	1–12 2022
Compensation for damages	846	961
Income from the sale of property, plant and equipment	255	5,095
Sale of by-products and waste materials	479	580
Rental income	247	219
Income from the TSFA with Harps Global Pte. Ltd.	1,109	0
Research grants	1,818	45
Income from the sale of emission allowances	932	259
Miscellaneous	2,658	2,099
Total	**8,344**	**9,258**

Income from the sale of property, plant, and equipment in the previous year essentially stems from the sale of the property together with the buildings for Sempertrans France Belting Technology S.A.S. in France. The carrying amount was EUR 764 thousand. Income from the sale in the amount of EUR 4,835 thousand and the corresponding brokerage costs in the amount of EUR 133 thousand were recognized in the SEA division.

On the occasion of the sale of the Medical Sector, SAG and STP entered into a temporary service framework agreement (TSFA) with Harps Global Pte. Ltd. and Semperit Investments Asia Pte. Ltd. (now Harps Investment Asia Pte. Ltd.) to ensure a smooth transition of business operations. As part of this TSFA, SAG and STP provided services in the areas of research and development, technical product management, quality management and regulatory affairs, IT, human resources, accounting and taxes and logistics, and leasing services in the 2023 fiscal year. The resulting other operating income totaled EUR 1,109 thousand (previous year: n.a.).

Other operating income includes government grants of EUR 1,033 thousand (previous year: EUR 862 thousand), which the Semperit Group received mainly for energy costs and research expenses. Grants were mainly awarded in Austria in the amount of EUR 960 thousand (previous year: EUR 560 thousand).

2.4. Cost of materials and purchased services

in EUR thousand	1–12 2023	1–12 2022
Cost of materials	278,397	354,737
Energy expenses	33,637	39,410
Production-related maintenance costs	12,626	8,709
Purchased services	5,994	7,313
Total	**330,654**	**410,169**

2.5. Personnel expenses

in EUR thousand	1–12 2023	1–12 2022
Wages	82,126	76,952
Salaries	87,961	79,728
Severance payments	5,283	1,491
Retirement benefit expenses	1,366	847
Statutory social security expenses and other compulsory wage-related payments	39,921	34,867
Other social security expenses	3,425	3,181
Total	**220,081**	**197,066**

In the fiscal year 2023, the expenses for research and development in continuing operations were approximately EUR 16,900 thousand (previous year: EUR 16,600 thousand); this is attributable in particular to personnel expenses. Personnel expenses also include expenses for temporary staff. In the fiscal year 2023, the average number of temporary staff (in full-time equivalents) was 181 employees (previous year: 260). Please see section 12 for information on the remuneration paid to members of the Executive Board.

In Austria, the average number of employees (full-time equivalents) totaled 1,348 employees (previous year: 925); the average number of employees in the Semperit Group in continuing operations is as follows:

in full-time equivalents	2023[1]	2022
Blue-collar workers	3,162	3,028
White-collar workers	1,475	1,272
Sum continued operations	**4,637**	**4,300**

2.6. Other operating expenses

in EUR thousand	1–12 2023	1–12 2022
Outgoing freight	23,273	30,811
Legal, consulting and auditing fees	11,030	8,376
Maintenance and external services	9,807	10,977
Insurance premiums	6,313	4,833
Travel expenses	5,591	4,459
IT consultancy and implementation expenses	4,476	3,826
Commission and advertising expenses	3,993	2,561
Energy costs unrelated to production	3,985	3,999
Complaint costs	3,891	–572
Software licence expenses	3,176	4,727
Other taxes	2,521	1,680
Rental and lease expenses	2,431	2,335
Cleaning expenses	2,314	2,711
Waste disposal	2,232	2,230
Fees, subscriptions and donations	1,266	1,168
Research expenses	1,097	1,090
Office equipment	949	1,123
Training and education expenses	796	894
Communications	751	727
Bank expenses and hedging costs	438	308
Valuation allowances (+) / income from the release of valuation allowances (–)	–90	658
Miscellaneous	8,236	6,879
Total	**98,478**	**95,800**

Other operating expenses include transaction costs amounting to EUR 3,350 thousand (previous year: n.a.) related to the acquisition of the Rico Group. Legal, consulting, and audit expenses totaled EUR 2,756 thousand (previous year: n.a.) and insurance premiums totaled EUR 309 thousand (previous year: n.a.). These expenses were allocated to the Semperit Engineered Applications division.

The increase in complaints in the fiscal year 2023 is mainly due to warranty claims related to conveyor belts in the Semperit Engineered Applications division and to warranty claims related to hoses in the Semperit Industrial Applications division.

In the fiscal year 2022, by contrast, the complaint expenses were negative; net income resulted from the reversal of complaint provisions. This income was mainly due to a change in estimates related to the warranty risks of a single case for hoses in the Semperit Industrial Applications division.

The following fees have been recognized as consulting and audit expenses for the services rendered in the 2023 fiscal year by the auditors of the consolidated financial statements Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. and the companies in the Ernst & Young global network:

in EUR thousand	2023	2022
Auditing of consolidated financial statements and related assurance services	1,082	952
thereof Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.	505	379
Other assurance of valuation services	261	90
Other services	356	25
Total	**1,699**	**1,066**

2.7. Financial result

in EUR thousand	1–12 2023	1–12 2022
Expense (+) / income (–)		
Finance income		
Income from securities	–119	–111
Interest and related income	–2,919	–370
	–3,038	**–481**
Finance expenses		
Interest expense	7,801	2,619
	7,801	**2,619**
Other financial result		
Net foreign currency result	579	259
Net result from the FVPL and FV measurement categories – hedging instruments	9	1,320
Miscellaneous	484	2
Total	**1,071**	**1,581**
Profit / loss attributable to redeemable non-controlling interests	**2,877**	**6,684**
Financial result	**8,711**	**10,403**

Interest expenses include interest expenses from lease liabilities in the amount of EUR 1,224 thousand (previous year: EUR 502 thousand).

Of the interest expenses included in the financial result, EUR 7,680 thousand (previous year: EUR 2,527 thousand) is attributable to financial liabilities in the AC (at amortized cost) measurement category. An interest expense of EUR 42 thousand (previous year: EUR 73 thousand) is attributable to interest accrued on non-current provisions. In the liabilities from redeemable non-controlling interests, the portion of the earnings recorded in the consolidated income statement in the amount of EUR 2,877 thousand (previous year: EUR 6,684 thousand) represents the “interest expense”.

The net result from financial assets in the AC (at cost) measurement category consists of the following:

in EUR thousand	1–12 2023	1–12 2022
Expense (+) / income (–)		
Interest and related income	–2,919	–370
Valuation allowances (+) / income from the release of valuation allowances (–)	–90	658
Net foreign currency result	633	–1,111
Net result from the AC (At Cost) valuation category	**–2,375**	**–823**

Impairment losses on financial assets at amortized cost are recognized in other operating expenses (see section 2.6). Other operating expenses also include reversals of impairment losses on financial assets at amortized cost previously recognized as an expense.

In the fiscal year 2023, the financial instruments in the FVPL (at fair value through profit and loss) measurement category concern forward exchange transactions to hedge parts of the operating business at Semperflex Asia Corp. Ltd. "SAC", Thailand (see section 11.5).

The net result from financial instruments in the FVPL and FV measurement categories – hedging instruments comprise the following:

in EUR thousand	1–12 2023	1–12 2022
Expense (+) / income (–)		
Income from forward exchange transactions	–48	–197
Expenses from forward exchange transactions	162	19
Results from the measurement and disposal of securities and derivatives	–106	1,498
Net result from the FVPL (Fair Value through Profit and Loss) valuation category	**9**	**1,320**

The net foreign currency result from financial liabilities at amortized cost is EUR –303 thousand (previous year: EUR 1,403 thousand).

2.8. Income taxes

The tax expense presented for the fiscal year comprises the current taxes on taxable income calculated for the individual Group companies' continuing operations and the tax rate applicable in the respective country, as well as deferred taxes.

in EUR thousand	1–12 2023	1–12 2022
Current tax expense (+) / tax income (–)		
for the current period	11,444	14,298
for previous periods	–239	661
Sum of current tax expense (+) / tax income (–)	**11,205**	**14,958**
Deferred tax expense (+) / tax income (–)		
from the origination or reversal of temporary differences	2,124	3,757
from the adjustment of tax loss carry-forwards, tax credits and temporary differences	–10,998	–3,104
other deferred tax effects	–1,265	–2,233
Sum of deferred tax expense (+) / tax income (–)	**–10,139**	**–1,579**
Total	**1,066**	**13,379**

Appropriate provisions were recognized for tax uncertainties related to the amount of tax loss carryforwards to be utilized.

Please see section 9 for information on accounting policies, reconciliation of earnings, and details on deferred taxes.

2.9. Earnings after taxes from discontinued operations

On December 16, 2022, the Executive Board and Supervisory Board of the Semperit Group decided to sell the Sempermed business to Harps Global Pte. Ltd., which is based in Singapore and maintains production activities in Malaysia. Please see section 2.1 for a description of the Sempermed business activities. A corresponding sale and purchase agreement (SPA) was also signed on December 16, 2022. The strategic decision of the Executive Board and the Supervisory Board on January 28, 2020 to dispose of the Medical Sector, to focus on the Industrial Sector in future, and to complete the transformation into an industrial rubber and elastomer specialist was thus implemented. Completion of the transaction was subject to regulatory approval under investment control and competition law and will be implemented in two steps:

The (first) closing for the sale of the Medical business took place on August 31, 2023, and included the sale of the 100% stake in Semperit Investments Asia Pte. Ltd. (now Harps Investment Asia Pte. Ltd.), Singapore and in Sempermed Europe GmbH (now HARPS Europe GmbH), Austria, as well as certain intellectual property rights held by STP. The cash and debt free sales price of EUR 108,000 thousand is subject to the customary price adjustment mechanism at the time the transaction is effected. The final sales price was EUR 124,234 thousand. The amount of cash and cash equivalents in the deconsolidated subsidiaries was EUR 38,982 thousand. This transaction separated the Semperit Group from Examination Operations and comprised a total of 12 subsidiaries (see section 10.1).

The (second) closing for the sale of the Medical Sector will include the sale of the operation housed by STP to produce surgical gloves in Wimpassing, Austria, and the 100% stake in Sempermed Kft., which packages them in Sopron, Hungary. However, this Surgical Operations business will be continued by the Semperit Group as contract manufacturers for Harps Global Pte. Ltd. or Semperit Investments Asia Pte. Ltd. (now Harps Investment Asia Pte. Ltd.) until its final sale. A contract manufacturing agreement was concluded for this purpose, which provides for the delivery of defined quantities at cost plus. The term of this contract manufacturing agreement includes several renewal options and will be up to five years. The (second) closing will not occur for the sale of the Medical Sector until the contract manufacturing agreement has ended or after the conclusion of a co-use agreement for the Surgical Operations business in Wimpassing, Austria. The sale price (cash and debt free) is EUR 7,000 thousand and is subject to customary price adjustment mechanisms at the time the transaction is effected. The requirements for presentation as a discontinued operation had not been met for Surgical Operations as at December 31, 2022 and December 31, 2023, and the carrying amounts of the related assets have not yet been recognized as part of discontinued operations in the consolidated balance sheet.

The income statement for the discontinued operation is presented below:

in EUR thousand	1–12 2023	1–12 2022
Revenue	108,376	324,155
Changes in inventories	–3,774	–38,316
Own work capitalised	216	784
Operating revenue	**104,817**	**286,624**
Other operating income	400	365
Cost of material and purchased services	–93,620	–213,212
Personnel expenses	–19,113	–35,388
Other operating expenses	–13,722	–40,036
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**–21,238**	**–1,647**
Depreciation and amortisation of intangible assets and property, plant and equipment	0	–21,369
Impairment of intangible assets and property, plant and equipment	0	–45,220
Reversal of impairment of intangible assets and property, plant and equipment	1,570	40,262
Earnings before interest and taxes (EBIT)	**–19,668**	**–27,974**
Finance income	189	727
Finance expenses	–40	–49
Other financial result	141	–288
Financial result	**289**	**390**
Earnings before taxes	**–19,379**	**–27,584**
Income taxes	–239	–8,148
Earnings after taxes	**–19,618**	**–35,731**
Transaction costs recognized	–612	–8,364
Income taxes on transactions costs recognized	0	143
Result from deconsolidation	1,833	0
Reclassification of other income to profit/loss for the period	–23,541	0
Subtotal	**–22,320**	**–8,221**
Result from discontinued operations	**–41,938**	**–43,952**
thereof attributable to the shareholders of Semperit AG Holding	–41,672	–43,889
thereof attributable to non-controlling interests	–266	–63

The discontinued operation's revenue comprises all external revenue of the deconsolidated company's Medical business from the (first) closing – so including the revenue from the sale of surgical gloves. The pre-packaged surgical gloves have been and will continue to be sold by STP to Semperit Investments Asia Pte. Ltd. (now Harps Investment Asia Pte. Ltd.) until further notice and in future too. As the revenue (of the continuing operation) and the material expenses (of the discontinued operation) from this supply relationship will continue to exist due to the contract manufacturing agreement, an incremental approach was selected for the presentation, but the income and expense consolidation was not retained for this purpose. This adjustment led to the accurate recognition of earnings in both operations and extended the consolidated income statement in order to present the effects of the disposal of the Medical Sector as realistically as possible. The cost of manufacturing the packaged surgical gloves as well as the revenue from the supply relationship between STP and Semperit Investments Asia Pte. Ltd. (now Harps Investment Asia Pte. Ltd.) remained in continuing operations; the cost of materials and purchased services from the supply relationship between STP and Semperit Investments Asia Pte. Ltd. (now Harps Investment Asia Pte. Ltd.) as well as revenue with external customers remained under discontinued operations. In addition, all intra-Group charges between the continuing operation and the discontinued operation were eliminated in full. The primary expenses underlying the intra-Group charges were allocated to the operations in accordance with the current contractual arrangements with Harps Global Pte. Ltd.

The effects of the transitional service framework agreement (TSFA) entered into with effect from August 31, 2023 were not reflected in the discontinued operation's presentation. Remaining overhead costs were recognized in continuing operations as before.

The cost of material and purchased services comprise the following:

in EUR thousand	1–12 2023	1–12 2022
Cost of materials	68,032	165,089
Energy expenses	23,849	45,291
Production-related maintenance costs	1,531	2,533
Purchased services	209	299
Total	**93,620**	**213,212**

Personnel expenses comprise the following:

in EUR thousand	1–12 2023	1–12 2022
Wages	3,687	8,273
Salaries	11,078	20,433
Severance payments	68	62
Retirement benefit expenses	144	251
Statutory social security expenses and other compulsory wage-related payments	2,256	2,764
Other social security expenses	1,879	3,604
Total	**19,113**	**35,388**

The average number of employees in Austria (full-time equivalents) was 23 in total (previous year: 23). The average number of employees in the Semperit Group in discontinued operations as at August 31, 2023 is as follows:

in full-time equivalents	2023	2022
Blue-collar workers	1,797	2,048
White-collar workers	411	477
Total discontinued operations	**2,208**	**2,524**

Other operating expenses comprise the following:

in EUR thousand	1–12 2023	1–12 2022
Outgoing freight	6,228	26,438
Legal, consulting and auditing fees	1,313	1,808
Maintenance and external services	1,308	1,593
Software licence expenses	812	564
Insurance premiums	581	1,409
Rental and lease expenses	519	1,077
Commission and advertising expenses	502	1,476
Miscellaneous	2,459	5,671
Total	**13,722**	**40,036**

Cash flows from operating, investing, and financing activities of discontinued operations
The influence of discontinued operations on the consolidated cash flow statement is (reduced) as follows:

in EUR thousand	1–12 2023	1–12 2022
Cash flows from operating activities	–10,646	2,714
Cash flows from investing activities	–1,521	–16,475
Cash flows from financing activities	–455	–5,936

The sale price of EUR 124,234 thousand was paid in the fiscal year 2023. The cash and cash equivalents of the deconsolidated companies totaled EUR 38,982 thousand as at the closing date. Proceeds from business sales less cash disposed of totaled EUR 85,252 thousand.

The net assets disposed of in the amount of EUR 123,052 thousand at the time of deconsolidation comprise the following:

in EUR thousand	08.31.2023
Intangible assets	103
Property, plant and equipment	74,313
Other financial assets	48
Other assets	190
Non-current assets	**74,655**
Inventories	27,839
Trade receivables	14,242
Other financial assets	322
Other assets	1,601
Current tax receivables	1,686
Cash and cash equivalents	38,982
Current assets	**84,671**
Currency translation differences	**–23,541**
Financial liabilities	1,275
Provisions	1,949
Other liabilities	267
Deferred tax	79
Non-current provisions and liabilities	**3,570**
Trade payables	17,293
Other financial liabilities	2,220
Provisions	6,753
Other liabilities	3,310
Current tax liabilities	3,126
Current provisions and liabilities	**32,703**
Disposal of net assets	**123,052**

Taking the disposed non-controlling interests into account, the deconsolidation result is EUR 1,833 thousand (excluding "recycling", i.e., reclassifications from other comprehensive income from foreign currency translation to profit or loss):

in EUR thousand	08.31.2023
Selling price	124,234
Disposal of net assets	–123,052
Non-controlling interests	651
Result from deconsolidation	**1,833**

2.10. Earnings after taxes from discontinued operations

in EUR	1–12 2023	1–12 2022
Earnings after taxes	–17,073,158	–5,591,938
Result attributable to non-controlling interests	–265,909	–62,869
Results attributable to ordinary shares	**–16,807,249**	**–5,529,070**
Average number of shares outstanding (in units)	**20,573,434**	**20,573,434**
Earnings per share (diluted and undiluted)	**–0.82**	**–0.27**
of which earnings per share in EUR from continuing operations (diluted and undiluted)	**1.21**	**1.86**
of which earnings per share in EUR from discontinued operations (diluted and undiluted)	**–2.03**	**–2.13**

As at December 31, 2022 and as at December 31, 2023, no dilutive effects had to be taken into account.

2.11. Consolidated statement of cash flows

The cash flow statement shall be prepared jointly for continuing and discontinued operations; no distinction is made between the cash flows of the individual businesses . Cash flows from the operating, investing, and financing activities of discontinued operations are disclosed in the notes (see section 2.9).

The cash flow from operating activities is determined using the indirect method. The measurement effects are presented under other non-cash expenses or income. These include, in particular, income from changes in exchange rates, the measurement of derivatives, reclassifications of (historical) foreign exchange rate differences in the consolidated income statement (recycling), as well as changes in loss allowances on inventories and trade receivables. Of the other non-cash income or expense of EUR –2,220 thousand (previous year: EUR 7,742 thousand), loss allowances on inventories accounted for a total EUR 937 thousand (previous year: EUR 5,955 thousand); of this, EUR –998 thousand (previous year: EUR 5,745 thousand) related to discontinued operations. A further EUR –2,309 thousand (previous year: EUR –519 thousand) was attributable to differences from foreign currency translation between Group companies and EUR –493 thousand (previous year: EUR 77 thousand) to loss allowances on trade receivables.

The cash flows from investing and financing activities are determined directly. Interest received is presented in the cash flows from investing activities, interest paid is presented in the cash flows from financing activities.

Additions of intangible assets and property, plant, and equipment totaled EUR 66,177 thousand (previous year: EUR 53,870 thousand). Of this amount, EUR 4,326 thousand (previous year: EUR 3,802 thousand) relates to additions of right-of-use assets. Liabilities related to additions of intangible assets and property, plant, and equipment increased by EUR 11,800 thousand (previous year: decrease by EUR 3,519 thousand), and prepayments increased by EUR 5,697 thousand (previous year: EUR 1,010 thousand). Capitalized interest on the assets in the amount of EUR 145 thousand (previous year: EUR 63 thousand) is shown in the cash flows from financing activities.

The non-current financial liabilities relate to bank financing in the amount of EUR 150,000 thousand for the acquisition of the Rico Group and EUR 33,000 thousand for the plant expansion at the site in Odry, the Czech Republic. In December 2023, EUR 40,000 thousand (previous year: n.a.) was repaid early from the above loan. In addition to the basic dividend of EUR 1.50 per share, the dividend to SAG shareholders also includes an additional dividend of EUR 3.00 per share. In total, dividends of EUR 92,580 thousand were distributed to shareholders. The increase in interest paid resulted in the amount of EUR 2,896 thousand (of which EUR 1,751 thousand resulted from interest and

EUR 1,145 thousand from credit fees) from the new bank and lease financing and in the amount of EUR 1,589 thousand from the bank and lease financing acquired from the Rico Group.

	Liabilities from financing activities				
in EUR thousand	Financial liabilities	Liabilities from redeemable non-controlling interests	Derivative financial liabilities	Lease liabilities	Total
Balance as at 01.01.2022	**91,339**	**17,536**	**1,641**	**20,716**	**131,233**
Financing cash flows	–39,196	–5,705	0	–3,425	–48,326
Interest paid	–2,025	0	0	–564	–2,589
Effect of changes in foreign exchange rates	317	392	0	503	1,212
Changes in fair values	0	0	282	0	282
Other changes	2,025	6,684	0	4,000	12,710
Reclassifications to provisions and liabilities held for sale	0	0	0	–1,279	–1,279
Balance as at 12.31.2022	**52,460**	**18,907**	**1,923**	**19,952**	**93,243**
Thereof non-current	37,956	12,162	0	16,853	66,972
Thereof current	14,503	6,745	1,923	3,099	26,271
Balance as at 01.01.2023	**52,460**	**18,907**	**1,923**	**19,952**	**93,243**
Financing cash flows	131,472	–6,482	0	–4,031	120,960
Interest paid	–6,225	0	0	–1,222	–7,447
Effect of changes in foreign exchange rates	–826	–592	0	–194	–1,613
Additions due to business acquisitions	44,590	0	0	29,736	74,326
Other changes	6,351	2,892	207	4,188	13,638
Balance as at 12.31.2023	**227,822**	**14,725**	**2,130**	**48,429**	**293,107**
Thereof non-current	219,165	11,905	2,130	43,574	276,774
Thereof current	8,657	2,820	0	4,855	16,332

The other changes include interest expenses, the share of earnings after taxes from redeemable non-controlling interests, as well as non-cash additions and disposals from leases.

3. Non-current assets

3.1. Intangible assets

Acquired intangible assets

Acquired intangible assets are recognized at cost and subsequently amortized on a straight-line basis over the expected useful life. The estimated useful life is normally in the range of one to fifteen years. Assumptions and estimates must be made when determining useful lives. Upon visible indications of a change in value, acquired intangible assets are tested for impairment (see section 3.2).

Internally generated intangible assets

Internally generated intangible assets are recognized at cost. With regard to amortization and impairment testing, the explanation relating to acquired intangible assets above applies mutatis mutandis to internally generated intangible assets. Internally generated intangible assets essentially comprise software implementations and, to a minor extent, capitalizable development costs. The estimated useful life is generally eight years.

Intangible assets acquired through business combinations

The cost of intangible assets acquired through a business combination and recognized separately from any goodwill is the fair value of such assets at the acquisition date. These are specifically trademarks, technology-based intangible assets, and (non-) contractual customer relationships. The assumed useful lives are typically between five and 15 years for technology-based intangible assets and between one and 25 years for (non-) contractual customer relationships. Trademarks may be assumed to have an indefinite useful life and are subject to an annual impairment test. Otherwise, an impairment test is only performed for observable indications of a change in the value of intangible assets acquired as a result of business combinations.

Emission allowances

STP and Semperflex Optimit s.r.o. (SFO) were originally subject to the respective emission allowance laws in Austria and the Czech Republic and received emission allowances free of charge from the government. The emission allowances were recognized at zero cost in the balance sheet (net method). Plants in STP (in 2020) and SFO (in 2021) fell outside of the scopes of the respective emission allowance laws due to the demolition of the respective thermal generation plants and measures aimed at reducing combustible heat capacities. The emission allowances held by the company STP were sold in the fiscal year 2022. The emission allowances held by the company SFO were sold in the fiscal year 2023 (see section 2.3). As at December 31, 2023, the Semperit Group held no emission allowances (previous year: 12,500 units).

Goodwill

Goodwill is not amortized but tested for impairment annually and additionally if there are indications of a possible impairment, provided that there are no circumstances that would allow forgoing the annual impairment test in accordance with IAS 36.

In the Semperit Group, the businesses are the lowest level (cash generating unit, CGU) at which goodwill is monitored for internal management purposes. The Hoses and Profiles business form the SIA division, and the Belting, Form, and Rico business form the SEA division.

Management determined the recoverable amount as at September 30, 2023 for the impairment test of goodwill in the amount of EUR 1,677 thousand (previous year: EUR 1,677 thousand) in the Hoses business (manufacture and sale of hydraulic and industrial hoses). The recoverable amount was calculated as value in use. The increased forecasting uncertainty due to a slowdown in economic development and geopolitical crises was countered by considering alternative planning scenarios (upside and downside scenarios). The products from the Hoses business are typically used in the agriculture, construction, food, and chemical industries and are exposed to their cyclical developments.

Full customer inventories and the onset of a recession in the second half of fiscal year 2023 were the two main reasons for the drop in revenue in the 2023 fiscal year (see section 2.2). There are no signs of a significant recovery of the European market in the fiscal year 2024. The trend on the North American market is viewed more positively than that on the European market.

The planning scenarios differ from the base case scenario mainly in the assumptions for the different estimations of the market trend and consequently the annual growth rates in the production quantities. In addition, the downside scenario assumed a reduction in the gross margin by –150 basis points for the fiscal year 2024.

The key assumptions that were used in determining the recoverable amount of the Hoses business relate to the future development of the EBITDA margin. In the perpetual annuity phase (i.e., from fiscal year 2029), the EBITDA margin is around 23% (previous year: 22% from fiscal year 2028). The EBITDA margins in fiscal year 2028 differ only slightly depending on the planning scenarios and are around 23% (previous year: 22%). The planning was initially based on management's assumptions regarding the development of the markets, the market shares, and strategic product and customer initiatives. Management's medium-term planning is based on the continuation of the Hoses business successful niche strategy to focus exclusively on hose production and thereby distinguish itself from competitors who also produce or assemble fittings and lines or manufacture complete hydraulic systems.

Planned measures to improve earnings that require capacity expansion or infrastructure improvements as well as such measures that have yet to be sufficiently substantiated were not taken into account when determining the value in use. However, the new plant expansion in Odry, the Czech Republic, which is currently being implemented was taken into account: around EUR 110,000 thousand will be invested in hydraulic hose production over the next few years to expand capacity. Particular attention is being paid to meeting sustainability criteria and achieving a high degree of automation. In the fiscal year 2023, the Executive Board and Supervisory Board resolved to adjust the plant expansion plans in light of the economic slowdown: instead of the originally planned capacity increase of 32 million meters in hydraulic hoses, a capacity increase of "just" 24 million meters is now planned; the ramp-up of production facilities will be phased in from fiscal year 2025. In addition, the production of 3.6 million meters of flexible spiral hoses will be relocated from Wimpassing in Austria to Odry in the Czech Republic; the costs of this relocation of business activities were adequately covered by a restructuring provision. The adjustments to the plant expansion plans were taken into account in the impairment test. The new production plants are operated exclusively using green energy and are therefore low in emissions. The total water consumption at the Odry location will drop by around 40–50% after completion of the new production facilities, irrespective of the capacity expansion. The capital expenditure on property, plant, and equipment is intended to maintain capacity; it roughly corresponds to planned depreciation. Changes to trade working capital are planned on the basis of revenue.

The cash flows beginning in fiscal year 2029 were extrapolated using a long-term growth rate of 2.0% (previous year: 2.0%). The growth rate reflects the competition and the price pressure on the market as well as an assumption of moderate market growth. The weighted average cost of capital (WACC) was determined as the discount rate using the capital asset pricing model. A uniform peer group was assumed for the Hoses, Profiles, Belting, and Form business. The pre-tax discount rate calculated for the Hoses business is 10.5% (previous year: 12.3%). The after-tax discount rate is 8.8% (previous year: 9.5%).

The recoverability of the recognized goodwill was confirmed in the course of the impairment test for the Hoses business.

Management determined the recoverable amount as at September 30, 2023 for the impairment test of goodwill in the amount of EUR 49,358 thousand in the Rico business (manufacture of injection molding tools, manufacture of plastic parts, in particular, from liquid silicone and solid silicone in single, two, or multi-component injection molding, and their distribution). The recoverable amount was calculated as value in use. The Rico business products are used especially in the automotive and medical technology industries, as well as in the consumer and household goods industries. The increased forecasting uncertainty due to the economic slowdown and geopolitical crises was countered by considering alternative planning scenarios (upside and downside scenarios).

The planning scenarios differ from the base case scenario mainly in the assumptions for the different estimations of the market trend and consequently the annual growth rates in the production quantities (i.e., the plastic parts requested by customers and the sales of injection molding tools).

The key assumptions used in determining the recoverable amount of the Rico business relate to the ramp-up of production facilities from the expansion of capacity, which the SAG Executive Board and Supervisory Board committed to in the course of the acquisition, the increased activity on the US market, and the future development of the EBITDA margin. In the perpetual annuity phase (i.e., from fiscal year 2029), the EBITDA margin is around 25% (previous year: n.a.). The EBITDA margins in fiscal year 2028 differ only slightly depending on the planning scenarios and are around 24% in the downside scenario and 26% in the upside scenario. The planning was based on management's assumptions regarding the development of the markets, the market shares, and strategic product and customer initiatives with respect to the production of injection molding tools, as well as advice on component development and the mass production of customer-specific plastic parts. Management's medium-term planning focuses on consolidating and expanding its technological edge in the production of high-cavity injection molds, automation, and problem-solving expertise. In addition, the focus is on strengthening sales and expanding geographically in relation to this.

Planned measures to improve earnings that require capacity expansion or infrastructure improvements as well as such measures that have yet to be sufficiently substantiated were not taken into account when determining the value in use. However, the plant expansion in Thalheim, Austria, which is currently being implemented, as well as further capacity expansion with a total investment volume of around EUR 39,800 thousand by fiscal year 2028 were taken into account. The capital expenditure on property, plant, and equipment is intended to maintain capacity; it roughly corresponds to planned depreciation. Changes to trade working capital are planned on the basis of revenue.

The cash flows after fiscal year 2029 were extrapolated based on a sustainable growth rate of 2.0% (previous year: n.a.). The weighted average cost of capital (WACC) was determined as the discount rate using the capital asset pricing model. A separate peer group was formed for the Rico business. The pre-tax discount rate calculated for the Rico business is 9.9% (previous year: n.a.). The after-tax discount rate is 8.3% (previous year: n.a.).

The recoverability of the recognized goodwill was confirmed in the course of the impairment test for the Rico business.

Development of intangible assets

The development of intangible assets is as follows:

in EUR thousand	Software licences, industrial property rights and similar rights	Goodwill	Intangible assets in development	Total
Acquisition costs				
Balance as at 01.01.2022	**41,360**	**43,968**	**2,348**	**87,675**
Currency translation differences	94	31	0	125
Additions	787	0	255	1,043
Disposals	–587	0	–257	–843
Reclassification to non-current assets held for sale	–702	–41,462	0	–42,164
Transfers	1,434	0	–1,336	98
As at 12.31.2022	**42,387**	**2,537**	**1,011**	**45,934**
Currency translation differences	869	0	6	875
Additions	402	0	14	416
Additions due to business acquisitions	71,515	49,358	0	120,872
Disposals	–243	0	0	–243
Transfers	33	0	130	163
As at 12.31.2023	**114,963**	**51,894**	**1,161**	**168,018**
Depreciation / reversal of impairment losses/ impairment				
Balance as at 01.01.2022	**36,893**	**42,290**	**0**	**79,183**
Currency translation differences	85	31	0	116
Depreciation and amortisation	1,982	0	0	1,982
Impairment losses	566	0	404	970
Reversals of impairment losses	–94	0	0	–94
Disposals	–441	0	0	–441
Reclassification to non-current assets held for sale	–603	–41,462	0	–42,065
Transfers	1	0	0	1
As at 12.31.2022	**38,388**	**859**	**404**	**39,651**
Currency translation differences	41	0	0	41
Depreciation and amortisation	3,537	0	0	3,537
Disposals	–184	0	0	–184
As at 12.31.2023	**41,783**	**859**	**404**	**43,046**
Carrying amounts				
Carrying amount 01.01.2022	4,467	1,677	2,348	8,492
Carrying amount 12.31.2022	3,998	1,677	607	6,283
Carrying amount 12.31.2023	**73,179**	**51,035**	**757**	**124,971**

Additions from acquisitions include (non-) contractual customer relationships of EUR 43,656 thousand (previous year: n.a.), technology-based intangible assets of EUR 17,718 thousand (previous year: n.a.), and trademarks of EUR 9,848 thousand (previous year: n.a.), which were identified in connection with the allocation of the purchase price for the acquisition of the Rico Group. Indefinite useful lives were assumed for the Rico Group's trademarks because the brand names are very well established in the respective product markets and have clear brand attributes. The Semperit Group will therefore continue to use the brand names for an indefinite period of time and continue to expand the new Rico business under these brand names. As of December 31, 2023, the carrying amount of these trademarks totaled EUR 9,848 thousand (previous year: n.a.). The recoverability of the recognized trademarks was confirmed while conducting separate impairment tests. The impairment test was carried out methodically in line with the determination of fair value as part of the purchase price allocation (see section 1.6).

3.2. Property, plant, and equipment

Property, plant, and equipment are measured at cost less accumulated depreciation and impairment losses.

They are amortized by allocating the cost less their expected residual value on a straight-line basis over the expected useful life. Assumptions and estimates have to be made when determining the useful lives, which are reviewed at each reporting date and adjusted if necessary.

The assumed useful lives of each category of property, plant and equipment are within the following ranges:

Property, plant and equipment excluding right-of-use assets	Useful life in years
Technical plants and other operating buildings	2–50
Technical equipment and machinery	1–40
Operating and office equipment	1–46
Vehicles	2–25

The assumed useful lives of the right-of-use assets included in property, plant, and equipment are within the following ranges:

Right-of-use assets	Useful life in years
Land and buildings, including on land owned by third parties	2–20
Technical equipment and machinery	2–5
Operating and office equipment	3–8
Vehicles	2–7

Impairment tests

If there are observable indications of impairment, items of property, plant and equipment are tested pursuant to IAS 36 as to whether the carrying amount of the asset or the cash generating unit in question exceeds the recoverable amount. An appropriate impairment loss is recognized if the carrying amount exceeds the recoverable amount. The assessment of recoverability and determination of the recoverable amount are subject to significant estimates and assumptions. In particular, these include assumptions about corporate planning, future inflation, and growth rates, as well as regarding foreign currency rates, the cost of capital rate used to discount future cash flows, the expected economic development of each individual cash generating unit, as well as with regard to the separate recoverable amounts for individual assets as the lower limit of an impairment loss.

Right-of-use assets and lease liabilities were taken into account during impairment testing in accordance with IFRS 16. The carrying amount of the cash generating unit contains the right-of-use assets; it is reduced by the carrying amount of the lease liabilities. The recoverable amount as the total value of the cash generating unit includes the present value of the cash flows, which is reduced by the lease payments.

Development of property, plant, and equipment

Property, plant, and equipment developed as follows:

in EUR thousand	Land and buildings, including on land owned by third parties	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Total
Acquisition costs					
Balance as at 01.01.2022	**216,002**	**584,787**	**84,564**	**42,617**	**927,970**
Currency translation differences	1,985	1,538	466	325	4,314
Additions	4,026	18,012	9,969	20,820	52,827
Disposals	–1,797	–5,269	–2,728	7	–9,787
Reclassification to non-current assets held for sale	–39,799	–112,897	–20,945	–134	–173,775
Transfers	3,606	28,336	1,981	–34,022	–98
Balance as at 12.31.2022	**184,024**	**514,507**	**73,306**	**29,613**	**801,451**
Currency translation differences	–267	696	–488	29	–30
Additions	4,798	13,200	6,161	38,891	63,049
Additions due to business acquisitions	48,641	51,965	4,862	20,331	125,799
Disposals	–700	–2,791	–4,384	–90	–7,965
Reclassification to non-current assets held for sale	–778	0	–271	0	–1,050
Transfers	27,113	13,841	1,778	–42,894	–163
Balance as at 12.31.2023	**262,831**	**591,418**	**80,962**	**45,879**	**981,091**
Depreciation / reversal of impairment losses/ impairment					
Balance as at 01.01.2022	**104,998**	**381,272**	**63,359**	**1,766**	**551,394**
Currency translation differences	635	834	395	–29	1,834
Depreciation and amortisation	10,615	32,361	6,840	0	49,816
Impairment losses	3,602	45,681	3,182	329	52,795
Reversals of impairment losses	–3,189	–34,884	–2,486	–226	–40,786
Disposals	–1,539	–4,696	–2,451	0	–8,686
Reclassification to non-current assets held for sale	–21,629	–63,363	–13,644	190	–98,447
Transfers	155	212	1	–368	–1
Balance as at 12.31.2022	**93,648**	**357,416**	**55,195**	**1,660**	**507,920**
Currency translation differences	35	–155	–421	54	–488
Depreciation and amortisation	6,758	21,854	5,441	0	34,052
Reversals of impairment losses	–392	0	0	0	–392
Disposals	–456	–2,617	–3,907	–10	–6,990
Reclassification to non-current assets held for sale	–249	0	–260	0	–509
Transfers	12	1,263	3	–1,279	0
Balance as at 12.31.2023	**99,355**	**377,761**	**56,051**	**426**	**533,593**
Carrying amounts					
Carrying amount 01.01.2022	111,004	203,515	21,205	40,852	376,576
Carrying amount 12.31.2022	90,376	157,091	18,111	27,953	293,531
Carrying amount 12.31.2023	**163,476**	**213,657**	**24,911**	**45,453**	**447,498**

Of the carrying amount reported for land and buildings, including buildings on third-party land, EUR 11,060 thousand (previous year: EUR 4,079 thousand) relates to land (basic value).

Borrowing costs were capitalized in the fiscal year 2023 as part of the cost of qualifying assets in the amount of EUR 285 thousand (previous year: n.a.) for the expansion of the production facility in Thalheim, Austria. In addition, EUR 141 thousand (previous year: EUR 0 thousand) was capitalized as part of the expansion of a production hall in Odry, the Czech Republic. In both cases, the borrowing costs directly attributable to production were capitalized.

As at December 31, 2023, property, plant, and equipment with a carrying amount of EUR 23,422 thousand (previous year: n.a.) in the Rico business were pledged as security for liabilities.

A new production facility in the United States belonging to the Profiles business was opened in the fiscal year 2021. The ownership rights to the newly constructed production line of US-based Semperit Industrial Products Inc. were then conveyed to the Coweta County Development Authority, Georgia, in order to optimize property-related taxes. At the same time, the company purchased a municipal revenue bond issued by the Development Authority to finance the transaction and entered into a lease agreement for the use of the transferred production line. The nominal amount of the bond as at December 31, 2023 translated into EUR 7,025 thousand and was increased by investments of EUR 433 thousand made in the fiscal year 2023. The bond will be repaid with the lease payments. The business may transfer the bond to the Development Authority at any time, or at the latest at the end of the term, and thereby reacquire the ownership rights to the production line. There are no cash flows because the company is both the lessee and the bondholder. From an economic perspective, therefore, neither a sale-and-lease-back agreement nor a revenue bond was concluded or recognized. The production line for rubber gaskets will continue to be recognized in property, plant and equipment.

Right-of-use assets

The Semperit Group is a lessee in particular with regard to right-of-use assets related to land and buildings, office equipment, and motor vehicles.

As the lessee, the Semperit Group recognizes a lease liability for leases that must be recognized as an other financial liability and a right-of-use asset under property, plant, and equipment at the time the leased asset is made available to the company. The lease liability bears interest and is amortized on an annuity basis by the current payments; the right-of-use asset is amortized on a straight-line basis over the shorter of the asset's useful life or lease term.

The option not to apply the lease accounting requirement to short-term leases (i.e., up to 12 months), to leased assets of low value (i.e., up to a replacement value of approximately EUR 5 thousand), and to intangible assets is exercised. The Semperit Group therefore does not recognize right-of-use assets or lease liabilities for these types of contracts; lease payments from these contracts are recognized as an expense on a straight-line basis over the lease term.

The right-of-use assets from leases included in property, plant, and equipment developed as follows in fiscal year 2023:

in EUR thousand	Right-of-use assets Land and buildings, including on land owned by third parties	Technical equipment and machinery	Other equipment, operating and office equipment	Total
Acquisition costs				
Balance as at 01.01.2022	**24,006**	**363**	**3,926**	**28,295**
Currency translation differences	575	9	–8	576
Additions	1,245	631	1,926	3,802
Disposals	–1,290	–29	–789	–2,108
Reclassification to non-current assets held for sale	–4,894	–52	–415	–5,361
Other adjustments	0	0	0	0
Balance as at 12.31.2022	**19,642**	**922**	**4,641**	**25,204**
Currency translation differences	–254	35	–2	–221
Additions	1,282	51	2,033	3,366
Additions due to business acquisitions	27,334	2,048	354	29,736
Disposals	–494	–5	–1,087	–1,587
Balance as at 12.31.2023	**47,509**	**3,051**	**5,938**	**56,499**
Depreciation / reversal of impairment losses/ impairment				
Balance as at 01.01.2022	**3,490**	**51**	**1,799**	**5,340**
Currency translation differences	62	2	–1	63
Depreciation and amortisation	2,748	117	1,075	3,940
Disposals	–1,069	–11	–641	–1,721
Reclassification to non-current assets held for sale	–1,686	–10	–102	–1,798
Balance as at 12.31.2022	**3,546**	**149**	**2,131**	**5,825**
Currency translation differences	–38	4	–1	–35
Depreciation and amortisation	2,772	381	1,279	4,432
Disposals	–253	0	–926	–1,179
Balance as at 12.31.2023	**6,027**	**534**	**2,483**	**9,044**
Carrying amounts				
Carrying amount 01.01.2022	20,517	312	2,127	22,955
Carrying amount 12.31.2022	16,096	773	2,510	19,379
Carrying amount 12.31.2023	**41,482**	**2,518**	**3,455**	**47,455**

As at December 31, 2023, right-of-use assets in the amount of EUR 47,455 thousand (previous year: EUR 19,379 thousand) were recognized in property, plant, and equipment and lease liabilities under current and non-current other financial liabilities in the amount of EUR 48,429 thousand (previous year: EUR 19,952 thousand). Please see section 11.2 for the maturity analysis of lease liabilities as at December 31, 2023.

The Semperit Group has concluded several lease agreements that contain renewal and termination options. These options were negotiated by management in order to manage the portfolio of leased assets flexibly and in accordance with the Group's particular business requirements. The assessment of whether the exercise of these renewal and termination options is reasonably certain requires material judgments by management.

The following table shows the undiscounted potential future lease payments for periods after the exercise date of the renewal and termination options that are not included in the lease term.

in EUR thousand	within the next 5 years	over 6 to 10 years	Total
Renewal options that are not expected to be exercised	1,468	3,830	5,299
Termination options that are expected to be exercised	658	841	1,499
Total potential future lease payments as at 12.31.2023	**2,127**	**4,671**	**6,798**

in EUR thousand	within the next 5 years	over 6 to 10 years	Total
Renewal options that are not expected to be exercised	1,013	3,041	4,054
Termination options that are expected to be exercised	471	809	1,280
Total potential future lease payments as at 12.31.2022	**1,484**	**3,850**	**5,334**

The following amounts from leases were recognized in profit or loss:

in EUR thousand	2023	2022
Depreciation expense of right-of-use assets	4,432	3,311
Expense relating to short-term leases	930	802
Expense relating to leases of low-value assets	698	258
Other rental expenses	803	1,275
Interest expense for lease liabilities	1,224	502
Total amount recognised in profit or loss	**8,087**	**6,147**

The Semperit Group's cash outflows for leases (including short-term leases and leased assets of low value) totaled EUR 6,866 thousand in the 2023[1] fiscal year (previous year:EUR 5,048 thousand).

3.3. Other financial assets (non-current)

The carrying amounts of the other non-current financial assets are comprised of the following:

in EUR thousand	12.31.2023	12.31.2022
Financial assets recognised at fair value through profit or loss		
Shares in funds, shares, other securities	6,224	5,388
	6,224	**5,388**
Financial assets recognised at amortised cost		
Receivables due from employees	19	7
Miscellaneous other financial assets	248	233
	267	**240**
Total	**6,491**	**5,628**

The fund shares comprise 97,500 shares (previous year: 97,500 shares) in Amundi GF Euro Rent, a bond fund that is suitable to cover pension provisions and invests predominantly in fixed and variable-interest government bonds in the euro area, in the amount of around EUR 5,702 thousand (previous year: EUR 5,388 thousand) and 3,402 shares (previous year: 0 shares) in the Portfolio Management Solide T fund, an investment fund that invests around 70% in domestic and foreign bond investments and around 30% in domestic and foreign equity investments, in the amount of around EUR 522 thousand (previous year: EUR 0 thousand). The Portfolio Management Solide T fund serves to secure bank financing in the Rico business.

The miscellaneous other financial assets essentially contain rental and other security deposits.

Disclosures on financial instruments – current and non-current assets

The following table shows the carrying amounts of the individual financial assets classified in accordance with the measurement categories pursuant to IFRS 9.

in EUR thousand	Measurement category according IFRS 9[1]	Level	Note	Carrying amount 12.31.2023	Carrying amount 12.31.2022
Trade receivables	AC	–	4.2	86,074	88,861
Other financial assets			3.3, 6.5		
Securities	FVPL	1	3.3	6,224	5,388
Derivative financial instruments	FVPL	2	6.5	98	233
Miscellaneous other financial assets	AC	–	3.3, 6.5	1,743	2,464
Cash and cash equivalents			6.6	112,671	106,631

[1] FVPL (fair value through profit and loss); AC (at cost)

Other financial assets include receivables from personnel and other receivables (see sections 3.3 and 6.5).

Financial assets at fair value

Financial assets are recognized or derecognized on the basis of a regular way purchase or sale at the settlement date. The fair values of securities are determined using publicly available prices.

The derivative financial instruments measured at fair value through profit or loss are forward exchange contracts.

In addition to operational measures, individual derivative financial instruments, primarily forward exchange contracts, are used to hedge foreign currency risks. They are measured at the current fair value. The fair value corresponds to the value that the respective Group company would receive or have to pay if the transaction were terminated on the reporting date. Positive fair values as at the reporting date are presented under other financial assets and negative fair values under other financial liabilities. If the requirements for hedge accounting are met, this is applied in part. Recognition is as described in section 6.4 depending on whether it is a cash flow hedge or a fair value hedge.

Financial assets at amortized cost

For all financial assets not measured at fair value, the carrying amounts approximate the fair value.

3.4. Assets held for sale and provisions and liabilities held for sale

Under IFRS 5, all those long-term assets and disposal groups that can be disposed of in their current condition and are very likely to be disposed of within 12 months due to the management's properly documented intention to dispose shall be classified as held for sale. Non-current assets or disposal groups held for sale are measured at the lower of the carrying amount and the fair value less costs to sell.

Assets and liabilities related to the production of examination gloves and the production of porcelain dip moldings for the manufacture of gloves in Malaysia, as well as to the worldwide sales and distribution organizations of the Medical Sector, form discontinued operations in the consolidated income statement and a disposal group in the consolidated balance sheet as at December 31, 2022. The disposal group's assets shall be presented under the Assets held for sale item and the liabilities under the Provisions and liabilities held for sale item. All assets and substantially all liabilities of discontinued operations were disposed of as of the (first) closing of the sale of the Medical Sector on August 31, 2023. The Provisions and liabilities held for sale item includes liabilities that are expected to mature in summer 2024. Please see section 2.9 for the deconsolidation result realized in the fiscal year 2023.

On December 4, 2023, the Executive Board resolved to sell the property together with the building located on it belonging to Semperit Profiles Leeser GmbH in Dalheim, Germany, in the course of the merger of the company's operations with the Hückelhoven site. After the removal of the machinery and technical equipment in the fourth quarter of 2023, the property was in a condition that could be sold immediately under current and customary conditions and was therefore presented as held for sale for the first time as of December 31, 2023.

The non-current assets held for sale, outside the discontinued operation's disposal group, by the Semperit Group are as follows:

in EUR thousand	Business	Asset	12.31.2023	12.31.2022
Semperit Profiles Leeser GmbH, Hückelhoven, Germany	Profiles	Land	158	0
		Buildings	373	0
		Other equipment, operating, and office equipment	11	0
Total			**541**	**0**

4. Trade working capital

Trade working capital consists of inventories, current trade receivables, and current trade payables.

4.1. Inventories

Inventories must be measured at the lower of cost and net realizable value, whereby, in the course of determining the net sales values, in particular realization risks related to obsolete or surplus inventories are taken into account. Utilization is determined using the moving average price method. Income and expenses from intercompany deliveries of inventories are eliminated unless they are of minor significance.

in EUR thousand	12.31.2023	12.31.2022
Finished goods and merchandise	50,811	51,645
Raw materials, consumables and supplies	42,182	58,568
Work in progress	17,079	17,945
Prepayments	662	9
Refund assets	26	47
Total	**110,760**	**128,214**

in EUR thousand	12.31.2023	12.31.2022
Inventories		
thereof at cost	82,644	104,025
thereof at net realisable value	28,116	24,189
Total	**110,760**	**128,214**

Net realizable values as part of the inventory measurement on the reporting date are determined based on specific customer contracts or, in the absence of such contracts, existing list prices; the relevant business management also assesses recoverable prices and market developments. These are evaluated regularly and adjusted as necessary. The net Inventory write-downs recognised as an expense were EUR 1,936 thousand (previous year: EUR 209 thousand).

4.2. Trade receivables

Trade receivables, which essentially originate from revenue with the Semperit Group's customers, must be allocated to the AC (at cost) measurement category in accordance with IFRS 9 and are therefore measured at amortized cost less expected defaults.

Under a factoring program concluded on December 29, 2023, trade receivables from STP in Austria, SFO in the Czech Republic, and Sempertrans Belchatów Sp.z.o.o. (STB) in Poland can be sold to a German factoring bank until a maximum amount of EUR 75,000 thousand. The purchase price of the receivables sold is equal to the nominal value, so there is no earnings effect on derecognition. The delcredere risk is transferred to the factoring bank, but only the payment date risk and interest rate risk remained partially within the Semperit Group. The requirements for a complete derecognition of the trade receivables sold under the factoring program are met in accordance with IFRS 9. Interest on factoring is recognized in interest expense.

As at December 31, 2023, trade receivables of EUR 0 thousand (previous year: n.a.) were sold to the factoring bank. In the fiscal year 2023, no interest expense was incurred for factoring (previous year: n.a.)

The trade receivables comprise the following:

in EUR thousand	12.31.2023 Gross	Allowances	Net	12.31.2022 Gross	Allowances	Net
Receivables not yet due	69,740	–11	69,728	71,472	–41	71,430
Up to 30 days overdue	10,596	–1	10,595	12,884	–134	12,750
30 to 90 days overdue	5,100	–5	5,095	2,995	–44	2,951
More than 90 days overdue	1,486	–831	656	2,688	–959	1,730
Total	**86,922**	**–848**	**86,074**	**90,039**	**–1,178**	**88,861**

Internal measurement guidelines are used to assess creditworthiness. When determining the extent of the impairment need, the Semperit Group assesses the defaults from the past four years by business and country groups and uses this analysis to create an impairment matrix based on time ranges.This impairment matrix is updated to include forward-looking macroeconomic variables. Payment defaults for fiscal years 2023 and 2024 as forecast by the credit insurer Allianz Trade were also taken into consideration in the calculation of the impairment matrix. The analysis of the past did not identify an elevated default risk for receivables that are overdue by more than 90 days. As a result, the Group does not deem overdue status of more than 90 days to be an indicator that a loss event has occurred, which would imply an allocation to stage 3 of the impairment model according to IFRS 9. Loss events are, for example, a significant downgrade of creditworthiness by credit rating agencies, the commissioning of collection services, or the insolvency of the customer.

As of the reporting date, the newly acquired subsidiaries belonging to the Rico business had not yet been integrated into the Semperit Group's credit insurance regime. Credit insurance, bank guarantees, secure payment terms, and bank acceptance drafts are in place for a significant portion of the remaining gross trade receivables (90.3% and 77.2%, including the Rico Group; previous year: 92.8%). The credit insurances include a deductible if a loss occurs. The maximum loss allowance recognized for a credit loss is the insurance deductible for these receivables. In the case of payments from credit insurance, the insured receivable is derecognized in accordance with the payment amount under other operating expenses. The payments from the credit insurance are presented in other operating income.

Receivables not covered by credit insurance, or deductibles for receivables covered by credit insurance, are written down based on empirical values in accordance with the default risk categories in the impairment matrix (stage 2 of the impairment model in accordance with IFRS 9). Receivables allocated to stage 3 of the impairment model in accordance with IFRS 9 based on an individual assessment of the creditworthiness of the relevant customers are also written down to the expected recoverable amount.

With the exception of the newly acquired subsidiaries belonging to the Rico business, the overdue receivables are essentially covered by credit insurance, as all subsidiaries with significant receivables hold credit insurance. With respect to the receivables not covered by credit insurance and to the deductibles for receivables covered by credit insurance, there is no significant concentration of credit risk as the customers are widely dispersed.

The impairment losses in level 2 amounting to EUR 101 thousand (previous year: EUR 22 thousand) are based on the following impairment matrix:

	12.31.2023			
	Not overdue	1–30 days	31–90 days	>90 days
Hoses	0.00–0.01%	0.00–0.01%	0.00–0.17%	0.00–0.14%
Profiles	0.00–0.01%	0.00–0.34%	0.00–3.10%	0.00–2.65%
Form	0.00–0.01%	0.00–0.03%	0.00–0.30%	0.00–0.81%
Belting	0.00–0.01%	0.00–0.07%	0.00–0.20%	0.00–0.06%
Surgical	0.00–0.00%	0.00–0.00%	0.00–0.00%	0.00–0.00%
Rico	0.00–0.00%	0.00–0.00%	0.00–0.07%	0.00–0.30%

	12.31.2022			
	Not overdue	1–30 days	31–90 days	>90 days
Hoses	0.00–0.01%	0.00–0.03%	0.00–0.29%	0.00–0.42%
Profiles	0.00–0.01%	0.00–0.27%	0.00–2.50%	0.00–2.14%
Form	0.00–0.01%	0.00–0.05%	0.00–0.44%	0.00–1.18%
Belting	0.00–0.01%	0.00–0.05%	0.00–0.10%	0.00–0.03%
Surgical	0.00–0.00%	0.00–0.00%	0.00–0.00%	0.00–0.00%
Rico	n.a.	n.a.	n.a.	n.a.

The ranges arise from the geographic regions where the revenue is generated. The impairment of trade receivables is generally recognized indirectly via allowance accounts. The loss allowances changed as follows:

in EUR thousand	Adjusted lifetime expected credit loss based on portfolio valuation (stage 2)	Adjusted lifetime expected credit loss based on single valuation (stage 3)	Total
Balance as at 01.01.2022	**14**	**1,238**	**1,252**
Release	–28	–449	–477
Currency translation difference	0	–35	–35
Written down due to irrecoverability	0	3	3
Additions	36	398	434
Balance as at 12.31.2022	**22**	**1,155**	**1,178**
Release	–18	–407	–425
Currency translation difference	3	18	22
Written down due to irrecoverability	0	–20	–20
Additions	94	0	94
As at 12.31.2023	**101**	**747**	**848**

Receivables determined to be unrecoverable are derecognized if the receivable loss has been determined conclusively, with loss allowances recognized beforehand being used. In fiscal year 2023, trade receivables of EUR 429 thousand (previous year: EUR 194 thousand), which were not written down, were derecognized.

4.3. Trade payables

Trade payables must be allocated to the AC (atcost) measurement category in accordance with IFRS 9 and are therefore measured at cost.

As at December 31, 2023, the carrying amount of current and non-current trade payables totaled EUR 69,187 thousand (previous year:EUR 63,942 thousand).

5. Equity

5.1. Share capital and reserves

Share capital

The share capital of SAG as at December 31, 2023 remained unchanged compared to the previous year at EUR 21,359 thousand. This is broken down into 20,573,434 fully paid-in no-par value ordinary shares of which each has an equal participation in the share capital. Each share is entitled to a voting right and to receive a dividend.

The Executive Board was authorized by the Annual General Meeting on April 25, 2023 with the agreement of the Supervisory Board to increase the share capital by 50% or up to 10,286,716 new no-par-value shares over the next five years following registration of the change to the Articles of Incorporation on the Company Register, through cash and/or non-cash contributions. The Executive Board was also authorized to issue convertible bonds with agreement from the Supervisory Board. This may be linked to a right of conversion or purchase or a mandatory conversion or purchase of up to 10,286,716 no-par-value shares (50% of the existing shares) in the company.

The Executive Board was authorized by the Annual General Meeting on July 27, 2022 to buy back and, if necessary, to redeem the company's treasury shares up to the legally permissible amount of 10% of the share capital for a period of 30 months from the date that the resolution was passed in the Annual General Meeting pursuant to Section 65(1) No. 8 of the Stock Corporation Act (AktG) with agreement from the Supervisory Board. At the same Annual General Meeting, the Executive Board was also authorized, pursuant to Section 65(1b) Stock Corporation Act (AktG), and with the approval of the Supervisory Board, to decide on a different type of sale than via the stock exchange or through a public offering, and to decide on an exclusion of the buyback option (purchase right) on the part of shareholders. There is currently no share buyback program.

Capital reserves

The capital reserves result primarily from the amount generated beyond the proportional amount of the share capital following the issue of shares (share premium). Capital reserves also include EUR 21,503 thousand in appropriated reserves as at December 31, 2023 (previous year: EUR 21,503 thousand). These may only be released to offset any net loss otherwise stated in the SAG annual financial statements under corporate law, unless there are any free reserves available to cover such a loss.

Revenue reserves

Revenue reserves contain the retained results of the Semperit Group and the accumulated other comprehensive income (excluding currency translation differences).

The distribution of revenue reserves is as follows:

Revenue reserves

in TEUR	Retained earnings	IAS-19-reserve	Total
Balance as at 01.01.2022	**526,990**	**–14,774**	**512,216**
Earnings after taxes	–5,529	0	–5,529
Other comprehensive income		6,309	6,309
Total comprehensive income	–5,529	6,309	780
Dividend	–30,860	0	–30,860
Balance as at 12.31.2022	**490,601**	**–8,464**	**482,136**
Balance as at 01.01.2023	**490,601**	**–8,464**	**482,136**
Earnings after taxes	–16,807	0	–16,807
Other comprehensive income		–1,195	–1,195
Total comprehensive income	–16,807	–1,195	–18,002
Dividend	–92,580	0	–92,580
Balance as at 12.31.2023	**381,213**	**–9,659**	**371,554**

Revenue reserves include, inter alia, the SAG statutory reserve of EUR 999 thousand (previous year: EUR 999 thousand), which may only be released to offset any net loss otherwise stated in the annual financial statements under corporate law. The fact that free reserves are available to offset the loss is no obstacle to the release for the purposes of offsetting the loss.

The IAS 19 reserve includes the effects of remeasurements of defined benefit plans due to severance payments and pensions.

Currency translation reserve

The currency translation reserve records translation differences resulting from converting the subsidiaries' financial statements from their functional currency to euros until the subsidiaries in question are sold or disposed of by other means.

In fiscal year 2023, currency differences totaled EUR 17,662 thousand (previous year: EUR 8,137 thousand). Of this amount, EUR 23,541 thousand (previous year: EUR 0 thousand) was reclassified, i.e., "recycled" to the consolidated income statement in fiscal year 2023. Hence other comprehensive income as at December 31, 2023 that will be recognized through profit or loss in future periods totaled EUR 10,891 thousand (previous year: EUR –6,825 thousand).

5.2. Non-controlling interests

As at December 31, 2022, all non-controlling interests related to discontinued operations, namely Latexx Partners Berhad (LPB, Group share: 97.36%) and FormTech Engineering (M) Sdn Bhd (FTE, Group share: 69.88%). Both subsidiaries were deconsolidated on the occasion of the (first) closing of the sale of the Medical Sector. No dividends were distributed to the non-controlling interests in fiscal year 2023 (previous year: EUR 0 thousand).

5.3. Dividends and treasury shares

The shareholders are entitled to a distribution of SAG's net profit for the year. The Executive Board proposes a dividend of EUR 0.50 per share, meaning a total of EUR 10,287 thousand, which is still to be approved at the Annual General meeting and is therefore not yet recognized.

Distributions for fiscal year 2022 were made in May and September 2023 and totaled EUR 92,580 thousand. A basic dividend of EUR 1.50 per share was paid in May 2023, and an additional dividend of EUR 3.00 per share was paid in September 2023.

The Semperit Group did not hold any own shares as of December 31, 2023 or December 31, 2022 .

6. Net debt

The net debt of EUR 192,411 thousand (previous year: EUR –9,243 thousand) is made up of the liabilities from redeemable non-controlling interests, financial liabilities, and other financial liabilities, less other financial assets (current), and cash and cash equivalents.

6.1. Liabilities from redeemable non-controlling interests

Shares of subsidiaries' net assets held by non-controlling shareholders are recognized as liabilities from redeemable non-controlling interests if the respective shareholder has an unconditional termination right or a termination right linked to conditions whose fulfilment or non-fulfilment lies outside the control of the Semperit Group, or if the company in which the non-controlling shareholder owns an interest has a limited life span.

The liability was initially recognized at fair value. As IFRS do not provide any guidance on the subsequent measurement of such an obligation, the amount of the liability initially recognized is increased by the share in profit or reduced by the share in loss accruing at the measurement date in accordance with the option described in the statement issued by the Institute of Public Auditors in Germany (IDW RS HFA 45). In this connection, this share of profit or loss also includes the share in other comprehensive income. In addition, any amounts reported directly in equity are included in the measurement of the liability. Dividends distributed to non-controlling shareholders reduce the liabilities. The amounts recognized as part of the subsequent measurement are recognized in the consolidated income statement and constitute finance expenses. This is disclosed separately as results attributable to redeemable non-controlling interests.

The pro-rata cash flows relevant to measurement were derived from the latest medium-term financial planning to determine the fair value (stage 3) of the redeemable non-controlling interests of SAC, Thailand. The detailed planning period runs until the end of fiscal year 2028. The pro-rata cash flows relevant to measurement after fiscal year 2029 were extrapolated based on a sustainable growth rate of 2.0% (previous year: 2.0%). The growth rate reflected the competition and the price pressure in the market as well as an assumption of moderate market growth. The weighted average cost of capital (WACC) was determined as the discount rate using the capital asset pricing model. The after-tax discount rate is 9.8% (previous year: 10.5%). The main assumptions used in determining the fair value relate in particular to the market-dependent future development of the EBITDA margin.

Liabilities from redeemable non-controlling interests changed as follows:

in EUR thousand	2023	2022
Carrying amount 01.01.	18,907	17,536
Dividends	–6,482	–5,705
Share of annual income after tax	2,892	6,684
Currency translation differences	–592	392
Carrying amount 31.12.	**14,725**	**18,907**
thereof Semperflex Asia Corp. Ltd., Thailand	14,725	18,907
Fair value 31.12.	**86,027**	**58,885**

6.2. Financial liabilities

Both corporate Schuldschein loans and liabilities to banks are initially recognized at their fair value net of transaction costs. Subsequently, they are measured at amortized cost in accordance with the effective interest method.

They are derecognized if and when the underlying obligation is settled or terminated or has expired.

in EUR thousand	12.31.2023	Thereof non-current	Thereof current	12.31.2022	Thereof non-current	Thereof current
Corporate Schuldschein loan	38,392	37,970	422	52,457	37,956	14,501
Liabilities to banks	189,430	181,196	8,235	3	0	3
Total	**227,822**	**219,165**	**8,657**	**52,460**	**37,956**	**14,503**

Corporate Schuldschein loans

Between 2013 and 2016, SAG issued several corporate Schuldschein loans, some with fixed and some with variable-interest rates, in euros (EUR) as well as in the foreign currencies US dollars (USD), Polish zloty (PLN), and Czech crown (CZK). The loans had a total volume of EUR 344,466 thousand. As at December 31, 2022, a total of EUR 52,457 thousand was outstanding, of which EUR 7,478 thousand was denominated in CZK. A fixed-interest tranche of EUR 6,500 thousand of corporate Schuldschein loans and the last remaining fixed-interest tranche in CZK with a nominal value of CZK 180,000 thousand were redeemed in the fiscal year 2023.

The total nominal value outstanding as of the reporting date is EUR 38,000 thousand (previous year: EUR 51,964 thousand), of which 100% is in EUR.

As at December 31, 2023 accrued interest in the amount of EUR 422 thousand (previous year: EUR 538 thousand) was recognized under the corporate Schuldschein loans. The difference between the carrying amounts excluding interest (clean price) and the nominal amounts are the transaction cost of the Schuldschein offerings, which are allocated over the terms of the individual corporate Schuldschein loan tranches in accordance with the effective interest rate method.

							12.31.2023
	Final maturity	**Effective interest rate**	**Currency**	**Nominal value in local currency**	**Carrying amount in EUR thousand**	**Thereof non-current**	**thereof current**
Fixed-interest corporate bond	07.25.2025	2.41%	EUR thousand	31,000	31,309	30,981	327
Fixed-interest corporate bond	07.25.2030	3.09%	EUR thousand	7,000	7,083	6,988	95
Total					**38,392**	**37,970**	**422**

							12.31.2022
	Final maturity	**Effective interest rate**	**Currency**	**Nominal value in local currency**	**Carrying amount in EUR thousand**	**Thereof non-current**	**thereof current**
Fixed-interest corporate bond	07.25.2023	3.65%	EUR thousand	1,500	1,523	0	1,523
Fixed-interest corporate bond	07.25.2025	2.41%	EUR thousand	31,000	31,295	30,970	325
Fixed-interest corporate bond	07.25.2030	3.09%	EUR thousand	7,000	7,081	6,986	94
Fixed-interest corporate bond	07.25.2023	3.65%	EUR thousand	5,000	5,080	0	5,080
Fixed-interest corporate bond	11.03.2023	1.29%	CZK thousand	180,000	7,478	0	7,478
Total					**52,457**	**37,956**	**14,501**

Liabilities to banks

Two new bank credit facilities with a funding volume of up to EUR 360,000 thousand were concluded effective March 31, 2023.

Bank financing totaling EUR 250,000 thousand comprises a loan of up to EUR 150,000 thousand and a general credit line of up to EUR 100,000 thousand. It is provided by a consortium of six Austrian and international banks and replaces the old general credit line of EUR 75,000 thousand. The loan was fully utilized on July 28, 2023 to finance the acquisition of the Rico Group. An early repayment of EUR 40,000 thousand was made on December 20, 2023. A total of EUR 0 thousand (previous year: EUR 0 thousand) of the general credit line was utilized as at the reporting date.

The second bank credit facility in the amount of EUR 110,000 thousand was concluded specifically to finance the expansion investment in Odry. EUR 33,000 thousand of this credit line has been drawn as at the reporting date (previous year: EUR 0 thousand).

Furthermore, in connection with the acquisition of the Rico Group, the Semperit Group acquired total bank financing with a total fair value of EUR 44,590 thousand and a total nominal value of EUR 61,286 thousand. EUR 46,377 thousand of these credit lines has been drawn as at the reporting date.

						12.31.2023
	Effective interest rate	Currency	Nominal value in local currency	Carrying amount in EUR thousand	Thereof non-current	thereof current
Fixed-interest liabilities to banks	2.50%	EUR thousand	1,431	1,431	1,164	268
	1.00–2.49%	CHF thousand	2,246	2,426	584	1,842
	3.44–5.52%	USD thousand	2,132	1,930	1,268	662
	2.00%	EUR thousand	210	210	210	0
Variable-interest liabilities to banks	5.25–5.75%	EUR thousand	16,815	16,815	15,693	1,122
	5.24–6.00%	EUR thousand	11,570	11,570	8,077	3,494
	2.34%	CHF thousand	1,476	1,594	1,545	49
	4.93%	EUR thousand	6,800	6,800	6,000	800
	5.44%	EUR thousand	110,607	110,607	110,607	0
	4.75%	EUR thousand	3,600	3,600	3,600	0
	5.29%	EUR thousand	32,446	32,446	32,446	0
Total				**189,430**	**181,196**	**8,235**

						12.31.2022
	Effective interest rate	Currency	Nominal value in local currency	Carrying amount in EUR thousand	Thereof non-current	thereof current
Fixed-interest liabilities to banks	1.67%	EUR thousand	3	3	0	3
Total				**3**	**0**	**3**

6.3. Other financial liabilities

With the exception of derivatives, other financial liabilities are measured at amortized cost using the effective interest method. Liabilities from derivative financial instruments are measured at fair value through profit or loss. Please see section 6.4 for information on the determination of fair values.

Liabilities to personnel (including bonuses and commission) are recognized at the present value of the expected disbursement amount, to the extent that they concern services already rendered. However, the amounts are discounted only if the interest effect is material.

in EUR thousand	12.31.2023	Thereof non-current	Thereof current	12.31.2022	Thereof non-current	Thereof current
Lease liabilities	48,429	43,574	4,855	19,952	16,853	3,099
Personnel liabilities	6,337	0	6,337	4,894	0	4,894
Derivatives	2,130	2,130	0	1,923	1,922	1
Refund liabilities	1,284	0	1,284	849	0	849
Accrued commisions	1,075	0	1,075	458	0	458
Miscellaneous other financial liabilities	4,853	4,075	778	402	150	252
Total	**64,109**	**49,779**	**14,330**	**28,478**	**18,925**	**9,553**

The contingent purchase price liability arising from the acquisition of M+R Dichtungstechnik GmbH (M+R) amounting to EUR 2,130 thousand (previous year: EUR 1,922 thousand) n.a.) is recognized under derivatives. The present value of the contingent purchase price liability arising from the acquisition of the Rico Group (see section 10.1) amounting to EUR 3,925 thousand (previous year: n.a.) is included in other financial liabilities.

6.4. Disclosures on financial instruments – liabilities

in EUR thousand	Measurement category according IFRS 9[1]	Level	Note	Carrying amount 12.31.2023	Carrying amount 12.31.2022
Liabilities from redeemable non-controlling interests	AC	3	6.1	14,725	18,907
Corporate Schuldschein loan	AC	3	6.2	38,392	52,457
Liabilities to banks	AC	3	6.2	189,430	3
Trade payables	AC	–	4.3	69,187	63,942
Other financial liabilities			6.3		
Derivative financial instruments	FVPL	2	6.3	0	1
Derivative financial instruments	FVPL	3	6.3	2,130	1,922
Lease liabilities	AC	–	6.3	48,429	19,952
Miscellaneous other financial liabilities	AC	–	6.3	13,550	6,603

[1] FVPL (at fair value through profit and loss); AC (at amortized cost).

Liabilities at fair value

Derivative financial instruments are used in isolated cases to hedge against interest rate risks. The derivative financial instruments are accounted for either as cash flow hedges or as fair value hedges, provided both the prospective effectiveness measurements under IFRS 9 are carried out and the hedging strategy documentation requirements are met. There were no derivatives designated as hedging instruments, neither as at 31 December 2023 nor as at 31 December 2022.

The financial instruments measured at fair value are derivative financial instruments. Derivative financial instruments on December 31, 2023 relate to a contingent purchase price liability from the M+R acquisition on January 4, 2021 (see section 6.3).

The fair values of the foreign exchange forward contracts are determined using accepted actuarial measurement models. Future payment flows are simulated using the yield curves published on the reporting date. In addition, the carrying amount is adjusted to take into account the credit risk of the respective counterparty. When doing so, positive exposures are measured considering the default risk of the counterparty, while negative exposures are measured considering the Group's own default risk. The contingent purchase price liability is calculated using the future development of the business activities of M+R and is discounted at a customary market cost of equity. It is measured at fair value through profit or loss and reported as a derivative in other non-current financial liabilities.

Liabilities at amortized cost

The fair values correspond to the carrying amounts for all financial assets and liabilities, with the exception of those stated below and the liabilities from redeemable non-controlling interests (see section 6.1). Actuarial measurement models are used to determine the fair value of financial instruments for which no active market is available. The parameters relevant to measurement for determining fair value are based in part on forward-looking assumptions.

in EUR thousand	Measurement category according IFRS 9[1]	Level	Fair value 12.31.2023	Fair value 12.31.2022
Liabilities				
Corporate Schuldschein loan	AC	3	37,445	50,052
Liabilities to banks	AC	3	190,771	3

[1] AC (at amortized cost)

The fair value of the corporate Schuldschein loans and fixed-interest bank financing was determined by discounting the contractual payment streams with current interest rates. The comparable interest rates on the reporting date were derived from capital market yields with matching terms and then adjusted for current risk and liquidity costs that are observable on the market, and determined in a range of 1.68–5.81% (previous year: 3.41–8.47%). These comparable interest rates were derived based on management's current assessment of the rating of the Semperit Group using a Moody's methodology.. The difference between the carrying amount and the fair value is the result of the significant volatility in the banks' refinancing costs (as part of the cost of corporate financing through banks) since the corporate Schuldschein loans were issued due to the measures taken by the European Central Bank (ECB), such as medium-term refinancing tenders for banks at extremely low interest rates and the ECB's quantitative easing measures, which led to considerably volatile risk premiums. In addition, several clauses in the corporate Schuldschein loan contract are worded in the Semperit Group's favor. For variable-interest bank financing, fair value is the carrying amount.

6.5. Other financial assets (current)

in EUR thousand	12.31.2023	12.31.2022
Financial assets recognized at fair value through profit or loss		
Derivatives	98	233
	98	**233**
Financial assets recognized at amortized cost		
Receivables due from employees	231	259
Accruals and deferrals	204	67
Other financial assets	1,042	1,898
	1,476	**2,224**
Total	**1,574**	**2,457**

Other financial assets include, in particular, rental and other deposits in the amount of EUR 691 thousand (previous year: EUR 1,169 thousand) and restricted funds totaling EUR120 thousand (previous year:516 thousand).

Please see section 3.3 for details of their fair values and other additional information. An impairment loss needs to be taken into consideration for financial assets measured at amortized cost (see section 4.2).

6.6. Cash and cash equivalents

in EUR thousand	12.31.2023	12.31.2022
Cash on hand	15	7
Cash deposits in banks	101,299	80,898
Short-term deposits	11,357	25,727
Total	**112,671**	**106,631**

Short-term investments are cash equivalents and consist of fixed-time deposits with a remaining term of no more than three months from the date of acquisition amounting to EUR 9,205 thousand (previous year: EUR 22,940 thousand) and of money market fund units of EUR 2,152 thousand (previous year: EUR 2,787 thousand). The fixed-time deposits are comprised of EUR 750 thousand in euros (previous year: EUR 20,000 thousand), EUR 4,896 thousand in Indian rupees (INR) (previous year: EUR 2,722 thousand), EUR 318 thousand in Chinese renminbi (CNY) (previous year: EUR 217 thousand), and EUR 3,240 thousand in Swiss francs (CHF) (previous year: EUR 0 thousand). These items enable the Semperit Group to meet short-term payment obligations and minimize the interest rate risk. As a result, they are not typically held for investment or other purposes.

The assessment of whether money market fund units are to be classified as cash equivalents in accordance with IAS 7 requires discretionary judgment. Cash equivalents refer to short-term, highly liquid financial investments that are readily convertible to known amounts of cash and are only subject to immaterial risks of fluctuations in terms of their value; equity investments are generally not classified as cash equivalents, unless they are such investments by their very nature. The investments made by the Semperit Group in the CIFM RMB money market funds were classified as cash equivalents as of December 31, 2023. This classification was based on an analysis of the fund characteristics and their integration into the Semperit Group’s cash management or liquidity management. An assessment of whether the financial investment is highly liquid or not took into account the redemption options and the fund’s liquidity. Given that classification as cash equivalents also requires the financial investment to be able to be converted directly into a payment amount already determined when the deposit is made, money market fund units cannot be classified as cash equivalents on their own as they can be traded at any time on an active market at the respective market price. As for assessing the immateriality of risks of fluctuations in terms of their value, the Semperit Group is continuously analyzing whether the variability of returns is small and comparable to the variability of returns for the money market interest rate, the “PBOC (People’s Bank of China) 7 Days Deposit Rate”. This assessment also takes into account the fund’s rigorous investment policy, the weighted average fixed-interest period of the fund portfolio (well below three months), the fund’s risk and volatility exposure, and its high diversification and issuer spread along with the fund’s strong credit rating. The money market fund units are an integral part of the Semperit Group’s payment and liquidity management measures.

7. Provisions

7.1. Retirement benefit expenses, provisions for pensions and severance payments

Retirement benefit plans – defined benefit plans

In the case of defined benefit plans, the cost of providing the benefit is calculated using the projected unit credit method (PUC); for this purpose, an actuarial assessment is carried out at each reporting date. All remeasurement results of plan assets and obligations, especially actuarial gains and losses, are reported directly in equity under other comprehensive income in accordance with IAS 19.

The provision recognized in the balance sheet for defined benefit plans equals the present value of the benefits accruing to the employees on the reporting date, less the fair value of any plan assets required to settle the obligation as at the reporting date.

Pension commitments

Based on an existing SAG and STP pension statute, company pensions are granted to employees who joined the company before January 1, 1991 in the form of a fixed amount, with this amount being dependent on the relevant employee's number of years of service. The statute stipulates that only retired former employees or their surviving dependents are now entitled to these pensions. The obligations of this statute are not funded by plan assets.

A number of former members of the Executive Board have been granted pensions under individual pension agreements. These liabilities are not covered by pension plan assets either.

Severance payment commitments

Depending on their length of service, most employees in Austria, France, India, Poland, Switzerland, and Thailand are legally entitled to a one-off payment, particularly on retirement.

The benefits due on retirement are considered to be payments due following termination of the employment relationship in accordance with IAS 19. These liabilities are not funded by plan assets.

Overview of the carrying amounts of the pension and severance payment provisions

The carrying amounts of pension and severance payment provisions are distributed across the individual countries as follows:

in EUR thousand	12.31.2023	12.31.2022
Austria – pensions	9,964	9,819
Austria – severance payments	12,948	12,913
Germany – pensions	2,035	2,099
Switzerland – pensions	424	0
Other countries – severance payments		
France	1,055	953
Switzerland	211	0
Poland	182	130
India	157	148
Thailand	565	578
Total	**27,542**	**26,641**

Actuarial assumptions

The most important actuarial parameters for the defined benefit pension and severance payment plans are as follows. Interest rates were determined separately in the individual countries depending on the pension plan.

Discount rate p.a. in %	12.31.2023	12.31.2022
Austria – pensions	3.60%	4.00% / 4.10%
Austria – severance payments	3.60% / 3.70%	4.10%
Germany – pensions	3.44%	4.10%
Switzerland – pensions	1.50%	n.a.
Other countries – severance payments		
France	3,62–4,00%	4.10% / 4.20%
Switzerland	1.50%	n.a.
Poland	5.00%	6.40%–6.80%
India	7.51%	7.56%
Thailand	2.36%–4.69%	1.40%–5.40%

Increases in remuneration in the individual countries were determined on the basis of the applicable plan and separately for blue-collar and white-collar workers as necessary. The increases in remuneration indicated in the table below correspond to management's long-term assumptions; larger pay increases were assumed for the fiscal years 2024 to 2026.

Salary increases p.a. in %	12.31.2023	12.31.2022
Austria – pensions	1.75%	1.70%
Austria – severance payments	2.00%	2.20% / 3.20%
Germany – pensions	2.00%	2.00% / 2.20%
Switzerland – pensions	1.50%	n.a.
Other countries – severance payments		
France	5.80% / 6.00%	4.40% / 5.20%
Switzerland	0.00%	n.a.
Poland	2.83%–10.00%	2.70%–12.80%
India	5.00% / 10.00%	5.00% / 10.00%
Thailand	3.00%	3.00% / 4.00%

Fluctuation deductions were taken into account depending on the length of service of the employees.

Employee turnover deductions p.a. in %	12.31.2023	12.31.2022
Austria – pensions	0.00%	0.00%
Austria – severance payments	0.00%	0.60%–5.70%
Germany – pensions	0.00%	0.00%
Switzerland – pensions	0.00%	n.a.
Other countries – severance payments		
France	0.00%–7.00%	0.00%–7.00%
Switzerland	0.00%–15.00%	n.a.
Poland	0.00%–24.00%	0.00%–24.00%
India	1.00% / 2.00%	1.00% / 2.00%
Thailand	0.00%–35.00%	0.00%–35.00%

The average weighted duration of defined benefit pension and severance payment liabilities, presented in years, is as follows:

Weighted average duration	12.31.2023	12.31.2022
Austria – pensions	7.9	7.6
Austria – severance payments	8.7	8.3
Germany – pensions	8.3	8.2
Switzerland – pensions	31.9	n.a.
Other countries – severance payments		
France	4.8	14.2
Switzerland	4.7	n.a.
Poland	11.9	7.6
India	15.0	14.0
Thailand	15.0	13.7

The retirement age was set either in accordance with the individual regulations of the specific plan or, in the absence of such, at the earliest possible statutory retirement age of the country concerned.

The following biometric calculation bases and assumptions were used to determine the present value of the obligations (defined benefit obligation – DBO):

- Austria: AVÖ (Austrian Actuarial Society) 2018-P ANG
- Germany: Heubeck 2018G
- France: TH 00-02 / TF 00-02
- Switzerland: BVG 2020G
- Poland: Life Expectancy Table of Poland 2019 (previous year: Life Expectancy Table of Poland 2016)
- India: Indian Assured Lives Mortality (2012–2014)
- Thailand: Thailand TM017

The provisions for pensions and severance payments comprise the following:

in EUR thousand	Total 12.31.2023	thereof non-current	thereof current	Total 12.31.2022	thereof non-current	thereof current
Provisions for pensions	12,424	10,985	1,439	11,919	10,474	1,445
Provisions for severance payments	15,118	14,727	391	14,722	13,840	882
Total	**27,542**	**25,712**	**1,830**	**26,641**	**24,314**	**2,327**

The following table shows the maturities of the expected benefit payments:

in EUR thousand	12.31.2023	12.31.2022
Severance payments		
under 1 year	391	882
1 to 5 years	6,145	4,201
6 to 10 years	6,775	6,903
over 10 years	16,064	14,780
Pensions		
under 1 year	1,439	1,445
1 to 5 years	5,418	5,515
6 to 10 years	3,741	3,882
over 10 years	6,145	5,979

Provisions for pensions

in EUR thousand	12.31.2023	12.31.2022
Present value of funded defined benefit obligations	8,353	2,137
Fair value of the plan assets	–5,936	–80
Deficit	2,418	2,057
Present value of unfunded defined benefit obligations	10,006	9,862
Provisions for pensions as of 12.31.	**12,424**	**11,919**

The present value of the obligations arising from defined benefit pension plans changed as follows:

in EUR thousand	2023	2022
Present value of the obligations (DBO) as at 01.01.	11,999	16,190
Current service costs	53	7
Interest expense	529	138
Total expenses for pensions	**582**	**146**
Remeasurements	1,475	–2,860
Payments/transfers	4,303	–1,476
Present value of the obligations (DBO) as at 12.31.	**18,359**	**11,999**

Both the service costs and the interest expense are recorded as expenses for retirement benefits under personnel expenses in the consolidated income statement (see section 2.5).

Plan assets measured at fair value comprise the following:

in EUR thousand	12.31.2023	12.31.2022
Cash funds	5,936	80
Fair value of the plan assets as at 12. 31.	**5,936**	**80**

Plan assets changed as follows:

in EUR thousand	2023	2022
Fair value of the plan assets as at 01.01.	80	80
Interest income from plan assets	47	1
Remeasurements of plan assets	142	–1
Additions due to business acquisitions	5,640	0
Payments/transfers	–248	0
Currency translation differences	277	0
Fair value of the plan assets as at 12.31.	**5,936**	**80**

Provisions for severance payments

in EUR thousand	2023	2022
Present value of the obligations (DBO) as at 01.01.	14,722	18,389
Current service costs	342	445
Interest expense	608	196
Total expenses for severance payments	**950**	**641**
Remeasurements	748	–3,650
Additions due to business acquisitions	1,005	0
Payments	–2,305	–567
Currency translation differences	–2	2
Reclassification to provisions and liabilities held for sale	0	–92
Present value of the obligations (DBO) as at 12.31.	**15,118**	**14,722**

Remeasurements

The remeasurements recognized under other comprehensive income in accordance with IAS 19 comprise the following:

in EUR thousand	2023	2022
Pensions		
from changes to financial assumptions	–737	3,697
Experience adjustments	–739	–837
	–1,475	**2,860**
Remeasurements of plan assets	142	–1
Pensions total	**–1,334**	**2,860**
Severance payments		
from changes to demographic assumptions	–18	43
from changes to financial assumptions	–717	3,820
Experience adjustments	–12	–212
Severance payments total	**–748**	**3,650**
Total remeasurements	**–2,081**	**6,510**

Sensitivity analysis

Sensitivity analyses were performed for pension and severance payment plans with regard to the effect of significant actuarial assumptions. Sensitivities were determined based on the same actuarial assumptions used to measure the provisions for pensions and severance payments, with one parameter changing in each case. The other parameters remained unchanged. If the change of the parameter results in a negative interest rate, then this is used for the calculation.

The impact of changes to these parameters – plus/minus one percentage point with regard to the interest rate and increases in wages and salaries, and plus/minus one year with regard to life expectancy – on the present value of pension obligations of EUR 18,359 thousand (previous year: EUR 11,999 thousand) and on the present value of severance payment liabilities of EUR 15,118 thousand (previous year: EUR 14,722 thousand) were as follows:

in EUR thousand	Change in parameter	Present value of obligation (DBO) 12.31.2023		Present value of obligation (DBO) 12.31.2022	
		Increase in parameter	Decrease in parameter	Increase in parameter	Decrease in parameter
Pensions					
Interest rate	+/– 1 percentage point	11,238	14,295	11,173	12,952
Increases in salaries	+/– 1 percentage point	13,343	11,757	12,749	11,343
Life expectancy	+/– 1 year	13,062	11,965	12,530	11,485
Severance payments					
Interest rate	+/– 1 percentage point	13,745	16,400	13,564	16,041
Increases in salaries	+/– 1 percentage point	16,073	14,087	15,948	13,628

Retirement benefit plans – defined contribution plans

Contributions to defined contribution plans are recognized as an expense if the employees have actually completed the service obliging the company to make this contribution.

SAG is required to contribute to a pension fund for all current members of the Executive Board. An amount fixed by contract is paid into a pension fund (APK Pensionskasse AG) each year. In fiscal year 2023, the expense for these contributions totaled EUR 163 thousand (previous year: EUR 135 thousand).

One former member of the Executive Board and selected executives were granted pensions in the past that are covered by reinsurance policies with Generali Versicherung AG, with the pension entitlement matching the amount covered by the reinsurance. In fiscal year 2023, the expense for these contributions totaled EUR 103 thousand (previous year: EUR 116 thousand).

Employees whose employment is subject to Austrian law and who entered into this employment relationship after December 31, 2002 are not entitled to severance payments from their employer. For these employees and all current members of the Executive Board, contributions amounting to 1.53% (previous year: 1.53%) of their wages or salaries were paid into a staff pension fund. In fiscal year 2023, the expense for these contributions totaled EUR 895 thousand (previous year: EUR 852 thousand).

For employees in Singapore, contributions equivalent to a fixed percentage of the annual salary are paid into a pension fund. In fiscal year 2023, the expense for these contributions totaled EUR 105 thousand (previous year: EUR 72 thousand).

Semperit Group employees are also entitled to country-specific state pension plans, which are usually financed on a pay-as-you-go (unfunded) basis. The obligations of the Semperit Group are limited to paying contributions when they are due. There is no legal or de facto obligation with regard to future benefits.

7.2. Other provisions

Provisions are recognized at the present value of the expected settlement amount based on management's best possible estimate of the uncertain obligation. This is done by taking account of unavoidable risks and uncertainties associated with a large number of events and scenarios as well as future events, insofar as there exist sufficient objective and substantial indications of their occurrence. However, discounting takes place only if the interest effect is material.

If it can be assumed that the amount required to settle the obligation will be completely or partially reimbursed by a third party, this reimbursement claim is recognized if and to the extent that it is virtually certain that such reimbursement will be received and the amount can be estimated reliably.

The timings of the expected payment flows from other provisions (except anniversary bonuses) largely reflect the maturities outlined below.

The carrying amounts of the other provisions are as follows:

in EUR thousand	12.31.2023	Thereof non-current	Thereof current	12.31.2022	Thereof non-current	Thereof current
Bonuses and other personnel provisions	11,242	689	10,554	13,419	470	12,949
Guarantees	7,579	0	7,579	5,015	1	5,015
Anniversary bonuses	4,484	3,959	525	3,342	2,882	460
Miscellaneous	8,161	4,825	3,336	7,158	4,467	2,691
Total	**31,467**	**9,473**	**21,994**	**28,935**	**7,820**	**21,115**

The other provisions changed as follows:

in EUR thousand	01.01.2023	Additions due to business acquisitions	Additions	Currency differences	Release	Use	12.31.2023
Bonuses and other personnel provisions	13,419	5,371	12,047	10	–1,789	–17,816	11,242
Guarantees	5,015	253	7,733	220	–4,310	–1,333	7,579
Anniversary bonuses	3,342	842	907	1	–21	–587	4,484
Miscellaneous	7,158	695	1,675	280	–663	–984	8,161
Total	**28,935**	**7,161**	**22,362**	**510**	**–6,782**	**–20,720**	**31,467**

Anniversary bonuses

Provisions for anniversary bonuses are calculated using the PUC method in accordance with IAS 19, based on an actuarial assessment. Remeasurements (actuarial gains and losses) are recognized as personnel expenses in profit or loss for the period.

Provisions for anniversary bonuses are established for employees in Austria, Germany, Switzerland, and the Czech Republic, whose entitlement to them is based on collective bargaining agreements. They are measured based on the same actuarial assumptions used to measure the provisions for pensions and severance payments.

Undiscounted cash flows arise for the provision of anniversary bonuses as at December 31, 2023 of EUR 525 thousand (previous year: EUR 460 thousand) within one year and EUR 4,332 thousand (previous year: EUR 2,784 thousand) for up to ten years.

The average weighted duration of the present value of the anniversary bonus obligations is around 8 years (previous year: around 8 years). Sensitivity analyses were performed regarding the effect of significant actuarial parameters (interest rate, wage and salary increases). These resulted in the following effects on the present value of the provisions for anniversary bonuses:

		Present value of obligation (DBO) 12.31.2023		Present value of obligation (DBO) 12.31.2022	
in EUR thousand	Change in parameter	Increase in parameter	Decrease in parameter	Increase in parameter	Decrease in parameter
Interest rate	+/– 1 percentage point	4,162	4,859	3,112	3,609
Increases in salaries	+/– 1 percentage point	4,780	4,222	3,558	3,153

Guarantees

The provisions for guarantees are based largely on case-by-case assessments of the guarantee risks; guarantee provisions that are allocated on a portfolio basis derived from experience are of minor importance in the Semperit Group. Since guarantee claims may involve lengthy negotiations as well as legal proceedings, it is not possible to accurately predict when payments will actually have to be made.

Bonuses and other personnel provisions

The provisions for bonuses paid to employees (as per the Semperit Group Bonus Policy), managers (also as per a Long-term Incentive Plan based on long-term performance bonuses for the Executive Board), and Executive Board members (as per the remuneration policy) are recognized at the best-possible estimated settlement amounts. The estimated settlement amounts take into consideration the expected achievements of Group targets as well as the current results from the performance evaluation. Long-term performance bonuses are distributed over several periods and accumulated; the anticipated vesting of the claims determines the end of the accumulation period. Due to a lack of materiality, there is no discounting of the long-term performance bonuses. Local bonus agreements also exist for employees and management staff, which provisions are also recognized for on the basis of the individually estimated and anticipated achievement of targets.

Other provisions

The remaining other provisions include a provision for tax proceedings relating to transaction taxes in Brazil in respect of the assessment years 2008–2010 in the amount of EUR 3,571 thousand (previous year: EUR 3,150 thousand). The duty (PIS/COFINS) is levied on the import and resale of goods in Brazil. A security was deposited in the 2017 financial year in connection with the resale PIS/COFINS to ensure that the case would continue through the relevant court system after appeals in the administrative proceedings were unsuccessful. As before, the provision in the amount of EUR 3,571 thousand (previous year: EUR 3,150 thousand)) is offset by a corresponding demand for reimbursement of the security deposited with the civil court. For the assessment years 2011 and 2012, management is assuming that the period of limitation has expired.

In the case of disputed charges (including any interest on arrears) for the disposal of raw materials imported into Poland, there is a provision amounting to EUR 1,430 thousand (previous year: EUR 1,064 thousand). Furthermore, an environmental reserve of EUR 863 thousand (previous year: EUR 945 thousand) exists for a soil treatment obligation with a Polish subsidiary.

One subsidiary is involved in competition law proceedings. These lengthy proceedings are currently at a stage where the outcome is highly uncertain. The case is being heard before the authorities in consultation with local specialists, and the subsidiary in question is cooperating with the competent authorities and providing all the necessary assistance. For the anticipated costs and the associated risk, a provision in the most likely amount has been recognized in line with an assessment made by the Semperit Group. The amount is reviewed periodically in order to determine if it needs to be adjusted.

Detailed information on the specific financial impact would seriously weaken the position of the Semperit Group in asserting its interests in current legal proceedings and is therefore omitted pursuant to IAS 37.92.

8. Other non-financial assets and liabilities

8.1. Other non-financial assets

in EUR thousand	12.31.2023	Thereof non-current	Thereof current	12.31.2022	Thereof non-current	Thereof current
Tax receivables	9,732	4,060	5,672	9,300	3,110	6,190
Accrued expenses	7,774	2,428	5,346	4,721	516	4,206
Prepayments	13,577	7,858	5,719	2,846	2,166	680
Contract assets	6,532	0	6,532	0	0	0
Other non-financial assets	588	76	512	216	51	165
Total	**38,203**	**14,422**	**23,781**	**17,083**	**5,842**	**11,241**

The contract assets include the Rico business customer tools currently under construction (see section 2.2).

8.2. Other non-financial liabilities

in EUR thousand	12.31.2023	Thereof non-current	Thereof current	12.31.2022	Thereof non-current	Thereof current
Contract liabilities	20,783	2,330	18,453	17,259	1,798	15,461
Liabilities from taxes and social security contributions	11,532	0	11,532	11,606	0	11,606
Unused holidays and overtime balances	9,417	2	9,415	7,344	1	7,343
All other non-financial liabilities	3,207	720	2,486	1,075	195	879
Total	**44,939**	**3,052**	**41,887**	**37,284**	**1,995**	**35,289**

Of the contract liabilities of EUR 20,783 thousand (previous year: EUR 17,259 thousand), EUR 12,798 thousand arose in the 2023 fiscal year (previous year: EUR 8,574 thousand), of this EUR 7,761 thousand through the acquisition of the Rico Group. Of the previous year's contract liabilities, EUR 6,778 thousand (previous year: EUR 7,267 thousand) was recognized as revenue.

9. Taxes

Tax reconciliation statement

The transfer from earnings before tax to tax expense in the Group is prepared jointly for continuing and discontinued operations and is as follows:

in EUR thousand	1–12 2023	1–12 2022
Earnings before taxes from continued operations	**25,931**	**51,739**
Earnings before taxes from discontinued operations	**–41,699**	**–35,947**
Earnings before taxes	**–15,768**	**15,792**
Tax expense (–) / Tax income (+) at 24% (previous year: 25%)	**3,784**	**–3,948**
Different tax rates in other countries	311	1,187
Tax rate changes	–1,055	–35
Profit / loss attributable to redeemable non-controlling interests	–690	–1,671
Non-deductible expenses	–3,196	–2,686
Non-taxable income, tax exemptions and tax deductibles	706	218
Reduction of current tax expenses on the basis of as yet unused tax loss carryforwards and tax credits	461	1,422
Non-recognised deferred tax assets on new loss carryforwards and tax credits in the financial year	–6,099	–8,927
Change of the adjustment of deferred tax assets from temporary differences and tax loss carryforwards and tax credits arising from previous years	11,969	–5,586
Change to outside basis differences	35	174
Tax effects on valuations of holdings of fully consolidated companies	–774	–223
Tax effects on the deconsolidation of the examination operations and the reclassification of the (historical) FX-effects into the Group P&L	–5,210	0
Withholding taxes	–1,590	–1,786
Taxes from previous periods	183	1,573
Other	–139	–1,096
Income taxes	**–1,306**	**–21,383**
of which income taxes from continued operations	**–1,066**	**–13,379**
of which income taxes from discontinued operations	**–239**	**–8,004**

Earnings before tax from discontinued operations include earnings before tax of EUR –19,379 thousand (previous year: EUR –27,584 thousand), and transaction costs of EUR –612 thousand (previous year: EUR –8,364 thousand), earnings from deconsolidation of EUR 1,833 thousand (previous year: EUR 0 thousand), and the reclassification of other comprehensive income to profit or loss of EUR –23,541 thousand (previous year: EUR 0 thousand), see section 2.9.

in EUR thousand	1–12 2023	1–12 2022
Earnings before taxes	–15,768	15,792
Profit / loss attributable to redeemable non-controlling interests	2,877	6,684
Total	**–12,891**	**22,476**
Income taxes	1,306	21,383
Effective tax rate in %	**–10.1%**	**95.1%**

Deferred taxes

Following temporary differences, deferred taxes in the consolidated balance sheet for continuing operations are categorized as follows:

	12.31.2023		12.31.2022	
in EUR thousand	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	769	14,444	797	302
Property, plant and equipment	127	39,448	245	19,802
Other financial assets	14	0	13	0
Inventories	2,600	17	2,835	12
Trade receivables	262	117	455	311
Other (financial) assets	119	234	62	71
Provisions for personnel	3,278	0	2,864	0
Other provisions	2,354	99	2,505	82
Trade payables	351	14	226	75
Other (financial) liabilities	12,496	1,355	5,029	9
Temporary differences in connection with shares in subsidiaries (outside-basis-differences)	0	1,728	0	1,838
Tax loss carryforwards and as yet unused tax credits	65,461	n.a.	66,951	n.a.
Total deferred tax assets and liabilities	**87,829**	**57,456**	**81,983**	**22,502**
Valuation allowance for deferred tax assets	–52,765	n.a.	–66,767	n.a.
Offsetting of deferred tax assets and tax liabilities	–30,763	–30,763	–9,872	–9,872
Deferred tax assets	**4,302**		**5,344**	
Deferred tax liabilities		**26,693**		**12,629**

Loss allowances for deferred tax assets of EUR 52,765 thousand (previous year: EUR 66,767 thousand) includes the loss allowance for deferred tax assets on temporary differences of EUR 2,496 thousand (previous year: EUR 5,202 thousand), the loss allowance for deferred tax assets on loss carryforwards of EUR 24,088 thousand (previous year: EUR 34,668 thousand), and the loss allowance for unused tax credits in the amount of EUR 26,180 thousand (previous year: EUR 26,898 thousand). The loss allowances per jurisdiction are as follows:

in EUR thousand	12.31.2023	12.31.2022
Czech Republic	25,043	25,863
Austria	19,675	32,346
USA	5,195	5,724
Brazil	717	708
Australia	651	601
India	477	1,028
Germany	329	326
France	256	55
China	226	55
Thailand	98	0
Hungary	69	0
Poland	29	61
Valuation allowance for deferred tax assets	**52,765**	**66,767**

The loss allowance also includes deferred tax assets that arose but were (still) not recognized in the relevant fiscal year. Deferred tax assets and liabilities of the same taxable entity are offset if they relate to income taxes levied by the same tax authority and there is a right to offset current tax liabilities against current reimbursement claims. The corporate group formed in Austria in accordance with Section 9 of the Austrian Corporation Tax Act (KStG) is deemed to constitute a taxable entity for this purpose. In Germany, a corporate tax group exists between Semperit Profiles Deggendorf GmbH and Semperit Profiles Leeser GmbH. Deferred tax assets recognized more than five years in the past were written down.

Of the loss allowances for deferred tax assets on temporary differences and loss carryforwards, a total of EUR 19,412 thousand (previous year: EUR 32,346 thousand) is related to the group of companies in accordance with Section 9 of the Austrian Corporation Tax Act (KStG), whose parent company is SAG. Due to the Austrian tax group's history of losses in the recent past, there are stringent IFRS requirements for reliable tax planning. The recognition of deferred tax assets (not covered by deferred tax liabilities) on temporary differences and loss carryforwards requires additional substantial evidence that, in the upcoming fiscal years, tax results will be generated that can be used for future tax relief. In view of the Austrian tax group's history of losses in the recent past and the uncertainties that exist primarily due to the slowing down of the economy and geopolitical crises, the Group's deferred tax assets are not eligible for recognition pursuant to Section 9 of the Austrian Corporation Tax Act (KStG) on the basis of future taxable income. The acquisition of the Rico Group gives SAG management the option of including three additional Austrian subsidiaries in the Group in accordance with Section 9 of the Austrian Corporation Tax Act (KStG). The application to join the Group pursuant to Section 9 of the Austrian Corporation Tax Act (KStG) was submitted in February 2024 (see section 12.3). Taking the loss carryforward limit into account, this makes it possible to offset portions of the deferred tax liabilities that arose in particular from the purchase price allocation at RICO Group GmbH, RICO-Elastomere Projecting GmbH, and Härtereitechnik Rosenblatt GmbH with deferred tax assets on SAG's loss carryforwards. As a result, the loss allowance for deferred tax assets in the Group pursuant to Section 9 of the Austrian Corporation Tax Act (KStG) was reduced by EUR 12,861 thousand. The remaining change in the loss allowance for deferred tax assets in Austria essentially applies to the loss allowance for non-current deferred tax assets.

The net amount of deferred tax assets and deferred tax liabilities has changed by EUR 15,098 thousand. Of this amount, EUR –10,049 thousand was recognized as tax income (of which continuing operations: tax income of EUR –10,139 thousand; of which discontinued operations: tax expense of EUR 90 thousand), EUR –886 thousand as income taxes attributable to other comprehensive income from the remeasurement of performance-based plans, EUR –138 thousand related to the currency conversion of deferred tax from functional currency into the reporting currency, and EUR 26,175 thousand from business sales and acquisitions.

As at the reporting date, there were deductible temporary differences of EUR 10,419 thousand (previous year: EUR 21,561 thousand) as well as tax loss carryforwards of EUR 102,608 thousand (previous year: EUR 145,221 thousand) and unused tax credits of EUR 29,842 thousand (previous year: EUR 30,249 thousand) for which no deferred tax assets have been recognized. Of these unused tax losses and tax credits, EUR 17,887 thousand (previous year: EUR 11,924 thousand) expires within the next five years and EUR 26,463 thousand (previous year: EUR 27,943 thousand) within the next seven years. The major part of the remaining tax losses and deductible temporary differences can be carried forward without limit.

In the fiscal year, the surplus of deferred tax assets of EUR 3,254 thousand (previous year: EUR 4,302 thousand) is accounted for in tax jurisdictions with tax losses. Of this amount, EUR 3,218 thousand (previous year: EUR 3,924 thousand) relates to the German organization. The tax loss for the previous year resulted from impairment losses on intangible assets and property, plant, and equipment. The other deferred tax assets of EUR 36 thousand relate to France.

Deferred tax liabilities of EUR 29,146 thousand (previous year: EUR 42,263 thousand) were not recognized for taxable temporary differences of EUR 128,953 thousand (previous year: EUR 178,742 thousand) in connection with interests in subsidiaries as the parent is able to control when the temporary difference is reversed, and it is likely that the temporary differences will not be reversed in the foreseeable future. There were also deductible temporary differences in the amount of EUR 4,001 thousand (previous year: EUR 4,218 thousand) for which deferred tax assets of EUR 920 thousand (previous year: EUR 116 thousand) were not recognized as it is unlikely that the temporary differences will be reversed in the foreseeable future.

At the end of 2021, the Organization for Economic Co-operation and Development (OECD) Model Rules were published as part of the Framework for International Minimum Taxation. Directive 2022/2523 was finally adopted in December 2022 to implement the Directive within the EU Member States.

The Austrian Minimum Taxation Act (*Mindestbesteuerungsgesetz*, MinBestG), which entered into force in Austria on December 31, 2023, transposed the OECD Model Rules and the corresponding EU Directive on ensuring a minimum level of taxation for corporate groups (Pillar Two) into Austrian law. The Austrian Minimum Taxation Act (MinBestG) shall apply to the fiscal years beginning on December 31, 2023. B&C Privatstiftung, based in Vienna, is the ultimate parent company of the Semperit Group and its subsidiaries pursuant to the Austrian Minimum Taxation Act (MinBestG). Consequently, any additional taxes due to exceeding the legally enshrined turnover limits will have to be determined in future.

In some countries in which the Semperit Group operates, it is still unclear whether and when implementation will take place (e.g., the United States). The legal status of each jurisdiction is relevant to assessing a potential tax burden at the level of the ultimate parent company or other Group companies. Failure to comply with the minimum tax rate of 15% may result in the income inclusion rule

(IIR) being applied in Austria, in the absence of a recognized national undertaxed profit rule (UTPR) being applied in that country.

An evaluation of the effects of the new minimum taxation rules for the Semperit Group as a subgroup of the B&C Group was conducted based on the CbCR values as at December 31, 2022. From today's perspective, given both the temporary safe harbor regulations and the minimum tax calculation, a stand-alone analysis of the Semperit Group's "subgroup" shows that neither the 2023 nor the 2024 fiscal year will have any material effects on the recognition and measurement of tax receivables and liabilities.

The new, mandatory exception to the accounting treatment of deferred tax assets and liabilities resulting from the introduction of the Austrian Minimum Taxation Act (MinBestG) and/or comparable foreign tax laws was applied by the Semperit Group. Current taxes resulting from the implementation of Austrian and/or similar foreign tax laws were not recognized as at December 31, 2023 due to the lack of applicability.

Receivables from current income taxes

Receivables from current income taxes result from refundable advance payments, in particular from SFO in the amount of EUR 2,496 thousand (previous year: EUR 0 thousand).

10. Structure of the company

10.1. Scope of consolidation

Subsidiaries where control is exercised pursuant to IFRS 10 are included in the scope of consolidation of SAG's consolidated financial statements.

The scope of consolidation of the Semperit Group changed in fiscal year 2023 as follows:

	Fully consolidated companies
As at 01.01.2023	**39**
First-time consolidations	5
Deconsolidations	–12
Reorganizations	–1
As at 12.31.2023	**31**

	Fully consolidated companies
As at 01.01.2022	**40**
Reorganizations	–1
As at 12.31.2022	**39**

First-time consolidations in the 2023 fiscal year

In the fiscal year 2023, the Rico Group was consolidated for the first time as a result of the acquisition (see section 1.6). By acquiring 100% of the voting rights in the Rico Group, SAG obtained control of the following companies as of July 31, 2023:

- RICO Group GmbH, Thalheim bei Wels, Austria
- RICO-Elastomere Projecting GmbH, Thalheim bei Wels, Austria
- Härtereitechnik Rosenblattl GmbH, Thalheim bei Wels, Austria
- Silcoplast AG, Wolfhalden, Switzerland
- SIMTEC Silicone Parts, LLC, Miramar, Florida, USA

Deconsolidations in the 2023 fiscal year

In the fiscal year 2023, the Semperit Group successfully completed the (first) closing of the sale of the Medical Sector to southeast Asian glove manufacturer Harps Global Pte. Ltd. The following companies were deconsolidated as of August 31, 2023:

- Sempermed Europe GmbH, Vienna, Austria
- Shanghai Changning Sempermed Glove Trading Co. Ltd., Shanghai, China
- Semperit Industrial Products Ltd., Birmingham, Great Britain
- Sempermed Magyarország Kft., Budapest, Hungary
- Latexx Partners Berhad, Kamunting, Malaysia
- FormTech Engineering (M) Sdn Bhd, Nilai, Malaysia
- Latexx Engineering Technology Asia Sdn Bhd, Penang, Malaysia
- Latexx Manufacturing Sdn Bhd, Kamunting, Malaysia
- Latexx Manpower Services Sdn Bhd, Kamunting, Malaysia
- Medtexx Manufacturing Sdn Bhd, Kamunting, Malaysia
- Semperit Investments Asia Pte. Ltd., Singapore
- Sempermed USA Inc., Clearwater, Florida, USA.

Please see section 2.9 for the disposed of net assets, the discontinued operations' result, and the deconsolidation result.

Reorganizations

In the fiscal year 2023, Carlona Sp. z o.o. in Poland was merged with Sempertrans Conveyor Belt Solutions GmbH in Austria.

In the fiscal year 2022, Semperit Profiles Leeser Verwaltungs GmbH in Germany was merged with Semperit Profiles Leeser GmbH, Germany.

10.2. Consolidated companies

		12.31.2023			12.31.2022		
	Currency	Authorised share capital in ´000s	Direct holding in %	Group holding in %	Authorised share capital in ´000s	Direct holding in %	Group holding in %
Europe							
Semperit Aktiengesellschaft Holding, Vienna, Austria	EUR	21,359			21,359		
Semperit Technische Produkte Gesellschaft m.b.H., Vienna, Austria	EUR	61,701	100.00	100.00	61,701	100.00	100.00
Sempermed Europe GmbH, Vienna, Austria (now: HARPS Europe GmbH)	EUR	0	0.00	0.00 [3]	36	100.00	100.00
Sempertrans Conveyor Belt Solutions GmbH, Vienna, Austria	EUR	3,136	100.00	100.00	3,136	100.00	100.00
RICO Group GmbH, Thalheim bei Wels, Austria	EUR	39	100.00	100.00	0	0.00	0.00
RICO Elastomere Projecting GmbH, Thalheim bei Wels, Austria	EUR	35	100.00	100.00	0	0.00	0.00
Härtereitechnik Rosenblattl GmbH, Thalheim bei Wels, Austria	EUR	35	100.00	100.00	0	0.00	0.00
Silcoplast AG, Wolfhalden, Switzerland	CHF	100	100.00	100.00	0	0.00	0.00
Semperflex Rivalit GmbH, Waldböckelheim, Germany	EUR	1,281	100.00	100.00	1,281	100.00	100.00
Semperit Profiles Deggendorf GmbH, Deggendorf, Germany	EUR	11,050	100.00	100.00	11,050	100.00	100.00
Semperit Profiles Leeser GmbH, Hückelhoven, Germany	EUR	81	100.00	100.00	81	100.00	100.00
M+R Dichtungstechnik GmbH, Seligenstadt, Germany	EUR	249	100.00	100.00	248.5	100.00	100.00
Semperit (France) S.A.R.L., Levallois Perret, France	EUR	495	100.00	100.00	495	100.00	100.00
Sempertrans France Belting Technology S.A.S., Argenteuil, France	EUR	2,542	100.00	100.00	2,542	100.00	100.00
Sempertrans Maintenance France Nord S.A.S., Argenteuil, France	EUR	176	100.00	100.00	176	100.00	100.00
Semperit Industrial Products Ltd., Birmingham, Great Britain (now: Harps Global UK Ltd.)	GBP	0	0.00	0.00 [3]	150	0.00	100.00
Sempertrans Bełchatów Sp. z o.o., Bełchatów, Poland	PLN	7,301	100.00	100.00	7,301	100.00	100.00
Carlona Sp. z o.o., Warsaw, Poland	PLN	0	0.00	0.00 [2]	68,047	100.00	100.00
Semperflex Optimit s.r.o., Odry, Czech Republic	CZK	470,318	100.00	100.00	470,318	100.00	100.00
Semperflex A.H. s.r.o., Odry, Czech Republic	CZK	100	100.00	100.00	100	100.00	100.00
Sempermed Kft., Sopron, Hungary	EUR	3,680	100.00	100.00	3,680	100.00	100.00
Semperform Kft., Sopron, Hungary	HUF	243,000	100.00	100.00	243,000	100.00	100.00
Sempermed Magyarország Kft., Budapest, Hungary	HUF	0	0.00	0.00 [3]	3,000	100.00	100.00

		12.31.2023				12.31.2022			
	Currency	Authorised share capital in ´000s	Direct holding in %	Group holding in %		Authorised share capital in ´000s	Direct holding in %	Group holding in %	
The Americas									
Sempermed Brasil Promoção de Vendas Ltda., Piracicaba, Brazil	BRL	33,971	100.00	100.00		33,971	100.00	100.00	
Sempermed USA Inc., Clearwater, Florida, USA	USD	0	0.00	0.00	3	4,000	100.00	100.00	
Semperit Industrial Products Inc., Fair Lawn, New Jersey, USA	USD	1	100.00	100.00		1	100.00	100.00	
Sempertrans North America Investments Corp., Atlanta, USA	USD	19,800	100.00	100.00	5	19,800	100.00	100.00	
SempertransUSA, LLC, Atlanta, USA	USD	17,894	100.00	100.00	5	17,894	100.00	100.00	
SIMTEC Silicone Parts, LLC, Miramar, Florida, USA	USD	3,393	100.00	100.00		0	0.00	0.00	
Asia									
Semperflex Shanghai Ltd., Shanghai, China	USD	15,000	100.00	100.00		15,000	100.00	100.00	
Semperit (Shanghai) Management Co. Ltd., Shanghai, China	USD	2,570	100.00	100.00		2,570	100.00	100.00	
Shanghai Semperit Rubber & Plastic Products Co. Ltd., Shanghai, China	EUR	2,471	100.00	100.00		2,471	100.00	100.00	
Shanghai Changning Sempermed Glove Trading Co. Ltd., Shanghai, China	USD	0	0.00	0.00	3	2,305	100.00	100.00	
Sempertrans India Pte. Ltd., Roha, Maharashtra, India	INR	790,769	100.00	100.00		790,769	100.00	100.00	
FormTech Engineering (M) Sdn Bhd, Nilai, Malaysia	MYR	0	0.00	0.00	3	8,300	69.88	69.88	
Latexx Partners Berhad, Kamunting, Malaysia	MYR	0	0.00	0.00	3	2,230	97.36	97.36	2
Latexx Manpower Services Sdn Bhd, Kamunting, Malaysia	MYR	0	0.00	0.00	3	6,378	100.00	100.00	
Latexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	0	0.00	0.00	3	571,421	100.00	100.00	
Medtexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	0	0.00	0.00	3	5,000	100.00	100.00	
Semperit Engineering Technology Asia Sdn Bhd, Penang, Malaysia (now Latexx Engineering Technology Asia Sdn Bhd)	MYR	0	0.00	0.00	3	600	100.00	100.00	
Semperit Industrial Products Singapore Pte Ltd., Singapore	USD	2,965	100.00	100.00		2,965	100.00	100.00	
Semperit Investments Asia Pte. Ltd., Singapore (now: Harps Investment Asia Pte. Ltd.)	EUR	0	0.00	0.00	3	55,398	100.00	100.00	
Sempermed Singapore Pte. Ltd., Singapore	USD	11,285	100.00	100.00	4	10,985	100.00	100.00	
Semperflex Asia Corp. Ltd., Hat Yai, Thailand	THB	380,000	50.00	50.00	1	380,000	50.00	50.00	1

[1] The investments of other shareholders are reported as redeemable non-controlling interests.
[2] Merged
[3] Discontinued operation
[4] In liquidation
[5] After the reporting date merged (see chapter 12.3.).

In respect of SAC, the Semperit Group's capital investment and voting rights amounted to 50%. The Semperit Group's management has conducted and continues to conduct ongoing analysis of the subsidiary in order to determine whether control exists within the meaning of IFRS 10 and if consolidation would therefore be justified. On the basis of past and current analyses, the management of the Semperit Group remained, as at December 31, 2023, of the opinion that SAC should be incorporated into the consolidated financial statements of the Semperit Group as a consolidated subsidiary. This discretionary decision is based on the underlying contracts, an investigation of the relevant activities, and the facts and circumstances. The following points were evaluated:

- The Chairman of the Board of Directors, who is appointed by the Semperit Group, has a casting vote.
- The Semperit Group has a call option for the remaining 50% of shares in the Sri Trang Group, which can be exercised at a fixed price until mid-2026.
- Purchasing, production, and sales are managed by the Semperit Industrial Applications division's management.
- Two positions were established for local employees to implement the Semperit Group's right of control.
- As at the reporting date, there were no indications of the Sri Trang Group effectively restricting the Semperit Group's exercise of control.

No significant non-controlling interests existed for the Semperit Group (see section 5.3). The minority interests in SAC were shown as redeemable non-controlling interests in the liabilities from redeemable non-controlling interests (see section 6.1).

11. Risk management

As a group with international operations, the Semperit Group is continuously confronted with new challenges resulting from global economic developments and their strong regional variations. The Semperit Group operates in countries with different economic framework conditions. In addition, these countries are going through different stages of political, constitutional, and social development. On account of the differences in their strategic orientation, the success of the Semperit Group's two divisions is dependent on the overall economic environment to varying degrees. As a result, the Semperit Group is exposed to risks.

Due to its involvement in international trading activities in various foreign currencies, the Semperit Group is exposed to currency risks.

In principle, derivative financial instruments and natural hedges are used in the Semperit Group to hedge currency and interest rate risks. The risk management strategy aimed at hedging currency and interest rate risks is applied to individual cases and specific projects in both the long and short term. Cost-benefit/risk considerations play a decisive role here. . In part, currency risks arising for example from expected customer, investment, and dividend payments are hedged using foreign exchange forward contracts that are accounted for as freestanding derivatives.

11.1. Capital risk management

The objectives of capital management are to ensure the company's ability to continue as a going concern, to enable growth-oriented organic and non-organic investment activities as necessary, and to allow for a compatible dividend policy. The financing structure, liquidity, and finance risk positions are managed centrally by the Semperit Group. Based on capital market principles, the long-term capital management additionally includes decisions regarding fixed or variable-interest borrowing and hybrid borrowing.

In connection with loan agreements, standard credit agreement clauses (financial covenants) exist that include termination by investors in case of non-compliance as well as adeterioration of agency credit ratings for the Semperit Group, which could therefore result in a potential negative effect on the company's financial position and financial performance, as well as credit agreement clauses (ESG key performance indicators) that may affect the rate of interest in the event of compliance or non-compliance.

From a capital management perspective, the total capital of the Semperit Group consists of equity, including non-controlling interests in subsidiaries, redeemable non-controlling interests, and net financial debt defined in the financial covenants. Net financial debt of EUR 115,151 thousand (previous year: net financial surplus of EUR 54,171 thousand) corresponds to the sum of financial liabilities of EUR 227,822 thousand (previous year: EUR 52,460 thousand) from corporate Schuldschein loans and liabilities to banks less cash and cash equivalents of EUR 112,671 thousand (previous year: EUR 106,631 thousand).

The Semperit Group is not subject to any legal requirements with regard to minimum equity, minimum equity ratios, or maximum levels of gearing; however, it is subject to certain credit agreement stipulations. These relate to a maximum leverage ratio. This is the the quotient resulting from EBITDA and net financial debt. The Semperit Group should ensure that it does not exceed a leverage ratio of 3.5. A default would occur if a leverage ratio of 4.0 is exceeded twice. As at December 31, 2023, the leverage ratio is 1.6 (previous year: –0.6).

SAG's new bank financing is variable interest and linked to the three-month EURIBOR. The newly concluded loan is due on March 31, 2028 and has an extension option of up to two years. The margins are linked to the leverage ratio (150 to 250 basis points if a leverage ratio of 3.5 is exceeded) and ESG key performance indicators (up to 6 basis points, see section 1.4). The general credit line has comparable terms and conditions in terms of the leverage ratio (120 to 220 basis points if a leverage ratio of 3.5 is exceeded) and identical ESG key performance indicators. The bank financing of EUR 110,000 thousand for the new plant expansion in Odry, is linked to the one-month EURIBOR during the availability period (until September 30, 2025) and to the three-month EURIBOR from the first repayment date (December 31, 2025), plus a margin of 0.675%. This does not take any ESG key performance indicators into account and a default would occur in the same way as bank financing by SAG if a leverage ratio of 4.0 is exceeded twice.

The relevant financial covenants were complied with both as at December 31, 2023 and as at December 31, 2022.

11.2. Liquidity risk management

In addition to continual liquidity planning, liquidity risk management also entails monitoring the applicable financial covenants as well as ensuring the availability of both drawdown options (from the framework credit agreement) and reserve liquidity. A cash pool in EUR is available for significant group companies.

The maturities of the undiscounted contractual cash flows from financial liabilities break down as follows:

						12.31.2023
in EUR thousand	**Total**	**up to 1 month**	**2 to 3 months**	**4 to 12 months**	**1 to 5 years**	**over 5 years**
Corporate Schuldschein loan	41,006	0	0	965	32,609	7,432
Liabilities to banks	230,307	342	936	15,392	180,623	33,014
Trade payables	66,510	46,539	17,265	1,855	851	0
Refund liabilities	1,280	4	110	1,165	0	0
Derivatives	2,333	0	0	0	2,333	0
Lease liabilities	67,046	541	1,171	5,052	20,673	39,609
Other financial liabilities	12,265	5,226	1,140	476	4,843	581
Summe	**420,747**	**52,652**	**20,622**	**24,905**	**241,931**	**80,636**

						12.31.2022
in EUR thousand	Total	up to 1 month	2 to 3 months	4 to 12 months	1 to 5 years	over 5 years
Corporate Schuldschein loan	56,269	0	0	15,261	32,927	8,082
Liabilities to banks	3	2	1	0	0	0
Trade payables	63,942	42,580	16,427	4,882	52	0
Refund liabilities	867	7	15	845	0	0
Derivatives	2,637	0	0	1	2,636	0
Lease liabilities	22,368	309	602	2,603	9,846	9,009
Other financial liabilities	5,734	4,090	1,298	196	150	0
Summe	**151,819**	**46,987**	**18,343**	**23,789**	**45,610**	**17,090**

A new EUR 100 million variable-interest general credit line was taken out in fiscal year 2023. This financing is provided by a consortium of six Austrian and international banks and replaces a previous general credit line of EUR 75 million. Please see section 11.1 for details on defined interest rate terms and the effect of defined ESG key performance indicators and leverage ratio on interest rates.

The Group Controlling department continually monitors compliance with the financial covenants associated with the financing operations and forecasts possible deviations in order to take timely risk minimization measures. In doing so, it proactively analyzes liquidity and cash flow trends to ensure that the agreed conditions are met and that potential financial shortfalls can be identified and addressed early on. In contrast to the newly concluded variable-interest bank financing, there is fixed interest on the existing corporate Schuldschein loans and some of the liabilities to banks. Please see section 6.2 for more details on maturities and interest rate terms.

The existing cash pool in EUR and the completion of the new factoring program on December 29, 2023 may improve the Semperit Group's liquidity. Please see section 4.2 for more details on the sale of receivables under the factoring program. The cash pool allows the businessesto optimally utilize liquidity surpluses, thereby helping to reduce financing costs, while the factoring program shortens the average receivable term and optimizes the liquidity position. These strategies, combined with a high level of trade receivables covered by credit insurance (see section 4.2), play a key role in protecting the Semperit Group from a potential liquidity shortfall and in maintaining financial stability. Individual interest rate strategies are continually reviewed, in particular by entering into fixed interest rate swaps and evaluating the refinancing of loans on the corporate Schuldschein loan market. These measures make it possible to actively manage interest rate risks and to benefit from favorable market conditions, which has a positive effect on the liquidity position.

The maturities of the undiscounted cash flows of the derivatives as at December 31, 2023 and December 31, 2022 mainly relate to the payment of a contingent purchase price liability (see section 6.3). The maturities of the undiscounted contractual cash flows from the liabilities to banks include the newly concluded loan for SAG of EUR 135,837 thousand, which is due on March 31, 2028, as well as the one for SFO of EUR 32,446 thousand, which will be repaid in 20 quarterly fixed installments starting on December 31, 2025, and the Rico Group's liabilities to banks of EUR 62,022 thousand, which are due from January 31, 2024 to July 31, 2030. SAG's loan is provided with an extension option of up to two years.

11.3. Default and credit risk management

Credit risks arise when products or goods manufactured in house are sold to customers on credit. The risk arises as soon as the Semperit Group no longer has access to the shipped products or goods; in the case of customized manufacturing, however, it begins even before production. A business partner check is performed for the customers and business information is obtained to minimize the risks. Customers undergo credit checks, first of all by means of credit reports, and the trade receivables are also protected to a very high degree by credit insurance in order to mitigate the risks.

According to the Semperit Group's credit policy – it will also be applied in full to the newly acquired Rico Group from fiscal year 2024 onwards – every customer serviced by credit must have an approved credit limit. If limits are exceeded or payments delayed, deliveries are halted and only resumed after specific conditions have been met and the resumption of deliveries has been approved by authorized individuals specified in Semperit Group directives. Customer credit risks are monitored on an ongoing basis and the credit limits adjusted accordingly, even for those customers with the best credit ratings.

The default risk associated with non-insured receivables from customers can therefore basically be considered minor, as customer creditworthiness is monitored continuously and the Group's diversified customer structure implies that risk is not concentrated with individual customers. However, the default risk is assumed to increase significantly if there are negative effects on credit ratings due to the occurrence of bankruptcy or the start of insolvency proceedings. Default is anticipated if recoverability is no longer seen as realistic and payment is therefore no longer expected. This resulted in write-offs of receivables of EUR 429 thousand in the 2023 fiscal year (previous year: EUR 194 thousand).

The Semperit Group can be exposed to default risks relating to its bank deposits in the event that individual banks run into difficulties or another banking and/or financial crisis occurs. Such deposits are not or only partially secured by deposit protection funds. An investment guideline limits the amount of cash that may be held per bank and defines the financial instruments in which the excess liquidity may be invested. In case of bankruptcy of individual banks or occurrence of another bank and/or financial crisis, the Semperit Group might not be able to access this liquidity or these credit lines, or only partially or only with some delay. With regard to investments in quasi-liquidity money market fund units, the default risk is effectively on par with that of bank deposits but is significantly reduced due to the fund's status as a contractual investment fund and the diversification within the fund into different investment securities and issuers.

In addition, the Semperit Group conducts business activities in countries with capital controls or has restrictive agreements with joint venture partners. In countries with restricted cash transfers, the Semperit Group tries to limit the amount kept locally to the minimum necessary for business operations. The above-mentioned risks may have a negative effect on the company's financial position and financial performance in the event of restrictions being placed on the free availability of cash and cash equivalents, or on access to credit lines.

The default risk associated with financial assets is recognized through loss allowances. Determined on the basis of the risk of a total default of all debtors (without taking credit insurance into account), the maximum default risk in the corresponding measurement categories breaks down as follows:

in EUR thousand	12.31.2023	12.31.2022
Cash and cash equivalents	112,671	106,631
Trade receivables	25,580	16,302
Other financial assets – securities	6,224	5,388
Derivative financial instruments	98	233
Miscellaneous other financial assets	1,743	2,464
Total	**146,316**	**131,018**

11.4. Interest rate risk management

Operating resources, investments, and acquisitions in the framework of the Group's business operations are financed using debt, some of which bears variable-interest rates. Depending on what happens to interest rates, hedging transactions could have a significant influence on the Group's financial position and financial performance.

The risk associated with fixed-interest financial instruments is that market values can be negatively impacted by changes in interest rates. In the case of variable-interest financial instruments, the risk is that fluctuations in cash flows can adversely affect the balance of cash and cash equivalents and the planning of future cash flows.

The Semperit Group's financial landscape has recently undergone a significant change, as no negative interest is now charged on company deposits. At the same time, variable-interest financial liabilities currently pay higher interest rates. The Semperit Group pursues a strategy of active liquidity management in order to counter these new conditions effectively. The Semperit Group's investment policy is strictly adhered to at all times. The interest rate profile of the Semperit Group's interest-bearing financial instruments is shown below:

	12.31.2023		12.31.2022	
in EUR thousand	Fixed interest	Variable interest	Fixed interest	Variable interest
Financial assets	30,759	79,692	73,106	30,748
Financial liabilities	45,934	182,038	52,460	150
	76,693	**261,730**	**125,566**	**30,898**

The interest rate risk sensitivity analysis focuses on the risk arising from variable-interest financial instruments. It is assumed that the variable-interest financial assets and financial liabilities have been outstanding for a full year as at the reporting date. When performing this sensitivity analysis, a change of 100 basis points is simulated. The effects of the simulations on the financial result are shown below:

	12.31.2023			12.31.2022		
	Sensitivity to changes in interest rates by			Sensitivity to changes in interest rates by		
in EUR thousand	Balance	+100 basis points	–100 basis points	Balance	+100 basis points	–100 basis points
Variable-interest financial assets	79,692	797	–205	30,748	307	–158
Variable-interest financial liabilities	182,038	–1,820	1,896	150	–2	2
	261,730	**–1,023**	**1,691**	**30,898**	**306**	**–157**

The Semperit Group continually evaluates individual interest rate strategies by entering into fixed-interest rate swaps and/or prematurely refinancing loans on the corporate Schuldschein loan market.

11.5. Currency risk management

Due to its involvement in international trading activities in various foreign currencies, the Semperit Group is exposed to currency risks. Transaction risks exist at all Group companies, e.g., for those that purchase input factors in foreign currencies and/or sell products in a different currency. The principal currencies in continued operations in this context are USD, CNY, INR, PLN; in discontinued operations they were USD and MYR.

The most significant currency in the Semperit Group's continued operations is the USD at 14.8% (previous year: 14.3%) of revenue and 11.0% (previous year: 11.9%) of cost of materials.

The translation of foreign financial statements into the euro reporting currency resulted in currency translation differences (translation risk) amounting to EUR –5,878 thousand (previous year: EUR –8,137 thousand), which were recognized in other comprehensive income. Of this, EUR –53 thousand was attributable to non-controlling interests (previous year: EUR 5 thousand). The foreign currency translation reserve has increased due to the reclassification of other comprehensive income to profit or loss following the deconsolidation of the companies in the (first) closing in the amount of EUR 23,541 thousand (previous year: EUR 0 thousand), see section 2.9. The currency translation differences in the fiscal year 2023 (as in the previous year) were mainly due to changes in the USD exchange rate. The EUR/USD rate changed from USD 1.06660/EUR as of December 31, 2022 to USD 1.10500/EUR as at December 31, 2023 or an average rate of USD 1.08122/EUR in the 2023 fiscal year (previous year: USD 1.05276/EUR).

The carrying amounts of assets and liabilities of subsidiaries not located in the euro area, and the contribution of these subsidiaries to the Semperit Group's earnings, are to a significant extent contingent upon the changes in the euro exchange rates of the functional currencies of these subsidiaries; the translation risk is not considered within the scope of the following disclosures pursuant to IFRS 7.

The following breakdown of the revenue, cost of materials, and personnel expenses of the Semperit Group's continued operations by material currency (as a percentage of the continued operations' revenue) shows that in the fiscal year 2023, 24.4% (previous year: 21.5%) of revenue or 31.1% (previous year: 27.1%) of the cost of materials and 36.1% (previous year: 38.0%) of personnel expenses were generated in foreign currencies. From this it can be derived that the currency risks on the selling and procurement sides are largely eliminated by natural offsetting effects. It should also be noted that the functional currency is usually the local currency (for exceptions, see section 1.3) and that personnel expenses are always in the local currency.

in % of revenue fron continued operations	2023	2022
EUR	75.6%	78.5%
USD	14.8%	14.3%
CNY	3.7%	3.7%
INR	2.4%	2.3%
PLN	1.8%	0.1%
CHF	0.6%	0.0%
GBP	0.4%	0.5%
SEK	0.3%	0.4%
THB	0.2%	0.2%
CZK	0.1%	0.0%
AUD	0.1%	0.1%

in % material expenses from continued operations	2023	2022
EUR	68.9%	72.9%
USD	11.0%	11.9%
CZK	6.4%	4.3%
CNY	3.9%	3.5%
INR	3.7%	3.5%
PLN	3.3%	2.0%
THB	1.9%	1.6%
HUF	0.6%	0.2%
CHF	0.2%	0.0%

in % personnel expenses from continued operations	2023	2022
EUR	63.9%	62.0%
CZK	11.8%	14.6%
PLN	9.8%	9.4%
USD	4.9%	3.9%
HUF	3.6%	3.9%
CNY	2.5%	3.3%
THB	1.2%	1.7%
CHF	0.9%	0.0%
SGD	0.7%	0.5%
INR	0.7%	0.7%

A significant portion of the Semperit Group's earnings are generated by subsidiaries that do not have their registered office in the euro area (see section 10.2).

The Group's financial management system aims to avoid currency risks as much as possible by co-ordinating payment flows. The table below shows the derivative financial instruments used to hedge against currency risks by group company, type of hedging transaction, and hedged currency. In the fiscal year 2023, the financial instruments consisted of forward exchange contracts to hedge parts of the operating business at SAC.

12.31.2023	Country	Type of transaction	Currency	Hedge amount[1]	Hedge rate[2]	Fair value in EUR thousand 2023	Range of remaining days to maturity
Semperflex Asia Corp. Ltd., Hat Yai, Thailand	Thailand	Forward exchange	USD	3,293,454	34.93	98	57–187

[1] Refers to the total amount of all existing derivative financial instruments as at the end of the reporting period for EUR and USD.
[2] Refers to the weighted average rate derived from all existing derivative financial instruments as at the end of the reporting period.

12.31.2022	Country	Type of transaction	Currency	Hedge amount[1]	Hedge rate[2]	Beizulegender Zeitwert in TEUR 2022	Range of remaining days to maturity
Semperflex Asia Corp. Ltd., Hat Yai, Thailand	Thailand	Forward exchange	EUR	1,030,000	37.18	12	32–119
Semperflex Asia Corp. Ltd., Hat Yai, Thailand	Thailand	Forward exchange	USD	7,530,000	35.16	220	59–174

[1] Refers to the total amount of all existing derivative financial instruments as at the end of the reporting period for EUR and USD.
[2] Refers to the weighted average rate derived from all existing derivative financial instruments as at the end of the reporting period.

SAC's derivative financial instruments were accounted for as freestanding financial instruments and not as hedging transactions. The fair values were shown in the consolidated balance sheet as other financial assets or other financial liabilities.

For the purposes of currency risk management, sensitivity analyses were prepared for the measurement at the reporting date of monetary items that deviate from the functional currency. These analyses also present the effects on profit of hypothetical changes in exchange rates for each currency pair. Here, receivables and liabilities in the currency pair in question as at the reporting date are taken into account, as are the forward exchange contracts. No uniform change was assumed with regards to the range of exchange rate fluctuation; instead, appropriate fluctuation ranges for each currency pair were determined on the basis of historical fluctuations during the year. The following table shows the effects of the appreciation and depreciation of major foreign currencies versus the euro (EUR) and the US dollar (USD):

			2023			2022
	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease
Change in currency to EUR	in %	in EUR thousand	in EUR thousand	in %	in EUR thousand	in EUR thousand
USD	3%	77	–77	9%	1,297	–1,297
THB	5%	–60	60	5%	–120	120
PLN	6%	–79	79	2%	–620	620
CZK	3%	903	–903	2%	–511	511
HUF	4%	–11	11	10%	153	–153
GBP	2%	30	–30	3%	35	–35
CNY	6%	–3	3	5%	–16	16
INR	3%	–4	4	5%	–3	3
SEK	5%	20	–20	4%	23	–23
CHF	4%	–12	12	6%	1	–1

			2023			2022
	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease
Change in currency to USD	in %	in EUR thousand	in EUR thousand	in %	in EUR thousand	in EUR thousand
EUR	3%	384	–384	9%	104	–104
PLN	8%	–21	21	10%	–29	29
CZK	5%	52	–52	10%	173	–173
CNY	5%	–42	42	9%	–103	103
INR	1%	–4	4	6%	–4	4
SGD	2%	2	–2	4%	1	–1
AUD	6%	–157	157	9%	–232	232
THB	5%	–19	19	9%	144	–144

12. Other

12.1. Related-party transactions with companies and individuals

Outstanding balances and transactions between SAG and its subsidiaries were eliminated in the course of consolidation and are not further discussed here.

B&C KB Holding GmbH is the direct majority shareholder of SAG, and B&C Privatstiftung is the controlling legal entity. B&C Holding Österreich GmbH is the indirect majority shareholder, which draws up and publishes consolidated financial statements in which the Semperit Group is consolidated. According to IAS 24, B&C Privatstiftung and all its subsidiaries, joint ventures, and associates are related parties of the Semperit Group.

Related parties of the Semperit Group include the members of the Executive and Supervisory Boards of SAG, the managing directors and Supervisory Board members of all companies that directly or indirectly hold a majority stake in SAG, and finally the members of the Executive Board of B&C Privatstiftung and the close family members of these Executive and Supervisory Board members and managing directors. In the 2023 fiscal year, there were free consultancy contracts between SAG (the Supervisory Board) and B&C KB Holding GmbH's managing directors: with Mr. Mathias Breuer until August 15, 2023 and with Dr. Markus Fürst from September 27, 2023.

The remuneration of members of the Executive Board and the Supervisory Board is presented in the following table:

			2023			2022
in EUR thousand	Supervisory board members	Management board members	Total	Supervisory board members	Management board members	Total
Short-term benefits	731	1,626	2,357	460	1,924	2,384
Benefits after termination of employment relationship	0	163	163	0	135	135
Other long-term benefits	0	72	72	0	97	97
Termination benefits	0	1,325	1,325	0	0	0
Total	**731**	**3,186**	**3,917**	**460**	**2,155**	**2,615**

The short-term benefits include not only regular payments but also the short-term incentive (STI), which is due within one year.

The benefits upon termination of the employment contract relate to payments to the APK Pensionskasse AG pension fund. Payments made by SAG to the employee severance fund (*Betriebliche Vorsorgekasse*, BVK) on behalf of members of the Executive Board also constitute payments upon termination of the employment contract. In the 2023 fiscal year, these amounted to EUR 35 thousand (previous year: EUR 28 thousand). However, these payments were excluded from the table above in order to ensure that the presentation is consistent with the remuneration report.

The other long-term benefits relate to the long-term incentive (LTI). The termination benefit relates to the one-time severance payment made to Kristian Brok in the 2023 fiscal year.

Payments to former members of the Executive Board and their survivors totaled EUR 680 thousand in the fiscal year 2023 (previous year: EUR 695 thousand).

The following transactions were conducted with the companies mentioned below and the following balances existed as at the reporting date: In the 2023 fiscal year, the Group conducted transactions with unit-IT Dienstleistungs GmbH & Co KG totaling EUR 640 thousand (previous year:

EUR 817 thousand). These transactions related to the purchase and maintenance of SAP licenses and were conducted at arm's length. There were outstanding liabilities to unit-IT Dienstleistungs GmbH & Co KG amounting to EUR 0 thousand as at December 31, 2023 (previous year: EUR 357 thousand).

Transactions amounting to EUR 11 thousand were conducted with Grohs Hofer Rechtsanwälte GmbH in the 2023 fiscal year (previous year: EUR 10 thousand). These transactions related to legal consulting services and were conducted at arm's length. There were outstanding liabilities to Grohs Hofer Rechtsanwälte GmbH amounting to EUR 0 thousand as at December 31, 2023 (previous year: EUR 0 thousand).

Transactions amounting to EUR 50 thousand were conducted with B&C KB Holding GmbH in the 2023 fiscal year (previous year: EUR 50 thousand). These transactions related to management and other services, and internal charging, and were conducted at arm's length. There were outstanding liabilities to B&C KB Holding GmbH amounting to EUR 15 thousand as at December 31, 2023 (previous year: EUR 0 thousand).

Transactions amounting to EUR 161 thousand were conducted with Mr. Patrick Lackenbucher in the 2023 fiscal year (previous year: EUR 215 thousand). These transactions related to consultancy services and were conducted at arm's length. The consultancy agreement with Mr. Lackenbucher was terminated with effect from June 30, 2023. There were outstanding liabilities to Mr. Patrick Lackenbucher amounting to EUR 0 thousand as at December 31, 2023 (previous year: EUR 15 thousand).

12.2. Other obligations and risks

Contingent liabilities and other financial obligations

The constant changes and in some cases tightening of the rules in national and international tax law increase the demands on tax compliance to monitor and comply with these rules. Given this situation, there are tax uncertainties and tax-related contingent liabilities, especially for income taxes (e.g., with regards to the existence of tax loss carryforwards and from international transfer pricing rules) and transaction taxes. Such tax uncertainties and tax-related contingent liabilities exist due to liabilities under tax guarantees and tax exemptions from the sale and purchase agreement with Harps Global Pte. Ltd. also (still) for the discontinued operation's former subsidiaries. Detailed information on the specific financial impact would seriously weaken the position of the Semperit Group in asserting its interests in current legal proceedings and is therefore omitted pursuant to IAS 37.92. In addition, there are contingent liabilities due to (still existing) financial guarantees to the discontinued operation's former subsidiaries that were covered by a back-to-back guarantee from Harps Global Pte. Ltd.

There were liabilities from the use of intangible assets and property, plant, and equipment not recognized in the balance sheet due to rental agreements and leases that are not reported in accordance with IFRS 16, as the option for short-term leases (i.e., up to 12 months) and low-value leased assets (i.e., up to a replacement value of around EUR 5 thousand) was exercised (see section 3.2).

As at December 31, 2023 there were also contractual obligations to purchase property, plant, and equipment amounting to EUR 15,082 thousand (previous year: EUR 9,671 thousand).

Legal proceedings

Various Group companies are defendants in individual cases in which the plaintiffs allege that they suffered damage from the defendant's products. However, in light of current insurance coverage, management does not expect these proceedings to significantly impair the Semperit Group's financial position and financial performance. There were also legal proceedings and legal uncertainties in matters pertaining to employment and social law. Please see section 7.2 for all material legal proceedings that provisions have been recognized for.

12.3. Events after the reporting date

Trade receivables were sold for the first time in January 2024 as part of the new factoring program. As of the end of February 2024, trade receivables totaling EUR 12,499 thousand (previous year: n.a.) were sold. Please see section 4.2 for more details.

In the course of optimizing the Group’s structure, the US companies Sempertrans USA, LLC, and Sempertrans North America Investments Corp. were merged with Semperit Industrial Products Inc. effective January 1, 2024.

As the parent company, SAG submitted the application on February 14, 2024 for an official assessment of the accession of the Austrian companies RICO Group GmbH, RICO-Elastomere Projecting GmbH, and Härtereitechnik Rosenblattl GmbH as additional Group members to the existing Group pursuant to Section 9 of the Austrian Corporation Tax Act (KStG) as of the 2024 assessment year.

13. Approval of the consolidated financial statements

These consolidated financial statements were prepared on March 18, 2024 and approved for submission to the Supervisory Board. The Supervisory Board has the task of examining the consolidated financial statements and explaining whether it approves the consolidated financial statements.

Vienna, March 18, 2024

The Executive Board

Dr. Karl Haider	**Dr. Helmut Sorger**	**Mr. Gerfried Eder**
CEO	CFO	CIO

Auditor’s Report[1]

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

Semperit Aktiengesellschaft Holding, Vienna, Austria

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2023 and its financial performance for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for the opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor’s report is sufficient and appropriate to provide a basis for our opinion by this date.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the con-text of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[1] The publication or disclosure of the consolidated financial statements with our auditor’s report may only be made in the version confirmed by us. This auditor’s report relates exclusively to the German-language and complete consolidated financial statements including the Group management report. For deviating versions, observe the regulations of Section 281 (2) of the Austrian Commercial Code (UGB).

Below we describe the Key Audit Matters:

Acquisition of RICO Group – Purchase price allocation

On July 31, 2023 Semperit Aktiengesellschaft Holding acquired 100% of the shares of RICO Group GmbH. As a full-service provider for individual plastic and elastomer projects, the Rico Group's product portfolio ranges from the manufacture of injection moulds and advice on component development to the series production of customer-specific components. The group comprises 3 companies in Austria, one company in Switzerland and one company in the USA.

At the acquisition date, a purchase price allocation was carried out. The total amount of consideration at the acquisition date amounted to EUR 183,661 thousand. Taking into account the acquired net assets of EUR 134,303 thousand the goodwill amounts to EUR 49,358 thousand.

The acquired identifiable assets and liabilities are to be recognised at fair value at the acquisition date in accordance with IFRS 3. The identification and measurement of the acquired net assets is complex and requires a number of judgmental decisions and assumptions. In particular, the determination of the fair value of the acquired intangible and tangible assets is based to a large extent on asset-specific assumptions that require discretionary decisions and estimates by the Management Board. In order to determine the fair values of identifiable assets and liabilities, the Management Board has in some cases commissioned external experts.

There is a risk to the consolidated financial statements that, due to the size and complexity of the business combination, the assets and liabilities assumed in connection with the acquisition were incompletely identified or not properly measured. In addition, there is a risk that the disclosures required by IFRS 3 in the Notes to the Consolidated Financial Statements are incomplete or incorrect.

The corresponding disclosures of the Semperit Group are contained in the notes "1.6 Company acquisitions".

The following audit procedures were carried out by us:

- Critical review of the concluded purchase agreement, in particular with regard to the presentation in the consolidated financial statements in accordance with IFRS 3
- Examination of the methodology used and the arith-metical accuracy of the calculation as well as the material input parameters for the valuation of the identified intangible assets with the assistance of our valuation specialists
- Audit of the completeness of the acquired assets and liabilities that were included in the purchase price allocation.
- Audit of the derivation of the projected revenues and results used for the measurement of the identified intangible assets with the plans submitted to the Supervisory Board and their reconciliation to the requirements of IFRS 3
- Critical review of the appraisals prepared by external experts on the valuation of tangible assets (mainly real estate and machinery) and discussion with the external experts, as well as plausibility check of the material valuation parameters and assessment of the competence, capability and objectivity of the external experts commissioned by the management
- Verification of the completeness and adequacy of the disclosures in the notes

Impairment of assets

As of December 31, 2023, the consolidated financial statements of Semperit Aktiengesellschaft Holding show EUR 447,498 thousand in property, plant and equipment and EUR 124,971 thousand in intangible assets – of which EUR 51,035 thousand were goodwill.

In the course of the valuation of the assets, it must be assessed on an ongoing basis whether there are indications of impairment. Considering external and internal indicators according to IAS 36.12.

For the Hoses and Rico business units (= cash-generating units), a mandatory impairment test must be carried out annually due to the existing goodwill or intangible assets with an indefinite useful life.

As of September 30, 2023, an impairment trigger was identified for the Profiles business unit due to the decline in demand as a result of the weak construction industry in Europe.

In addition, an impairment reversal trigger was identified for the Belting business unit due to the changed market environment.

For the above-mentioned business units, the recoverable amounts as values in use as of September 30, 2023 were determined for the purpose of impairment testing. After a comparison with the carrying amounts, there was no need for impairment or reversal of impairment.

In the context of determining the value in use, significant assumptions and estimates are necessary, which are subject to significant uncertainties. Accordingly, there is a risk for the consolidated financial statements that an impairment or reversal is not taken into account or is not taken into account to an appropriate extent.

The corresponding disclosures of the Semperit Group are contained in the notes "3.1 Intangible assets" and "3.2 Property, plant and equipment"

We critically questioned management's assumptions and estimates, including the following audit procedures:

- Assessment of the concept and design of the process for reviewing the recoverability of assets
- Review of the planning documentation of the three scenarios and completion of a plausibility analysis of the key value drivers (sales, expenses, capital expenditure, changes in trade working capital and cash flow
- Verification of whether the revenue and earnings forecasts are derived from the plans submitted to the Supervisory Board, and whether these items are in compliance with the requirements of IAS 36
- Audit of the methodology applied, and the computational accuracy of the documentation and calculations provided, as well as assessment of the plausibility of the discount rate with the assistance of our valuation specialists for the purposes of calculating the business unit’s value in use
- Verification of the correct determination of the carrying amounts of the assets as a comparative value to the recoverable amount of the cash-generating units

Verification of the adequacy of the disclosures in the notes

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group’s management report and the auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of the work we have done, we conclude that there has been a material misrepresentation of this other information, we are obliged to report this fact. We have nothing to report in this context.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Additional information in accordance with article 10 of EU regulation

We were elected as auditor by the ordinary general meeting at April 25, 2023. We were appointed by the Supervisory Board on June 13, 2023. We are auditors without cease since fiscal year 2012.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner on the audit resulting in this independent auditor’s report is Mr. Hans-Erich Sorli

Vienna, March 18, 2024

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Hans-Erich Sorli mp
Wirtschaftsprüfer / Certified Public Accountant

ppa Viola Vostatek, MSc mp
Wirtschaftsprüferin / Certified Public Accountant

Statement of all legal representatives

Pursuant to Section 124 (1) (3) of the Austrian Stock Exchange Act

We confirm, to the best of our knowledge, that the consolidated financial statements prepared in accordance with the relevant accounting standards as at December 31, 2023 provide a true and fair view of the Group's financial position and financial performance, that the Group management report provides a true and fair view of the business performance, the financial result, and the position of the Group, and that the Group management report describes the main risks and uncertainties that the company is exposed to.

We confirm, to the best of our knowledge, that the annual accounts prepared in accordance with the relevant accounting standards as at December 31, 2023 of Semperit AG Holding provide a true and fair view of the company's financial position and financial performance, that the management report provides a true and fair view of the business performance, the financial result, and the position of the company, and that the management report describes the main risks and uncertainties that the company is exposed to.

Vienna, March 18, 2024

The Executive Board

Dr. Karl Haider
CEO

Dr. Helmut Sorger
CFO

Mr. Gerfried Eder
CIO

Glossary

C

Compliance
Conformity with regulations; adherence to rules, guidelines and voluntary codes within a company.

Corporate Governance
Rules for the responsible management and control of a company; laid out in the Austrian Corporate Governance Code.

D

Directors’ Dealings / Managers' transactions
Share transactions conducted by the management of exchange-listed companies in the companies’ own shares.

Directors and Officers (D&O) Insurance
Liability insurance taken out by a company for its boards and executives.

Dividend ex day
The day on which the amount of the dividend is deducted from the share price.

Dividend payout ratio
Distribution ratio; share of the profit that is distributed to shareholders in the form of dividends.

E

EBIT
Earnings before interest and tax; operating result.

EBIT margin
EBITDA in relation to revenue.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

EBITDA margin
EBITDA in relation to revenue.

Equity ratio
The ratio of shareholders’ equity to total assets.

Elastomer
Form stable but elastically deformable plastics.

Equity consolidation / Equity method
The share in earnings after tax prorated according to the proportion of ownership interest is disclosed in the income statement under the item “Investments in joint ventures and associated companies”.

F

Full consolidation
All assets and liabilities, expenses and income of the subsidiaries are included in full in the consolidated financial statements. If the shareholding is less than 100% the share in equity not attributable to the group is reported either in equity under non-controlling interests or in debt under redeemable non-controlling interests.

Free cash flow before the sale of companies
Free cash flow is the net cash flow adjusted for interest payments that is available for strategic growth investments, dividends and the repayment of debt. Free cash flow before the sale of companies plus proceeds from the sale of companies less cash and cash equivalents sold results in the free cash flow after company disposals.

I

IFRS (International Financial Reporting Standards)
Accounting standards developed by the International Accounting Standards Board (IASB). In addition to the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) of the IASB, it also incorporates the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Interpretations of the Standing Interpretations Committee (SIC).

M

Market capitalisation
Number of shares multiplied by the share price; market value of a company in absolute terms.

N

Natural latex
Milky juice of the rubber tree that is obtained by grazing the bark.

Net financial debt
Net financial debt is an indicator that shows the net debt level of a company. Net financial debt provides information about the financial stability of a company.

Nitrile
Comprehensive term for a group of chemical compounds – basic material for Semperit's synthetic gloves.

O

Organisation for Economic Cooperation and Development (OECD)
An organisation of 30 industrial states aiming to promote economic growth and global trade.

P

Payout ratio
See dividend payout ratio.

Provisions
Accounting provisions for future obligations, the extent and maturity of which cannot be determined explicitly.

R

Return on equity
The return on equity in terms of earnings after tax.

Contact

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Financial Calendar 2024

19.03.2024	Publication of 2023 annual financial statements
13.04.2024	Record Date Annual General Meeting
23.04.2024	Annual General Meeting, Vienna
25.04.2024	Ex-dividend day
26.04.2024	Record Date Dividend (= day, on which settled positions are struck at CSD Austria at close of business to determine the entitlement)
30.04.2024	Dividend payment day
15.05.2024	Report on Q1 2024
13.08.2024	Half-year financial report 2024
07.11.2024	Report on Q1-3 2024

Contacts of the Semperit Group
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Disclaimer

The terms “Semperit” or “Semperit Group” in this report refer to the group; “Semperit AG Holding” or “Semperit Aktiengesellschaft Holding” is used to refer to the parent company (individual company).

We have prepared this report and verified the information it contains with the greatest possible care. Nevertheless, rounding, typesetting and printing errors cannot be ruled out. Rounding of differences in the summation rounded amounts and percentages may arise from the automatic processing of data.

The forecasts, plans and forward-looking statements contained in this report are based on the knowledge and information available and the assessments made at the time that this report was prepared (editorial deadline: 18 March 2024). As is true of all forward-looking statements, these statements are subject to risk and uncertainties. As a result, actual events may deviate significantly from these expectations. No liability whatsoever is assumed for the accuracy of projections or for the achievement of planned targets or for any other forward-looking statements. Words such as “expect,” “want”, “believe,” “anticipate,” “includes,” “plan,” “assumes,” “estimate,” “projects,” “intends,” “should,” “will,” “shall,” or variations of such words are generally part of forward-looking statements. Furthermore, there is no guarantee that the contents are complete. Statements referring to people are valid for both men and women.

This report has been written in German and English. In case of doubt, the German version shall take precedence.

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