

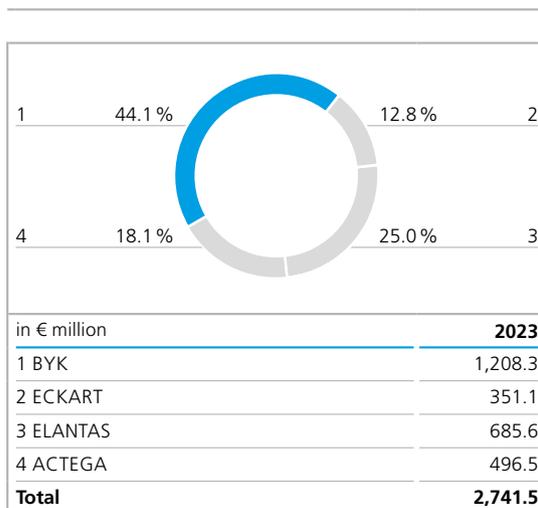


## Group Profile 2023

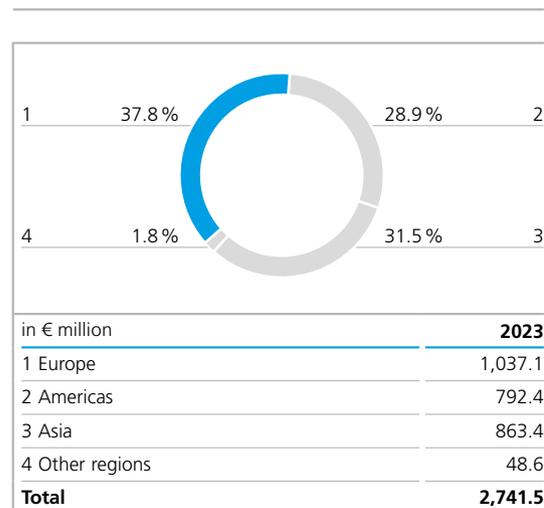
### ALTANA's divisions



### Sales by division



### Sales by region



## Key figures at a glance

	2022	2023	Δ %
in € million			
Sales	3,021.0	2,741.5	-9
Earnings before interest, taxes, depreciation and amortization (EBITDA)	452.2	385.1	-15
<i>EBITDA margin</i>	15.0%	14.0%	
Operating income (EBIT)	287.5	216.3	-25
<i>EBIT margin</i>	9.5%	7.9%	
Earnings before taxes (EBT)	305.5	166.3	-46
<i>EBT margin</i>	10.1%	6.1%	
Net income (EAT)	232.4	110.2	-53
<i>EAT margin</i>	7.7%	4.0%	
Research and development expenses	192.9	196.5	2
Capital expenditure on intangible assets and property, plant and equipment	103.5	138.3	34
Cash Flow from operating activities	201.6	412.8	>100
<i>Return on capital employed (ROCE) <sup>1</sup></i>	8.5%	6.4%	
ALTANA Value Added (AVA) <sup>1</sup>	26.3	(30.4)	

<sup>1</sup> Adjustment of the calculation from 2022

	Dec. 31, 2022	Dec. 31, 2023	Δ %
in € million			
Total assets	3,961.5	4,140.5	5
Shareholders' equity	2,951.6	2,851.2	-3
Net debt (-)/Net financial assets (+) <sup>2</sup>	144.7	(51.8)	
Headcount	6,957	7,939	14

<sup>2</sup> This corresponds to the balance of cash and cash equivalents, short-term financial assets, marketable securities, loans issued, financial liabilities, and pension provisions.

	2022	2023	Δ %
WAI 1 (number of reported occupational accidents with lost work time of one day or more per million working hours)	2.5	2.8	12
WAI 2 (number of reported occupational accidents with lost work time of more than three days per million working hours)	2.0	1.7	-15
WAI 3 (number of lost work days due to reported occupational accidents per million working hours)	23.1	31.8	38
Total CO <sub>2</sub> equivalents (Scope 1 + Scope 2) <sup>3</sup> (t)	92,629	77,769	-16
<i>of which offset by compensation (Scope 1)<sup>3</sup> (t)</i>	40,729	44,600	10
Specific CO <sub>2</sub> equivalents (Scope 1 + Scope 2) <sup>3</sup> (kg/kg finished goods)	0.16	0.15	-6

<sup>3</sup> Scope 1: direct emissions; Scope 2: indirect emissions. The value for Scope 2 shown here is calculated based on the market-based method. Biogenic emissions are not included.

Due to rounding, this Corporate Report may contain minor differences between summations and the calculation of percentages.

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### Legal Disclaimer

This Corporate Report is a translation of the Unternehmensbericht. The translation was prepared for convenience only. In case of any discrepancy between the German version and the English translation, the German version shall prevail.

This report contains forward-looking statements, i.e. current estimates or expectations of future events or future results. The statements are based on beliefs of ALTANA as well as assumptions made by and information currently available to ALTANA. Forward-looking statements speak only as of the date they are made. ALTANA does not intend and does not assume any obligation to update forward-looking statements to reflect facts, circumstances or events that have occurred or changed after such statements have been made.

Dear Ladies and Gentlemen,

2023 was another year of challenges, yet it was a year in which we also boldly seized opportunities.

A demanding economic landscape, geopolitical conflicts, and natural disasters created difficult external conditions for all market participants. Despite being unable to match the previous year's sales and earnings under these circumstances, we successfully stabilized earnings and cash flow through targeted countermeasures. Simultaneously, we made substantial investments in our future.

With important values at risk in various places throughout 2023, values also embedded in our Guiding Principles, it became even more important for the entire ALTANA team worldwide to concentrate on our strengths. This focus enabled us to create sustainable value for the people around us and society as a whole. After all, great challenges of our time, above all climate protection, demand the full deployment of our solution expertise.

The companies within the ALTANA Group continued to make direct and impactful contributions to making everyday life more sustainable in 2023. All divisions played a role in this endeavor, whether it was enhancing the recyclability of packaging through ACTEGA or fortifying the resilience of large wind turbines with BYK additives in the rotor blades, to cite just two examples.

The volatile economic developments of the past fiscal year are likely to persist, impacting the entire industry. But the economy will undoubtedly recover. Although the development of demand cannot be influenced much in the short term, specialty chemical solutions, such as those offered by ALTANA, continue to be indispensable for our customers and end consumers. Therefore, in 2023, we maintained our commitment to invest in forward-looking areas. We expanded our research and development efforts, actively promoted digitalization, and executed strategic acquisitions. The issuance of a sustainability-linked promissory note loan in November bolstered our financial flexibility for these initiatives.



ALTANA's Management Board from left to right:

**Stefan Genten, Martin Babilas (Chairman), Dr. Tammo Boinowitz**

Notably, the acquisition of the Von Roll Group in September 2023, marking the second-largest in our company's history, and its integration into our ELANTAS division position us to play a pivotal role in advancing e-mobility and renewable energies through innovative electrical insulation systems. Given that the success of the critical energy transformation for climate protection hinges on electrical insulation, this acquisition is of paramount importance. The acquisition of the significantly smaller but no less innovative business of the leading international specialist for high-frequency ultrasonic measuring devices Imaginant for our BYK division in August 2023 also strengthens our solutions expertise. In the early months of 2024, our successful acquisition of the Silberline Group will enhance the global presence of our effect pigments business.

In 2023, we maintained our high level of expenditure on in-house research and development. For instance, a team from ECKART showcased the tangible outcomes of this investment by earning the ALTANA Innovation Award. The team was recognized for developing effect pigments that eliminate the need for chromium VI-containing metallization processes, offering an authentic chrome look. Additionally, our ALTANA startup focused on 3D printing innovation, "Cubic Ink," propelled the development of new high-performance resins for the emerging additive manufacturing market. This innovation presents novel opportunities for manufacturing products, especially for users in the automotive, aviation, and aerospace industries, as well as in medical technology.

Investments in our sites worldwide are another path we took in 2023 to make ALTANA fit for the future. Last year, for example, we expanded BYK's U.S. site in Wallingford and began building a new ELANTAS plant in Zhuhai in southern China. Sustainability remains a key criterion, not just in our product solutions but also at our own sites. This commitment aligns not only with the UN Global Compact initiative for responsible and sustainable corporate governance but also with our internal standards. In 2023, our carbon footprint significantly decreased compared to the previous year.

The year 2023 once again underscored that our innovative prowess and financial resilience, coupled with the inherent drive embedded in our DNA to pioneer tomorrow's solutions today, often positions us as catalysts for positive change, even amidst turbulent times.

In the magazine section of this corporate report, we have highlighted various megatrends to illustrate how our colleagues within the ALTANA Group are collectively driving significant contributions toward a sustainable future. Whether it's in the realms of energy transformation and e-mobility, or the establishment of climate-friendly supply chains, our solutions have the potential to change entire markets.

We would like to express our sincere thanks to our employees for their extraordinarily high level of commitment and their personal contribution in 2023. Our thanks also go to our customers and business partners as well as to the members of the Supervisory Board for their constructive support and their trust in ALTANA's work.

**Martin Babilas**

**Dr. Tammo Boinowitz**

**Stefan Genten**



## About This Report

### Corporate Report 2023

The Corporate Report for 2023 encompasses the annual and sustainability reports. With it, the ALTANA Group informs the public, its employees and business partners, as well as public authorities, nongovernmental organizations, and all other interested parties about the Group's development in economic, ecological, and social respects. In addition to the Group Management Report, which also contains information on corporate governance, and the Consolidated Financial Statements (condensed version), this report contains a description of ALTANA's understanding of sustainable management and the progress the Group has made in implementing it in the past fiscal year. As a result, this report for 2023 updates the content that was published in the 2022 Corporate Report (published on March 17, 2023). At the same time, it serves as the annual Communication on Progress of the UN Global Compact.

### The Reporting Period

All financial and human resources information in the Group Management Report and the Consolidated Financial Statements for 2023, as well as the environmental key performance indicators and data on occupational health and safety, refer to the period from January 1 to December 31.

In August 2023, the BYK division acquired the business of the U.S. company Imaginant. At the end of September 2023, the ELANTAS division acquired a majority stake in the Swiss Von Roll Group. As the integration processes required to determine the sustainability-related information for the two acquisitions had not yet been completed by the end of 2023, this report does not include safety and environmental key performance indicators from the two acquisitions.

### Reporting Principles

In terms of the Group Management Report and the Consolidated Financial Statements, the reporting adheres to the specifications of the International Financial Reporting Standards (IFRS), as applicable in the EU, and the additional requirements of German commercial law pursuant to section 315 e of the German Commercial Code (HGB). As in the previous years, this was audited and confirmed by an independent auditor. The complete Consolidated Financial Statements including the Notes to the Consolidated Financial Statements are available online at [www.altana.com/consolidated\\_financial\\_statements\\_2023](http://www.altana.com/consolidated_financial_statements_2023).

ALTANA reports in accordance with the standards of the Global Reporting Initiative (GRI). The report is also based on the framework of the International Integrated Reporting Council (IIRC). The accident indicators WAI 1, WAI 2, and WAI 3, as well as selected energy indicators, including greenhouse gas emissions, are presented in the Group Management Report and were part of the audit carried out by an independent auditing company. These and other sustainability indicators can be found in detail online at [www.altana.com/facts\\_figures\\_sustainability\\_2023](http://www.altana.com/facts_figures_sustainability_2023).

Details on the selection of relevant reporting content in accordance with the GRI standards and on the definition of the sustainability topics important for the ALTANA Group and its stakeholders can be found in the following section. A detailed list of all criteria in accordance with the GRI standards on which ALTANA provides information is available online at [www.altana.com/facts\\_figures\\_sustainability\\_2023](http://www.altana.com/facts_figures_sustainability_2023). This report is available in German and English.

## Sustainability Management

### ALTANA's Understanding of Sustainability

ALTANA consistently gears its activities to sustained profitable growth. But we can only achieve economic success in the long run if we also bear in mind ecological and social aspects and anchor them firmly in our company. Our understanding of sustainability as a triad of economy, ecology, and corporate social responsibility is also reflected in ALTANA's mission:

We provide innovative solutions based on integrated chemical, formulation, and application expertise that make products of daily life better and more sustainable.

Our solutions open up growth or savings potential for our customers and can change entire markets.

As a result, we create value for our customers, employees, shareholder, and society as a whole.

### The View of our Stakeholders

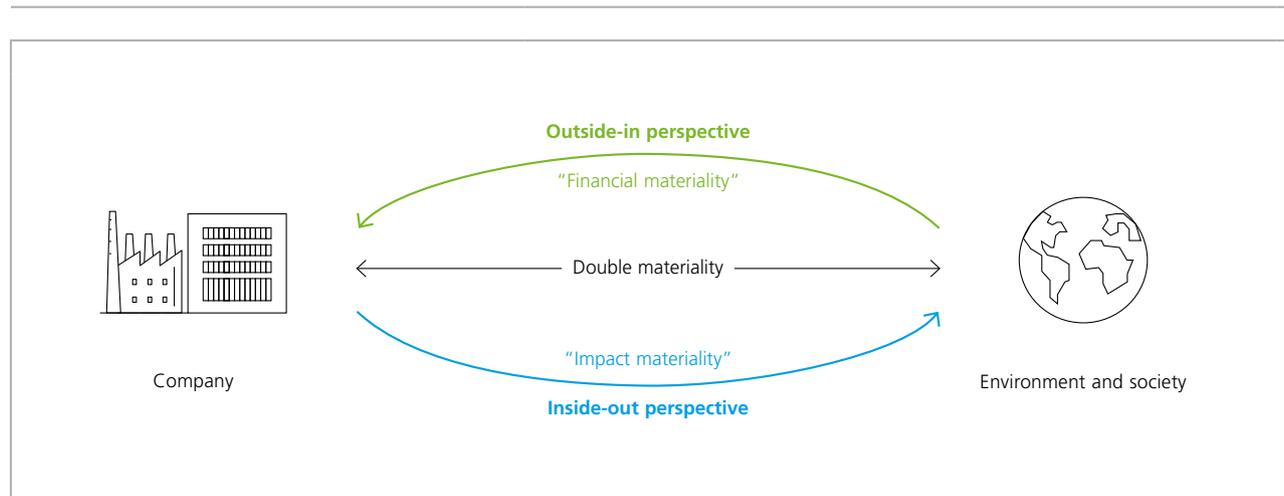
As a globally manufacturing specialty chemicals company, ALTANA maintains regular contact and exchange with various stakeholders. These include its customers, employees, owner, suppliers, other business partners, authorities, associations, scientific organizations, as well as our neighbors at the different sites. The content and results of these dialogs are among the factors that shape ALTANA's understanding of sustainability and lead to the prioritization of certain topics.

In the 2023 fiscal year, ALTANA evaluated the results of the materiality analysis with the stakeholder survey conducted from autumn 2022 onwards. The aim of the project was to identify and confirm, respectively, the sustainability topics that are material to the business operations with

the involvement of the relevant stakeholders. In doing so, ALTANA was guided by both the current GRI standard (2021) and the European reporting framework ESRS (European Sustainability Reporting Standards), which was finalized in the course of the 2023 fiscal year based on the European Commission's Corporate Sustainability Reporting Directive (CSRD) and went into effect on January 1, 2024. The sustainability reporting requirements set out therein are not binding for ALTANA until 2025.

Nevertheless, in its materiality analysis, ALTANA adhered to the principle of double materiality enshrined therein. According to this principle, a sustainability aspect is considered material if it does not only pose financial or other significant risks or opportunities for the company (from an outside-in perspective), but also if the company's activities themselves have an impact on the environment or society (inside-out perspective). In the strict definition of material topics, it is initially irrelevant whether the respective impacts are positive or negative. What matters is that the assessment of whether a sustainability aspect is material or not is as objective as possible. To achieve this objectivity, from November 2022 to March 2023, ALTANA, with the support of a specialized sustainability service provider, conducted a total of around 30 expert interviews with selected stakeholders who are familiar with both the company and sustainability issues, including direct customers, brand owners, suppliers, employees, local politicians, and representatives from the fields of education, science, and research. An online survey was also conducted among these and other stakeholders. The survey centered around 34 potentially material sustainability topics that ALTANA had derived in a first step from the available ESRS framework and supplemented with company-specific topics. ALTANA made these available to all stakeholders with corresponding definitions and potential positive and negative impacts ahead of the survey in order to ensure a consistent and shared understanding.

### The Principle of Double Materiality



The results of the stakeholder survey became available in the first half of 2023 and were integrated into an initial analysis of opportunities and risks pertaining to the environment, climate protection, climate adaptation, employee rights, human rights, social standards, and compliance throughout the entire value chain. ALTANA identified six material topics, elaborated upon below: Sustainable Products and Innovation; Greenhouse Gas Emissions from Products and Services; Plant and Transportation Safety; Health and Occupational Safety; Energy Consumption and Efficiency; and Dealing with Critical Substances. These topics will not only be the focal points for the company's forthcoming sustainability reporting but will also be integral to further strategy development. While numerous other topics are deemed important and will be actively pursued by ALTANA, they are not considered material based on the expected impacts, as outlined in the methodology above. ALTANA will regularly review the findings of the materiality analysis and update them as needed, with ongoing stakeholder discussions

integrated into the business processes forming a crucial basis for these assessments.

#### Sustainable Products and Innovation

- Product portfolio that conserves resources and has a positive impact on the environment and society,
- consideration of sustainability criteria as part of product development,
- research and innovation to improve production and products with the aim of creating economic, ecological, and social value.

#### Greenhouse Gas Emissions from Products and Services

- Reduction of greenhouse gas (GHG) emissions along the entire value chain,
- monitoring and management of GHG emissions,
- analysis and consideration of climate-related transition risks and opportunities along the entire value chain.

### **Plant and Transportation Safety**

- Uniform standards for the safety of people and the environment in production,
- compliance with legal and voluntary regulations on plant and transportation safety,
- safe transportation of dangerous goods.

### **Health and Occupational Safety**

- Management systems to ensure the health and safety of employees,
- reduction of the number of accidents at work,
- compliance with working time standards in accordance with EU and ILO (International Labor Organization) guidelines.

### **Energy Consumption and Efficiency**

- Energy optimization of processes (energy efficiency),
- energy consumption and (possible) generation,
- use of renewable energy sources.

### **Dealing with Critical Substances**

- Safety in the production, handling, use, distribution, and marketing of critical substances (“Substances of Concern”) by ALTANA.
- “Substances of Concern” are chemicals that can have a harmful effect on human health or the environment due to their intrinsic properties. In certain cases, such substances can prevent the recovery of safe, high-quality secondary raw materials through recycling. Used as a raw material in chemical processes, however, they are also employed to manufacture products that make an important contribution to sustainability.

## **Objective Evaluation of Sustainability**

To be able to measure not only the company’s business performance but also its involvement in all areas of sustainability, alongside key performance indicators and certified management systems, ALTANA is using objective external evaluations increasingly. The assessments of the rating company EcoVadis play a special role. EcoVadis analyzes four topics based on leading standards (GRI, UN Global Compact, and ISO 26000): environment, labor and human rights, ethics, and sustainable procurement. EcoVadis has become the leading assessment platform for the chemical industry. Tens of thousands of companies now work with EcoVadis.

ALTANA uses the objective EcoVadis rating of its production sites and ALTANA AG as a whole to make the respective status quo transparent both internally and externally, but also to systematically drive sustainability forward within the company.

In the year under review, ALTANA again participated in the CDP “Climate Change” program. CDP (formerly Carbon Disclosure Project) is an international non-profit organization that encourages companies and governments to reduce their greenhouse gas emissions, conserve water resources, and protect forests.

## **Organization of Sustainability**

At ALTANA, the Group’s operating companies are responsible for implementing and anchoring sustainability. The individual companies are committed to continually reducing the environmental effects of the Group and to improving safety at the respective sites. Furthermore, the individual sites are required to introduce suitable management systems and have them certified. Moreover, special, cross-divisional expert platforms exchange information on relevant EH&S topics

(for example energy, sustainability performance, environmental key performance indicators), and present best-practice models.

At the summit meeting on September 25, 2015, the 193 member states resolved the 2030 Agenda for Sustainable Development. ALTANA supports this United Nations initiative and developed the goals listed on the following page.

### Sustainable Development Goals

ALTANA has been a member of the UN Global Compact since 2010 and commits to integrating the ten principles into the company and to observing the general goals of the United Nations (see the Communication on Progress of Global Compact on page 126).

#### UN Sustainable Development Goals (SDGs)



## SDGs with special relevance for ALTANA

**Occupational Health and Safety**

For ALTANA, the health and safety of its employees is a top priority. All of its worldwide sites have established their own safety organization, which includes adherence to all local occupational safety regulations, training measures, as well as recording and evaluating accidents and near accidents. ALTANA uses

the Work Accident Indicator (WAI) as the most important key performance indicator in order to observe the development of occupational safety at all sites and to continually improve it. Further information can be found in the Group Management Report, in the "Health and Safety" chapter, in the accident key performance indicators with the targets, as well as in the Management Approach "Occupational Health and Safety."

**Training and Education**

Our employees are our most important resource. ALTANA therefore promotes their professional development, prepares them for leadership positions, and enables them to participate in the company's economic success in order to retain them in the long term. A special focus is on recruiting young, specialized, and managerial staff. Further information can be found in the

"People" chapter, in the GRI Content Index, and in the Management Approach "Employee-Oriented Management."

**Gender Equality**

ALTANA seeks in the medium to long term to reach the goal of increasing the share of women in leadership positions in the entire ALTANA Group to the percentage of women among the company's employees worldwide. Further information can be found in the Group Management Report, in the human resources

key performance indicators, and in the Management Approach "Employee-Oriented Management."

**Sustainable Economic Growth and Decent Work**

Our customers' success is at the center of ALTANA's business activities. We can only be successful in the competitive environment in the long run if we offer our customers added value. We not only aim to secure long-term economic success, but to act sustainably in

every respect. As a member of the UN Global Compact, ALTANA therefore actively supports the targets of responsible corporate management. Further information can be found in the Group Management Report, in the Communication on Progress of the UN Global Compact, and in the Management Approaches "Strategy," "Compliance," and "Employee-Oriented Management."

**Innovation: New Products and Technologies**

ALTANA's products and services are geared to offering its customers special sustainable solutions and to enable them to gain a competitive advantage. To keep or to extend its position as a leading specialty chemicals company, the ALTANA Group intends to continually expand its competencies. To achieve this goal, ALTANA steadily grows its product portfolio through its own developments, as well

as through acquisitions and cooperation with other companies, universities, and research institutes. Further information can be found in the Group Management Report, in the "Products" chapter, and in the Management Approach "Innovative Solutions."

**Climate Protection Measures**

Ecologically sound economic activity is a key component of ALTANA's corporate strategy. In addition to focusing on reducing emissions within its own value chain, ALTANA also invests in certified climate protection projects. Our goal is to voluntarily offset as many CO<sub>2</sub> equivalents as the company generates in

Scope 1, Scope 2, and selected categories of Scope 3 (categories 4, 6, and 8) from 2025 onwards. Furthermore, ALTANA's products contribute to improving climate protection in the value chain. ALTANA controls the Group's efficiency regarding energy consumption and the resulting greenhouse gas emissions with the help of defined performance indicators and defined targets. Further information can be found in the Group Management Report, in the "Environment" and "Products" chapters as well as in the environmental performance indicators with targets in the Management Approaches "Energy" and "Emissions."

## Corporate Bodies and Management

### Management Board

#### **Martin Babilas**

Chairman

Responsibility:

- ELANTAS
- ACTEGA
- Corporate Development
- Human Resources
- Corporate Communications
- Internal Audit

#### **Dr. Tammo Boinowitz**

Responsibility:

- BYK
- ECKART
- Innovation Management
- Environment, Health & Safety
- Procurement
- Key Account Management
- ALTANA Excellence

#### **Stefan Genten**

Responsibility:

- Finance and Accounting
- Controlling
- Group Treasury
- Taxes
- Digital Transformation
- Information Technology
- Legal/Intellectual Property
- Compliance

### The Executive Management Team

The Executive Management Team is an advisory body in which strategic and operative issues that are important for ALTANA and the divisions are discussed and deliberated on. In addition to the members of the Management Board, the Executive Management Team includes the presidents of the divisions as well as selected executives of the company.

(in alphabetical order)

#### **Dr. Jörg Hinnerwisch**

President Division BYK

#### **Thorsten Kröller**

President Division ACTEGA

#### **Ravindra Kumar**

President Division ELANTAS

#### **Volker Mansfeld**

Head of Corporate Development

#### **Carina Meier-Hedde**

Chief Human Resources Officer

#### **Dr. Christian Przybyla**

President Division ECKART

#### **Dr. Petra Severit**

Chief Technology Officer

## The Supervisory Board

**Dr. Matthias L. Wolfgruber**  
Chairman

**Ulrich Gajewiak**<sup>1</sup>  
Deputy Chairman

**Susanne Klatten**  
Doctor of Science h.c., Univ. Buckingham  
Deputy Chairwoman

**Dr. Sven Abend**

**Jürgen Bembenek**<sup>1</sup>

**Dr. Anette Brüne**<sup>1</sup>

**Antje Gerber**

**Armin Glashauser**<sup>1</sup>

**Klaus Koch**<sup>1</sup>

**Prof. Dr. Frank Richter**

**Dr. Jens Schulte**

**Stefan Soltmann**<sup>1</sup>

## Supervisory Board Committees

The Supervisory Board of ALTANA AG has established the following committees:

### Human Resources Committee

Dr. Matthias L. Wolfgruber (Chairman)

Jürgen Bembenek

Ulrich Gajewiak

Susanne Klatten, Doctor of Science h.c., Univ. Buckingham

### Audit Committee

Dr. Jens Schulte (Chairman)

Armin Glashauser

Prof. Dr. Frank Richter

Stefan Soltmann

### Mediation Committee

(in accordance with section 27 (3) of the German Codetermination Act)

Dr. Matthias L. Wolfgruber (Chairman)

Ulrich Gajewiak

Susanne Klatten, Doctor of Science h.c., Univ. Buckingham

Klaus Koch

<sup>1</sup> Employee representative

## Report of the Supervisory Board

The Supervisory Board of ALTANA AG, carrying out the functions stipulated by law and the Articles of Association, closely followed the work of the Management Board and monitored its management activities in the 2023 fiscal year. The Supervisory Board dealt in depth with the situation and development of the company as well as with various current issues. The Supervisory Board was regularly informed by the Management Board about the respective agenda items through presentations and oral reports in meetings. The Supervisory Board also regularly received additional written reports. Between Supervisory Board meetings, the Chairman of the Management Board informed the Chairman of the Supervisory Board about significant developments and events and discussed pending or planned decisions with him. The Supervisory Board was involved in all major company decisions.

### Meetings of the Supervisory Board

In the 2023 fiscal year, the Supervisory board held four regular, two extraordinary, and one constituent meeting. At the regular meetings, the economic situation and development perspectives of the ALTANA Group, particularly in view of the persistently challenging business environment, as well as important events were discussed and deliberated on in detail. In addition to regular reporting on ALTANA's sales, earnings, and financial development, the Supervisory Board dealt in depth with the strategy of ALTANA and its individual divisions. Furthermore, the Supervisory Board discussed the situation, development, and plans of the ACTEGA division and the ECKART division in depth in the 2023 fiscal year. At the beginning of the year, the results of the employee survey were presented to the Supervisory Board, and the Supervisory Board discussed the measures derived from them with the management. This was followed in June by an update on the strategic human resources projects in the Group as well as the "People" action fields of the Keep Changing Agenda and women in management positions, including the regular resolution on the targets for the proportion of women on the Supervisory Board and Management Board. With the help of an external expert, the Supervisory Board collected information about current geopolitical developments and discussed with the management how the Group is responding to these developments. The Supervisory Board received regular updates on the company's investment in the Israeli Landa Corporation Ltd. (Landa Digital Printing) and, at one of its meetings in 2023, an update on the report on the results of a strategic assessment of this investment from 2022. The Supervisory Board was informed about the results of the survey of the company's stakeholders on sustainability issues and received an update on the Group's digital transformation. At its December meeting, the Supervisory Board dealt with the corporate planning for the next three years and the budget for 2024 in detail and approved the latter. At an extraordinary meeting in May,



**Dr. Matthias L. Wolfgruber**, Chairman of the Supervisory Board of ALTANA AG

the Supervisory Board approved the acquisition of the Von Roll Group, and at another extraordinary meeting in December, it approved the acquisition of the Silberline Group. Prior to the Annual General Meeting in March and an Extraordinary General Meeting in December, the Supervisory Board made recommendations for resolutions on all agenda items, including the dividend. Various elections were held at the constituent Supervisory Board meeting following the Annual General Meeting in March of the year, among other things because of the elections of employee representatives to the Supervisory Board at the beginning of 2023 (more information on this can be found below in the “Personnel Changes” section).

### Meetings of the Committees

The Human Resources Committee met thrice in the year under review. In addition, it passed a resolution by written circulation. At its meetings, it discussed recommendations to the Supervisory Board on the payment of variable compensation components for 2022 and the payments from the ALTANA Equity Performance Program 2019 to the Management Board members, as well as the targets for the short-term bonuses of the Management Board members for 2024 and the allocation values in the ALTANA Equity Performance Program of the

Management Board members for 2024. In addition, the Human Resources Committee recommended an adjustment to the group accident insurance for the members of the Management Board and decided to adjust the peer group relevant for the long-term bonus. The Audit Committee met twice in the year under review and reported regularly to the Supervisory Board. In the presence of the auditor as well as members of the Management Board, the Audit Committee discussed the annual financial statements of ALTANA AG and the ALTANA Group. In addition, it dealt with the statutory audit process mandating the auditor, the setting of audit fees, monitoring the auditor's independence, and the approval of non-auditing services of the auditor. Furthermore, the Audit Committee addressed the identification and monitoring of risks in the Group, the Group's internal auditing activities, ALTANA's Compliance Management System, as well as the good corporate governance. At its March meeting, the Audit Committee assessed the quality of the audit of the financial statements and obtained information on the status of implementation of the risk management system in accordance with the new Supply Chain Duty of Care Act. In December of the reporting year, the Audit Committee dealt with the financing strategy and the integration of acquisitions and received an update on data protection in the Group. The Mediation Committee pursuant to section 27 (3) of the German Co-Determination Act did not meet in the 2023 fiscal year.

## Annual Financial Statements

The Annual Financial Statements of ALTANA AG, the Consolidated Financial Statements for the year ended December 31, 2023, and the Management Report of ALTANA AG, as well as the Group Management Report, were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which was appointed by the Annual General Meeting and engaged by the Audit Committee of the Supervisory Board, and it issued an unqualified audit opinion in each case. The system for early risk recognition set up for the ALTANA Group pursuant to section 91 of the German Stock Corporation Act was audited, and the examination revealed that the monitoring system is suitable in all material respects for the early recognition, with reasonable assurance, of developments endangering the ability of the company to continue as a going concern.

The financial statement documentation, the Corporate Report, the reports of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft on the audit of the Annual Financial Statements and the Consolidated Financial Statements, as well as the Management Board's proposal for the use of the net profit, were made available to all Supervisory Board members. The Audit Committee of the Supervisory Board dealt at length with this documentation.

The Supervisory Board inspected the documentation and dealt with it in depth at its balance sheet meeting in the presence of the auditor, who reported on the main results of the examination. The Supervisory Board agrees with the findings of the audit without objections and in its meeting of March 20, 2024, approved the Annual Financial Statements and Consolidated Financial Statements prepared by the Management Board. The Annual Financial Statements are thereby adopted. The Supervisory Board evaluated the Management Board's proposal for the use of the net profit and agrees with its recommendation.

### Report in Accordance with Section 312 of the German Stock Corporation Act

The Management Board prepared a report in accordance with section 312 of the German Stock Corporation Act on relations with affiliated companies for the 2023 fiscal year. The Supervisory Board inspected this report and found it to be accurate. The auditor issued the following audit opinion:

“On completion of our audit and assessment in accordance with professional standards, we confirm that the factual statements of the report are correct and that the consideration paid by the company for the legal transactions in the report was not inappropriately high.”

The Supervisory Board noted and approved the auditor's findings. Following the completion of its own review, the Supervisory Board has no objections to the Management Board's statement at the end of the report.

### Personnel Changes

Dr. Susanne Klatten and Dr. Jens Schulte were reelected as members of the Supervisory Board by the Annual General Meeting on March 16, 2023, after their term of office had expired. Their new term of office ends at the end of the 2028 Annual General Meeting.

The end of the Annual General Meeting on March 16, 2023, also marked the start of the renewed term of office of the employee representatives on the Supervisory Board who were reelected on February 1, 2023: Mr. Ulrich Gajewiak, Mr. Jürgen Bembenek, and Mr. Armin Glashauser as employee representatives; Dr. Anette Brüne as a representative of senior management; and Mr. Stefan Soltmann and Mr. Klaus Koch as union representatives.

This Annual General Meeting was followed by a Supervisory Board constituent meeting. At this meeting, the Supervisory Board reelected Dr. Matthias Wolfgruber as its chairman and Mr. Gajewiak and Dr. Klatten as its deputy chairman and deputy chairwoman, respectively.

The Supervisory Board reelected Dr. Klatten and Mr. Koch as members of the Mediation Committee alongside Dr. Wolfgruber and Mr. Gajewiak, who, as chairman and deputy chairman of the Supervisory Board, respectively, are members of the Mediation Committee by virtue of their office. Dr. Wolfgruber is also a member qua office and chairman of the Human Resources Committee, and the Supervisory Board again elected Dr. Klatten, Mr. Bembenek, and Mr. Gajewiak as additional members of the Human Resources Committee. Dr. Schulte was reelected as a member and chairman of the Audit Committee at this meeting, and Mr. Glashauser and Mr. Soltmann were reelected as members of the Audit Committee. All Supervisory Board committee elections were for the duration of the term of office as a member of the Supervisory Board.

Wesel, March 20, 2024

The Supervisory Board

Dr. Matthias L. Wolfgruber  
Chairman of the Supervisory Board

## Now – for the Future

Our innovative prowess and financial strength, coupled with the aspiration anchored in our DNA to pioneer tomorrow's solutions today, frequently positions us as the catalyst for positive change, even in turbulent times like these. In the subsequent pages, you'll discover instances where our colleagues within the ALTANA Group are actively shaping a sustainable future as a team. Whether it's energy transformation, e-mobility, or eco-friendly supply chains, our solutions have the potential to change entire markets.

20	NOW – FOR 100 PERCENT GREEN ENERGY
24	NOW – FOR THE NEXT LEVEL OF 3D PRINTING
28	NOW – FOR SUSTAINABLE PACKAGING
32	NOW – FOR AUTONOMOUS DRIVING
36	NOW – FOR DIGITAL KNOWLEDGE MANAGEMENT
40	NOW – FOR THE MOBILITY OF THE FUTURE



**NOW**

DR. CHRISTOPH HEROLD  
HEAD OF THE VON ROLL INSTITUTE FOR HIGH-VOLTAGE INSULATION,  
VON ROLL, SWITZERLAND



**FOR 100 PERCENT  
GREEN ENERGY**

## OUR INNOVATIVE INSULATION SYSTEMS PLAY A CRUCIAL ROLE IN ADVANCING THE ENERGY TRANSFORMATION.



As part of the team, Dr. Christoph Herold develops insulation systems for offshore wind turbines. His goal is to ensure these turbines can generate electricity securely and with optimal resource efficiency over an extended period.

### DEVELOPMENT UNDER “HIGH VOLT-AGE”

Dr. Christoph Herold has served as the head of the Von Roll Institute for High-Voltage Insulation in Switzerland for six years. In this capacity, the electrical engineer and his team focus on researching and testing technologies applied in the generators of offshore wind turbines, among other applications.

ALTANA’s ELANTAS division acquired Von Roll in 2023. Together the two companies aim to play a pivotal role in advancing the transitions in both energy and mobility.

**APPROXIMATELY 15,000 TO 20,000 HOMES** can be supplied with electricity from a single offshore wind turbine. With one rotation, it can generate as much energy as an average house consumes in two days. The impressive capabilities are achieved through the use of exceptionally tall offshore wind turbines, featuring rotor blades measuring about 100 meters in length – comparable to the size of a jumbo jet. These turbines reach heights of up to 240 meters.

**THE IMMENSE SIZE** of offshore wind turbines imposes specific requirements on the technologies employed, for example, in the insulation systems used in the generators. Dr. Christoph Herold explains, “Once installed, these wind turbines generate green electricity for several decades. As output increases, so does the voltage, which can result in lightning-like electrical discharges in the insulation system.” He adds, “That’s why we develop innova-



Before new materials are launched on the market, they are tested for years under extreme conditions in a Swiss laboratory.



tive insulation systems, from the initial idea to the end product, capable of withstanding these unique conditions. In doing so, we play a pivotal role in ensuring that wind turbines generate electricity safely and resource-efficiently for a long time." The system invariably comprises an insulating tape and a resin, with the synergy of both materials enabling operation at very high voltages.

**THE DEVELOPMENT** and testing of new product solutions can span several years. "In our laboratories, we subject our research findings to extreme conditions to simulate real-life operation. These tests also involve integrating the materials into our customers' production processes," says Dr. Christoph Herold. To gain a comprehensive understanding of the challenges customers encounter, the Swiss laboratory simulates an entire production chain. Only when the tests have been passed does the fine-tun-

ing begin. "Close customer exchange is an important success factor in developing products and bringing them to market," says Dr. Herold. "When it comes to testing and refining solutions, I'm more than willing to personally get involved in the process."

**THE ENERGY TRANSFORMATION** can now be enhanced even more effectively by ELANTAS and Von Roll as one entity. The products and activities of both companies complement each other perfectly. Dr. Christoph Herold asserts, "By uniting chemical and technical expertise collaboratively, we are amplifying our innovative capabilities. This collective effort enables us to play a decisive role in driving the energy and mobility transition." The electrical engineer's vision extends beyond offshore wind turbines, recognizing that the insulating materials also find application in large battery cells that store electricity generated from renewable sources.



**NOW**

DR. ANNE ASMACHER  
CUBIC INK® PROJECT MANAGER FOR INDUSTRIAL MATERIALS AND  
APPLICATIONS, ALTANA, GERMANY



**FOR THE NEXT LEVEL  
OF 3D PRINTING**

## WITH OUR PRINTING MATERIALS, WE ARE HELPING TO SHAPE THE FUTURE OF INDUSTRIAL 3D PRINTING.



Dr. Anne Asmacher works on developing high-performance materials, for example for innovative orthoses.

### AGILE RESEARCH, GLOBAL PRODUCTION

Dr. Anne Asmacher has played a key role in establishing ALTANA's internal startup dedicated to the 3D printing innovation Cubic Ink®. During her doctoral studies, she actively contributed the findings of her research to the development of the product. She is currently serving as the project manager for high-performance materials.

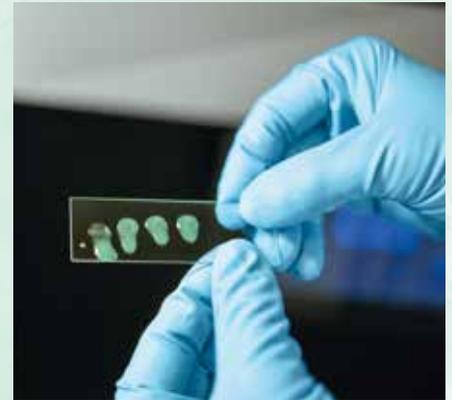
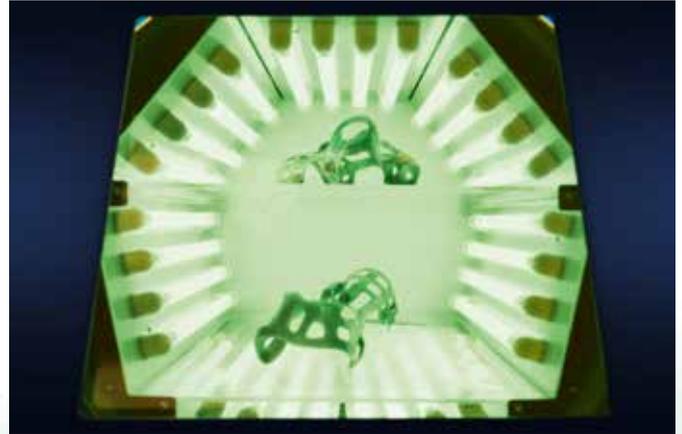
The Cubic Ink® team enjoys a unique advantage, combining the creative freedom characteristic of startups with access to the ALTANA Group's global research and production.

**THE NOZZLE MOVES WITH PRECISION** over the printing object, applying printing and support material layer by layer. In the distance, a blue LED flashes on another printer, signaling its completion. At first glance, the over 15 futuristic Cubic Ink® 3D printers within ALTANA's internal startup evoke the atmosphere of a space research laboratory. This impression is not entirely misplaced, as the printing materials, known for their low viscosity, enable faster and more straightforward processing, making them suitable for applications in the aerospace industry. Cubic Ink® materials are also used in the automotive and medical technology sectors and to produce consumer goods.

**"IN GENERAL, WE HAVE OBSERVED** a growing demand for innovative high-performance materials designed for industrial applications. 3D printing is a market of the future," says Dr. Anne Asmacher. A quick look at her desk provides a visual testament



Off to the sunbed: Cubic Ink® has purchased 15 3D printers to expedite material testing processes. Following the printing phase, the initial step involves curing the printed materials.



to this trend, with a lineup of 3D print models. To optimally tailor materials to customer specifications, ALTANA has established all the UV-curing 3D printing technologies available on the market at its Lehrte site, where Cubic Ink® is manufactured. This setup enables rapid testing of new products, facilitating direct discussions with customers about the results. As Asmacher notes, "Our agile approach sometimes leads to shifting priorities multiple times a day, significantly expediting the development process for our products."

**SIMULTANEOUSLY, THE INTERNAL STARTUP REAPS THE REWARDS** of knowledge exchange within the ALTANA Group. Colleagues from different divisions meet regularly to discuss the latest research findings. "This exchange holds immense value for us. It enables continuous exploration of new ideas and the development of innovative solutions," says Asmacher. In instances

where the next scheduled meeting is too distant, she adds, "I simply give them a quick call. The information channels at ALTANA are short."

**THE CUBIC INK® TEAM CAN DRAW** on the research and production capacities within the ALTANA Group, enabling the efficient implementation of extensive development projects and the reliable delivery of larger quantities of material. Leveraging the financial strength of the ALTANA Group, the young startup is endowed with the requisite financial resources and the proverbial staying power to fuel upcoming innovations.

**THIS IS THE PERFECT COMBINATION** for Dr. Anne Asmacher: "Through our printing materials, we are contributing to shaping the future of industrial 3D printing and assisting customers in seamlessly integrating this cutting-edge technology into their processes."



**NOW**

ANTONIO GALHARDO  
CHIEF TECHNOLOGY OFFICER OF ACTEGA IN BRAZIL



**FOR SUSTAINABLE  
PACKAGING**

## THE STATE-OF-THE-ART FACILITY SERVES AS THE FOUNDATION FOR DEVELOPING AND PRODUCING TAILORED SOLUTIONS DIRECTLY ON SITE.



In Brazil, Antonio Galhardo is witnessing an increasing demand for recyclable products. With the establishment of the new site, ACTEGA is now better equipped to effectively fulfill these growing needs.

### RESILIENCE MEETS CREATIVITY

Antonio Galhardo has been familiar with the Brazilian packaging market for decades. The chemical engineer is currently witnessing a rapid pace of change. To align with this evolution, ACTEGA has repositioned itself in Brazil. The expanded site now boasts enhanced research capacities, enabling customer-specific solutions to be developed faster. Additionally, the production expansion contributes to reinforcing the local supply chain.

**THE LAST BOXES HAVE BEEN UNPACKED**, marking the completion of the XXL move. ACTEGA has successfully merged three sites in Araçariquama near São Paulo, Brazil. A total of seven million dollars was invested. Employees, customers, and suppliers are delighted with the outcome. Antonio Galhardo proudly shares, “We’ve conducted numerous plant tours since the opening and have received special praise for our modern production facilities and significantly expanded research capacities.”

**THE EXPANSION ALSO CREATES POTENTIAL** for further enhancing the product development process. This is particularly significant as requirements, including sustainability considerations, continue to rise. Such demands also influence ACTEGA’s products, which often contribute decisive properties despite constituting a small proportion of the end product. Antonio Galhardo notes, “The demand for customized solutions is growing. Through the consoli-



Comprehending, innovating, manufacturing – all on a local scale: Customers gain advantages from tailored solutions, while the environment benefits from reduced emission delivery routes.



dation of sites, we have pooled our solution expertise for the Brazilian market. This allows us to gain a deeper understanding of our customers' entire production process and develop tailored solutions more rapidly on site."

**UV COATINGS ARE CURRENTLY EXPERIENCING PARTICULARLY HIGH DEMAND**, and ACTEGA stands as the technology leader in Brazil for this product group. Antonio Galhardo explains, "On the one hand, these special coatings offer the same performance as solvent-based products, such as protecting surfaces, and at the same time provide customers with new design options. On the other, they contribute to energy savings and, consequently, reduced CO<sub>2</sub> emissions, given the ease of processing UV coatings." Moreover, there is an overall increased demand for recyclable products like metal cans. To meet the growing needs of the South American market, ACTEGA do Brasil with its new site pro-

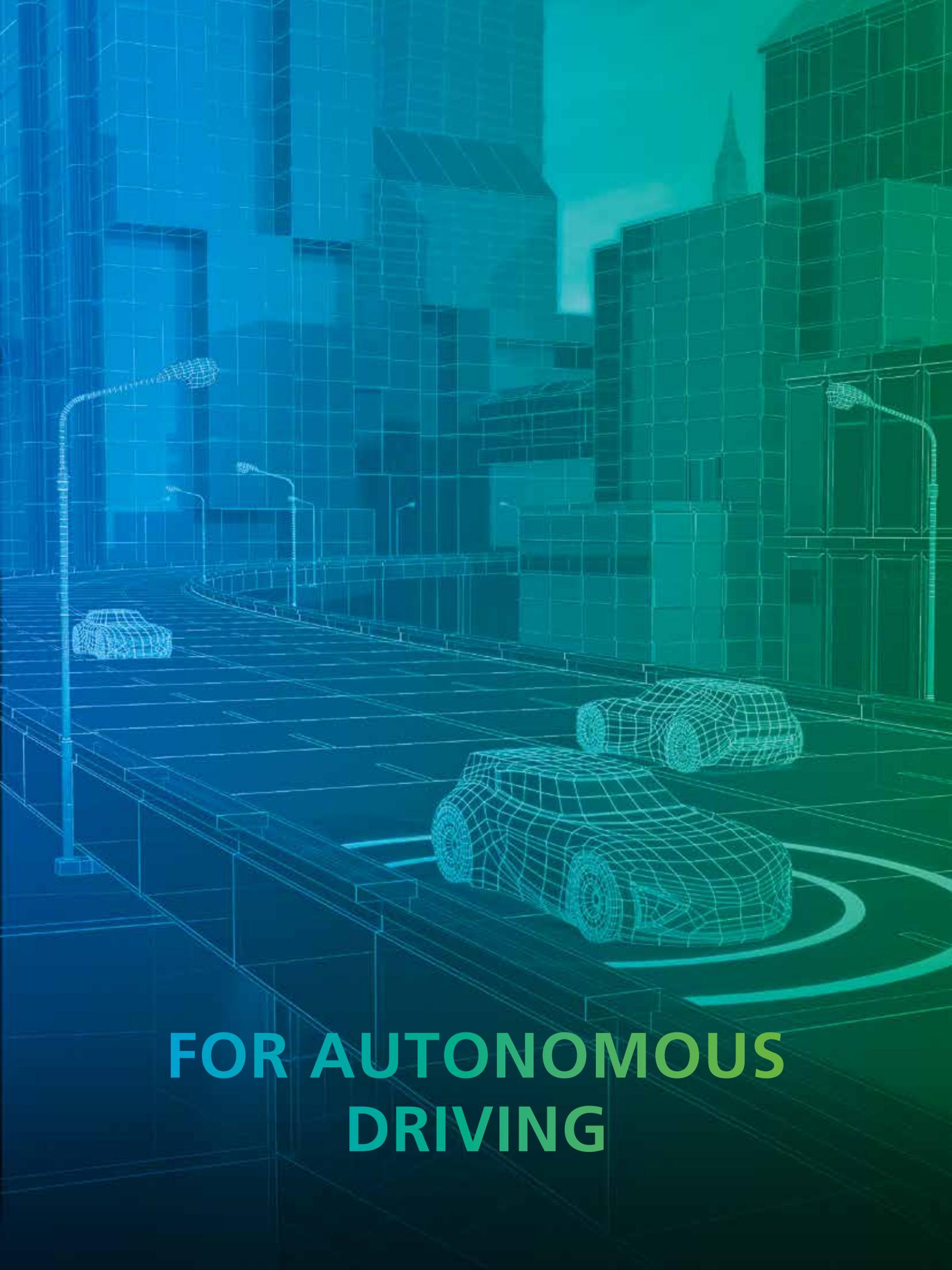
vides the prerequisites for producing water-based sealants, inks, and coatings locally and offering them to the market.

**THE ENERGY USED IS RENEWABLE.** The new site is thus one of the first in the ALTANA Group to be CO<sub>2</sub>-free in Scope 1 and 2. "Moreover, local development and production eliminate intercontinental transportation routes and the associated CO<sub>2</sub> emissions," says Antonio Galhardo. "We are ideally positioned to consistently support our customers in Brazil and South America in their growth plans and climate protection efforts." He adds, "We are also working intensively to promote lower-energy curing technologies on the market. These innovative future solutions would provide an additional impetus to sustainable production."



**NOW**

ALEXANDRA PREIß  
PROJECT MANAGER TECHNICAL MARKETING AUTOMOTIVE COATINGS,  
ECKART, GERMANY



**FOR AUTONOMOUS  
DRIVING**

## OUR EFFECT PIGMENTS CONTRIBUTE TO ENABLING THE CONNECTED MOBILITY OF THE FUTURE.



Alexandra Preiß is actively involved in advancing innovative effect pigments designed to provide superior functionality while concurrently diminishing the CO<sub>2</sub> footprint in the supply chain.

### FOCUS ON CUSTOMER NEEDS

During her studies, Alexandra Preiß concentrated on materials science and materials engineering. Currently, she serves as a project manager in technical marketing in ALTANA's ECKART division. In this role, she acts as an interface, assessing customer requirements, coordinating product development testing, and reviewing production processes. These efforts lay the groundwork for innovative solutions, for example in the realm of autonomous driving.

**CARS, ROBOT VACUUM CLEANERS, AND SMARTPHONES** are just three examples of the countless everyday products equipped with sensors – a trend on the rise. A peek inside a modern car underscores this reality: Sensors are indispensable for enhancing driving comfort, efficiency, and safety, especially in the context of automated driving and parking functions. Manufacturers often rely on radar sensors as the car's sensory organs in these scenarios. The use of radar sensors, however, presents unique challenges in the development of effect pigments. "The aluminum pigments forming the basis of metallic paints, enabling light to dark silver tones, are not radar transparent. They reflect radar beams, rendering the sensors beneath the paint virtually blind," explains Alexandra Preiß.

**ADDRESSING THIS CHALLENGE**, ECKART has introduced a patented solution to the market – the world's first radar-transparent



The ECKART team is researching novel effect pigments to develop further solutions that will make autonomous driving possible.



ent pearlescent pigments. “We have developed four innovative pearlescent pigments that are radar transparent. By combining these with our metallic aluminum pigments, we can offer our customers brilliant silver tones for autonomous driving. This means that radar sensors can also be mounted under metallic paintwork,” says Preiß.

**LOOKING AHEAD,** further advancements are necessary for fully autonomous passenger transport. The prevalence of sensors in cars is anticipated to rise. ECKART’s experts are dedicated to ongoing research into innovative effect pigments, collaborating with customers to find application technology solutions that offer a high degree of formulation freedom and flexibility for autonomous driving. Sustainability is a key focus in product development and manufacturing, forming the third pillar alongside functionality and appearance. The pigments are designed to enable

resource-efficient and long-lasting use, whether under high temperatures with ample sunshine, in tropical climates with high humidity, or facing icy winds and snowfall in the winter.

**TOGETHER WITH ITS CUSTOMERS,** the division is exploring the use of recycled aluminum. In procurement, emphasis is placed on acquiring aluminum produced using renewable energy. “By sourcing sustainable aluminum and utilizing green electricity in our production, we contribute to reducing the carbon footprint in the supply chain,” says Alexandra Preiß. “Simultaneously, our innovative products contribute to enabling the connected mobility of the future.”



**NOW**

AXEL VOGELBRUCH  
CHIEF DIGITALIZATION OFFICER OF THE ALTANA GROUP



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$$z_1 = a \begin{array}{c} D_1 B_1 \\ D_2 B_2 \end{array} \cdot b \begin{array}{c} D_1 A_1 \\ D_2 A_2 \end{array}$$
$$a^2 + b^2 = c^2$$

# FOR DIGITAL KNOWLEDGE MANAGEMENT

## THE POTENTIAL OF DIGITAL TRANSFORMATION IS IMMENSE. HOWEVER, PEOPLE ARE AND WILL REMAIN THE KEY FACTOR.



How can the wealth of knowledge be digitalized? Together with his team, Axel Vogelbruch develops solutions.

### KNOWLEDGE MANAGEMENT BOOSTS INNOVATION

As the Chief Digitalization Officer, Axel Vogelbruch spearheads the digital transformation at ALTANA AG. With a tenure dating back to 2010, he has occupied diverse management roles within the company. The primary emphasis throughout has been on streamlining processes, forming the bedrock for comprehensive knowledge management across the organization. To leverage the abundance of data, ALTANA actively assists its employees in adopting novel work methodologies.

**DATA IS A TREASURE.** And sometimes it is just as well hidden. However, unlike a traditional treasure hunt, the mere discovery of data is insufficient. Equally important is its proper storage. Why? To facilitate seamless utilization in the future, including for purely data-based applications, such as those grounded in artificial intelligence. This establishes a perpetual cycle: Data is sought for use as a foundation in research projects, and subsequently, the outcomes are meticulously stored for future retrieval. The challenge lies in ensuring swift accessibility for everyone to gain a comprehensive overview of the available data.

**DIGITAL KNOWLEDGE MANAGEMENT** is the solution. “We must assist colleagues in developing a deeper understanding of digital processes, empowering them to harness the potential of digital transformation in their daily tasks,” says Axel Vogelbruch. ALTANA has initiated the Digital Hero Program for this exact



Establishing, expanding, and interconnecting databases: This is the basis of digital transformation, but people remain at the core of this process.



purpose. Within this framework, colleagues devise strategies for effectively integrating digital tools into their projects. “To ensure enduring learning outcomes, our focus is on crafting pragmatic solutions for digitalization projects – and implementing them. This approach allows us to witness firsthand how digital technologies streamline our work processes,” adds Vogelbruch.

**A SUCCESSFUL MODEL** includes the establishment of a central data hub in Purchasing, consolidating all the necessary data streams for procurement across the company. However, this example underscores the transformative impact of digitalization on our work processes. Axel Vogelbruch elaborates, “Previously, I might have sought additional information by going to a neighboring office, but now, the initial destination is the data hub. To harness this resource effectively, we must train our colleagues on data usage, retrieval, and storage.”

**INNOVATIVE STRENGTH ALSO BENEFITS** from digital knowledge management. We are striving to digitally make our decades of research results accessible across all divisions. The meticulous preparation of high-quality data is a time-intensive process, but it lays the foundation for offering our customers even better and faster product innovations and services.” In a broader context, ALTANA is committed to progressively building, expanding, and interconnecting databases. Yet, for Axel Vogelbruch, this is just the starting point: “To fully unlock the potential of digital transformation, we must reshape our work methodologies. The central element is, and remains, people.”



**NOW**

YU SUGIOKA  
ASSISTANT MANAGER GLOBAL BATTERY LABORATORY, BYK, JAPAN



**FOR THE MOBILITY  
OF THE FUTURE**

## BYK DEVELOPS FUTURE TECHNOLOGIES FOR THE RESOURCE-SAVING EXPANSION OF ELECTROMOBILITY.



Even as a child, Yu Sugioka wanted to make the world a better place. At BYK, he is helping to develop future technologies for the expansion of electromobility.

### EFFICIENT BATTERY PRODUCTION

Around 20 years ago, during his studies at the University of Kyoto Institute of Technology, Yu Sugioka contributed to the development of sustainable technologies with his research. Since then, he has continued to evolve solutions for the future of mobility as a battery designer. In 2018, Sugioka joined ALTANA's BYK division. Currently, in the Japanese battery laboratory, he is dedicated to crafting products that contribute to the resource-efficient growth of electromobility.

### THE NUMBER OF ELECTRIC CARS IS INCREASING SHARPLY

**WORLDWIDE.** At their heart is the battery. More precisely, the high-voltage battery. As the equivalent of a conventional fuel tank, it significantly influences the vehicle's range. Manufacturers are actively engaged in advancing the technology with a focus on achieving faster charging times and optimal energy storage for extended ranges.

### TO ENHANCE THESE PROPERTIES,

BYK additives are used. "We strive daily to develop innovative solutions that pave the way for the future of electromobility," explains Yu Sugioka. "Our research not only aims at improving battery characteristics but also concentrates on improving the efficiency of our customers' production processes." For instance, dispersing additives ensure that electrode material needed for battery production can be produced with reduced energy consumption.



Since 2015, BYK in Japan has been dedicated to researching solutions for more efficient batteries. The laboratory has recently undergone expansion, facilitating new test procedures and thereby bolstering additive development for the next generation of batteries.



**GLOBAL RESEARCH IS CONSOLIDATED** within highly specialized battery laboratories in Japan, China, and Germany. BYK initiated the establishment of the Japanese research facility already in 2015, providing a significant benefit for customers, particularly those in the automotive industry. According to Sugioka, “The development and testing of additives used in the production of lithium-ion batteries, for example, impose specific demands on the employed testing procedures and necessary equipment. By centralizing research, we possess the capability to conduct complex and time-consuming tests. Concurrently, we continually enhance the knowledge accumulated over many years, facilitating the development of even more effective solutions.”

**CUSTOMERS VALUE THE SOLUTIONS EXPERTISE** of the global development team. To address the growing demand, the battery laboratory has undergone substantial expansion. “We have

doubled in size,” says Sugioka. “More importantly, though, we have procured laboratory equipment. As a result, we can provide even better support for the expansion of electromobility through the development of additives.”

**THIS MOTIVATION ALSO RESONATES WITH YU SUGIOKA ON A PERSONAL LEVEL:** “Even as a child, I aspired to contribute to making the world a better place. During my studies, I initially focused on solar cells, but later shifted to battery research. Through my role at BYK, I am now able to collaborate with customers in the development of future technologies, facilitating the resource-saving expansion of electromobility.”

# Group Management Report

The year 2023 was marked by challenging external conditions. An overall very challenging economic environment, coupled with ongoing and new geopolitical conflicts, resulted in a decrease in demand. Consequently, ALTANA was unable to match the sales and earnings situation of the previous year. However, comprehensive countermeasures initiated at the beginning of 2023 and progressively expanded throughout the year enabled the stabilization of earnings in absolute terms. The profitability level, specifically the ratio of EBITDA to sales, fell below the previous year's figure due to the cyclical decline in volumes. Nevertheless, owing to our robust financial situation, we continued substantial investments in the future in 2023. We expanded our research and development, continued to advance digitalization, and executed strategic acquisitions. For instance, the acquisition of the Von Roll Group in September 2023 significantly enhanced our expertise and competitive position for the energy and mobility transition. We confirmed our commitment to ambitious, long-term goals in the areas of occupational safety and sustainability and continued to pursue them unchanged.

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## Group Basics

### Organization and Legal Structure

The ALTANA Group is a global supplier of specialized chemical products and related services for different branches of industry and application fields. In the 2023 fiscal year, the Group's 89 consolidated subsidiaries achieved sales exceeding € 2.7 billion. The ALTANA Group employs around 8,000 people.

ALTANA's activities are grouped into four divisions, each of which has its own management and organizational structure. The divisions and the Group companies assigned to them are decentralized and empowered to largely make market-, location-, and product-related decisions themselves. The divisions are active worldwide and have their own production sites and sales offices as well as research and development laboratories in the markets that are important for them. In addition to the four operating divisions, there are holding companies in which Group management activities and internal services are bundled. Furthermore, activities for the cross-divisional development of new business areas are undertaken at this level.

ALTANA AG, headquartered in Wesel, is a stock corporation in accordance with German law. As the ALTANA Group's managing company, it assumes strategic control of the Group and the divisions. ALTANA AG is led by the Management Board, whose members act on their own responsibility and are solely committed to the interests of the company. The Management Board's activities are monitored by the Supervisory Board, whose members also advise the Management Board. More information on ALTANA AG's management and control system is provided in the Declaration on Corporate Governance in the Group Management Report.

All of the shares in ALTANA AG are held by SKion GmbH, Bad Homburg v. d. H., Germany, an investment company owned by Susanne Klatten.

The decentralized organizational structure combines the individual operating units' ability to act swiftly and cater

to the needs of markets and customers with the advantages of a financially strong and internationally active group. The organization is designed to adapt flexibly to changed market conditions and a volatile economic environment. In addition, new activities can be integrated into the organization in a short time.

### Business Activity and Divisions

As a globally active specialty chemicals group, ALTANA focuses its core activities on sophisticated markets and customers who need individual solutions.

A significant share of the ALTANA Group's product and service portfolio encompasses input materials for the production of coatings, printing inks, and plastics. In addition, ALTANA manufactures printing inks and coatings for special applications, products for 3D printing, insulating and protective materials and systems for the electrical and electronics industries in the low-voltage and high-voltage range, sealants for packaging, and measuring and testing instruments.

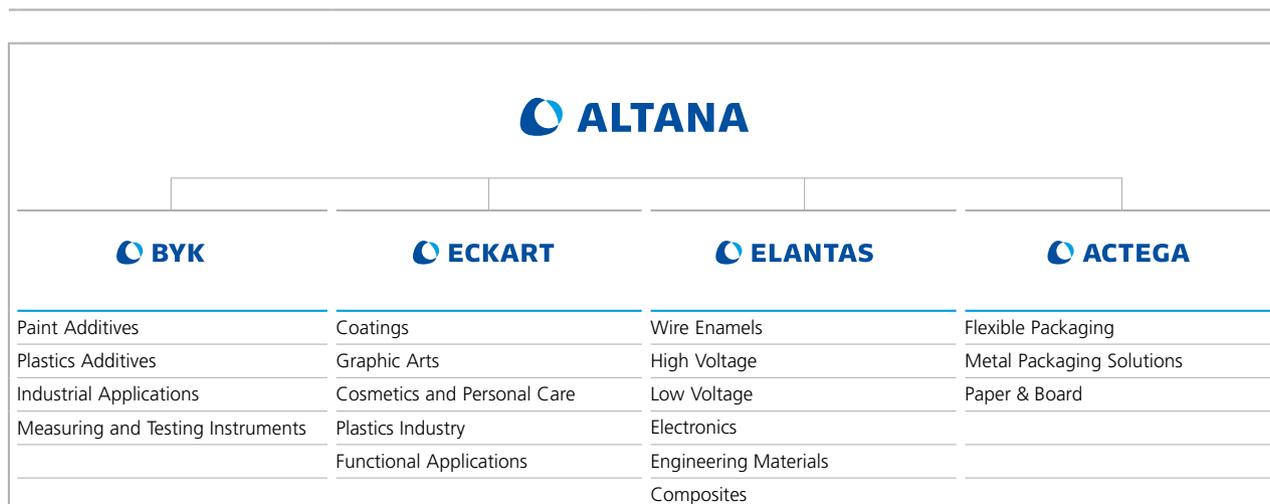
#### Activities of the Divisions

##### BYK

The BYK division is one of the leading international suppliers of special-purpose ingredients, so-called additives, used in coatings and paints, plastics, and other industrial applications. The division's products, most of which are used in only very small amounts, have a decisive influence on the properties of their customers' end products or enable customers to improve their manufacturing and industrial processes.

Wetting and dispersing additives, one of the division's main product groups, help improve the even distribution of pigments and filling materials, and enable them to function better, for example in coatings and plastics. With the help

**Business divisions and areas of application**



of defoamers and air-release additives, foaming is prevented during the manufacture of coatings and paints as well as in end customers' applications. Surface additives are used to produce special properties such as shiny, matte or especially smooth surfaces. Rheology additives improve the flow behavior of coatings and plastics. The division also manufactures measuring and testing instruments that are used to determine surface properties, color shades, and optical effects and are utilized in the semiconductor industry.

BYK-Chemie GmbH, based in Wesel, is the management company of the division. In addition, it is the division's biggest production and development site for additives and the ALTANA Group company with the highest sales. BYK also produces at other sites in Germany, the Netherlands, Great Britain, as well as in the U.S. and China. The measuring and testing instruments are manufactured at a site in southern Germany (Geretsried), and also partly in Columbia, Maryland, and Rochester, New York (both in the United States).

The division sells its products primarily under the brands BYK (additives) and BYK-Gardner (instruments). Due to its comprehensive portfolio, BYK is a system supplier and partner of coatings manufacturers and plastics processors in particular. On the basis of its great problem-solving expertise, BYK has also attained an important market position in many other industrial application fields in recent years.

The division markets its products in the important regions via its own companies and branches. In addition, a dense network of dealers and agents markets its products worldwide. BYK generates the highest share of its sales in Europe, followed by the Americas and Asia. In terms of countries, the U.S. makes the largest contribution to sales, followed by China and Germany.

BYK continually expands and supplements its product portfolio. To gear its innovation activities closely to the needs of the markets, the division has its own network of development laboratories, which cooperate closely with customers in the respective regions. At the same time, new fields of

application are continually tapped for existing or new products. On August 15, 2023, BYK acquired the business of Imaginant Inc., based in Rochester, New York. This U.S. company specializes in the development and production of ultrasound-based measuring and testing devices. This strategic move allows the BYK division to advance its growth in the semiconductor industry. Imaginant will be integrated into the instrument business of BYK in the United States. The measuring and testing instruments from the acquired company play a crucial role in quality assurance across many industrial sectors. For instance, they enable non-destructive determination of the thickness of multi-layer car paints and other coatings. In the semiconductor industry, Imaginant's devices are employed in acoustic microscopes to identify detachments, cracks, and cavities within electronic components.

#### ECKART

ALTANA concentrates the development, production, and sale of pigments in the ECKART division. Customers use these products to achieve visual and functional effects, primarily in coatings, plastics, printing inks, cosmetics, and construction materials. The principal raw materials are aluminum, copper, and zinc. Aside from metallic effect pigments, other pigments are offered based on synthetic minerals. The division's portfolio is supplemented by effect printing inks, metal powders and alloys for 3D printing, as well as the corresponding services.

Aluminum-based effect pigments comprise the largest part of ECKART's business. Customers use them particularly to achieve silver metallic effects, for example, for car paints or on graphic arts products. Aluminum pigments are also used for functional purposes, for example, in the manufacture of aerated concrete. Copper-based bronze effect pigments generate golden effects in paints, printing inks, and plastic products. Customers use zinc pigments in special paints to achieve functional properties, particularly for corrosion protection.

ECKART GmbH is the division's operating management company. It produces a large part of the effect pigments it sells worldwide in eastern Germany (Bitterfeld), in Switzerland and Finland, as well as in the U.S. and China.

The manufacturing process is characterized by a very high degree of value creation. In a number of successive steps, all kinds of pigments are made, refined chemically, and in some cases processed into press-ready printing inks.

The effect pigments are marketed predominantly via the division's own sales structures, but also by sales partners. ECKART's most important customers include international manufacturers of coatings, printing inks, and plastics. Other important customers are manufacturers in the construction industry and the cosmetics sector. ECKART achieves more than half of its sales in Europe. Its next largest sales regions are Asia and the Americas.

As an important manufacturer of metal effect pigments, ECKART continually pushes forward the development of new product qualities and opens up new fields of application on the basis of sophisticated technological expertise and many years of knowhow. ECKART's product portfolio is continually improved in order to offer its customers further and even better high-performance materials.

#### ELANTAS

The companies in the ELANTAS division offer their customers a high level of expertise in the field of electrical insulation materials. As one of the world's leading suppliers of such products, the division's portfolio concentrates on coatings and tapes for insulating magnet wires as well as products for impregnating or protecting electrical and electronic components.

ELANTAS has its own holding structure under the management of ELANTAS GmbH, based in Wesel. The latter controls the division's activities and supports its operating subsidiaries, which develop and produce insulating materials in Italy, Germany, France, Switzerland, Great Britain, China, India, Malaysia, the U.S., and Brazil.

The division's products are marketed worldwide. Among its most important customer groups are magnet wire manufacturers, which need materials to insulate wires made of copper or aluminum. The division also supplies insulating resins, tapes, and coatings directly to manufacturers of electrical and electronic components.

ELANTAS' most important sales region by far is Asia, and particularly China. A high proportion of global manufacture of electrical and electronic components and consumer goods is concentrated in this region. The division has had its own production sites in China, India, Malaysia, the U.S., Brazil, Italy, Germany, France, Switzerland, and Great Britain for years. After China, its most important sales markets are the U.S., India, and Italy.

Because of comprehensive expertise in the manufacture and application of liquid insulating systems, the division is steadily expanding its activities. It seeks to tap new application fields and thus growth potential by developing new insulating materials and applying specific polymerization knowhow. The global trend towards electromobility should ensure additional growth in this area. On September 29, 2023, the ELANTAS division acquired a majority stake in the Swiss company Von Roll Holding AG. This strategic acquisition aims to enhance ELANTAS' capabilities in the field of high-voltage insulation, supporting the broader goal of advancing renewable energy initiatives. Additionally, this move presents ELANTAS with the prospect of extending its global footprint. Von Roll, with approximately 1,000 employees across 14 sites, supplies customers in more than 80 countries. The collaboration between the two entities is expected to cultivate and expand customer relationships, unlocking fresh potential for mutual growth.

#### ACTEGA

The ACTEGA division's portfolio is tailored to the needs of the packaging and graphic arts industries. It produces specialty

coatings, printing inks, adhesives, and sealants used by customers to achieve functional and visual effects.

ACTEGA is managed by the holding company ACTEGA GmbH, based in Wesel. Its business activities are divided into three business lines: Flexible Packaging, Metal Packaging Solutions, and Paper & Board. In the area of research and development, activities are bundled in four technology groups and one competence center. The products are distributed and manufactured by subsidiaries in Germany, Switzerland, France, Spain, the U.S., Canada, Brazil, Chile, and China.

Important product groups of the division include coatings and printing inks, as well as sealants and adhesives used to make packaging materials. A focal point of its product portfolio are the specific needs of the food industry with its high-quality requirements. In addition, there is a demand for ACTEGA's printing inks and overprint varnishes among customers in the graphic arts industry. The division's largest sales region is Europe, followed by the Americas. Its most important individual markets are the U.S. and Germany.

Together with the packaging industry, and in direct contact with brand manufacturers, ACTEGA develops new and improved optical and haptic functionalities. Its innovation activities primarily aim to improve the safety and shelf life of packaged foods.

In recent years, the division has invested in a targeted way in the acquisition and further development of existing and new technologies in order to tap new growth potential in the medium to long term for its business, to prepare its entry into new markets, and thus further expand its market position. The more sustainable ECOLEAF and Signite decoration solutions achieved new milestones in 2023, attracting the interest of international brands and leading label printers. Both technologies underline ALTANA's ambition to offer customers more sustainable solutions.

### Important Influences on Business Development

ALTANA's different sales markets are influenced by various short-, medium-, and long-term trends.

In the course of a year, seasonal fluctuations in demand result from lower customer activity, for example during the Chinese New Year Festival, during the summer holiday season, and at the end of the year.

Short- and medium-term fluctuations in demand result mainly from economic developments. The current development of consumer behavior is not the only factor. Our customers' expectations regarding the short-term development of the end markets downstream in the value chain also have a significant impact on their purchase behavior. This appraisal largely determines how much storage is reserved.

In addition, actual and expected changes in the prices of essential raw materials impact the sales situation. When raw-material prices continually rise, customers look for alternative input materials and this influences overall sales or the product mix. The same applies to significant changes in other cost components that have a strong influence on the price of products. This price sensitivity of the markets is also reflected in short-term changes in demand, when for example stronger price fluctuations are expected for significant raw-material markets.

The competitive situation in the different product-specific market segments can have similar effects on customer behavior. The entry of new manufacturers into a market or the withdrawal of existing manufacturers from a market and the competitors' prices can impact demand.

Long-term changes in demand for the Group's products and services are brought about on the one hand by global megatrends and the economic growth of certain regions. On the other hand, product and technological developments continually open up new sales potential or lead to product segments being discontinued.

### Strategy and Control System

#### Strategy

Current market requirements, and market demands expected for the future, determine the ALTANA Group's corporate action. The success of our customers is at the center of our business activities. We can only be successful in the competitive environment in the long run if we offer our customers added value.

ALTANA's strategy is consistently geared towards sustainable profitable growth in future-oriented specialty chemicals markets. Our top financial priority is to sustainably increase the company's value.

Profitable growth at ALTANA is based on four aspects: The first is the operational expansion of activities in existing markets and the development of new adjacent sales segments. ALTANA's four divisions occupy significant competitive positions in their respective sales markets. This positioning is an important prerequisite for being identified and acknowledged by market participants as a competent provider of customized solutions.

In addition to ALTANA's comprehensive product portfolio, innovation plays a key role in its high level of problem-solving expertise.

To enable customers to create new applications and strengthen their portfolio, ALTANA continually pushes forward its own research and development activities, particularly in the area of sustainability. To this end, our employees' know-how and experience are just as important as investments in new technologies.

ALTANA is actively engaged in the strategic alignment of its business operations with sustainable practices. This encompasses initiatives such as decarbonizing ALTANA and its supply chains, along with the ongoing transformation of the ALTANA product portfolio towards sustainability.

Furthermore, we consistently enhance our operational growth by acquiring new companies or business activities, ensuring a continuous expansion of our specialized service portfolio. This strategic approach allows us to integrate new segments of the value chain into the Group or to provide access to novel markets and technologies.

### Control System and Goals

ALTANA's control system is fundamentally oriented to the goal of a sustainable increase in the company's value. A number of key performance indicators are derived whose developments are analyzed and for which target values are determined. The most important key performance indicators are sales growth, earnings before interest, taxes, depreciation and amortization (EBITDA), the EBITDA margin as well as the investment level, both in relation to sales, and the return on capital employed (ROCE) with the resulting ALTANA Value Added (AVA).

ROCE is derived from earnings before interest and taxes (EBIT), adjusted for one-time special effects and from which a calculated tax burden is deducted.

The capital employed, in turn, encompasses those components of the assets and liabilities needed to achieve operating earnings. Derived from ROCE, we also calculate ALTANA Value Added, which takes into account the cost of capital employed. The cost of capital is determined from the weighted average of cost of debt and cost of equity. We regularly examine the weighted average cost of capital but only adjust it for the calculation of the AVA if it exceeds or falls below a certain range. For 2023, the cost of capital rate remained at 7.5 %. No adjustment is planned for 2024.

Key performance indicators are used for measuring the company's success and as criteria for strategic and operational decisions at the level of the Group holding company, the divisions, and individual companies. In addition, the key figure AVA is also used to determine variable compensation components.

Our goal is to achieve operating earnings that exceed the cost of capital on a sustainable basis. In recent years, with the exception of the 2023 reporting year, we managed to generate a positive AVA.

Sustainable profitable sales growth forms the basis for a long-term increase in our operating earnings and thus in the value of the company. ALTANA's goal is to outperform the general market growth in the most important sales segments and thus to obtain market shares.

In the long term, we aim to achieve average annual operating sales growth of 5 %. We seek to generate additional growth through acquisitions, either by acquiring supplementary activities at the level of our existing divisions or through the possible integration of new business activities.

But growth should not be achieved at the expense of profitability. Therefore, control of the EBITDA margin is very important for the ALTANA Group. The long-term target range for the EBITDA margin of the Group is 18 % to 20 %. Derived from this are long-term target margins for our four divisions, which may deviate from the average target value for the Group due to the different business activities and market characteristics. Over many years, the Group margins achieved were within or, in some years, even above the target range. In the 2022 and 2023 reporting years, EBITDA margins fell below the target range. This was due to inflation-related sales price increases, substantial cost escalations, and notably, a decline in sales in 2023 influenced by the prevailing economic conditions.

In addition to pursuing long-term sales and earnings growth, another focus to successfully increase the value of the company is control of the operating capital. The main factors of influence in this context are the development of fixed assets and of net working capital.

In the area of research and development, we aim to achieve a cost ratio of 6 % to 7 % of sales in order to safeguard the long-term orientation of our innovation activities.

On average over several years, our investments in property, plant and equipment and intangible assets have been around 5 % to 6 % of our sales. Due to this continuity, sharp increases in operating capital and resulting short-term fluctuations of the ROCE can be minimized. In addition, every important investment is examined regarding its short- and long-term effects on the company's value.

For the control of net working capital, which is of great importance for the development of operating capital, we use key performance indicators to analyze and control profitable growth and the company's value. These key performance indicators concern the scope of inventories as well as trade accounts receivable and payable.

Apart from the aforementioned essential financial control parameters, there are other financial key indicators that help us analyze and control profitable growth and the company's value. The most important ones are cost figures (cost of materials, personnel expenses, etc.).

To guarantee that all activities are geared uniformly to the Group's strategy, we also use non-financial key performance indicators. Significant control-relevant non-financial indicators and thus key performance indicators for Group management relate to the areas of occupational safety and climate strategy. To track the achievement of the goal of continuously improving occupational safety, the Work Accident Indicator (WAI) is used, which includes WAI 1, WAI 2, and WAI 3, as a key performance indicator. The WAI shows the number of reported occupational accidents with lost work days in relation to one million hours worked in the respective attribute defined per key performance indicator (for details, see page 70 f.). Furthermore, the ALTANA Group is pursuing the goal of continuously reducing greenhouse gas emissions in its sphere of influence in Scope 1 and Scope 2 by increasing energy efficiency by 2 % annually and switching to renewable energies. ALTANA has set itself the goal of voluntarily offsetting as many CO<sub>2</sub> equivalents as the company generates in Scope 1, Scope 2, and selected categories

of Scope 3 (categories 4, 6, and 8) from 2025 onwards. For the quantitative measurement of this strategic goal, there is a reporting system for greenhouse gas emissions in the form of CO<sub>2</sub> equivalents. The latter are reported as direct greenhouse gas emissions from sources controlled by the company (Scope 1) and as indirect greenhouse gas emissions from the performance-related purchase of electricity (Scope 2).

Apart from these two groups of indicators, there are other non-financial indicators which are not regarded as being relevant for control. These include data for the evaluation of innovation activities as well as other key performance indicators in the area of sustainability, for the analysis of sales markets and customer satisfaction.

### **Integrated Planning Processes**

All of the key performance indicators relevant for control are compiled and analyzed within the framework of standardized reporting processes. To be able to use these key parameters effectively to control our strategy and possible short- and medium-term measures, there is an integrated planning process embracing different planning levels and dimensions.

The planning cycle has a strategic planning component, which combines the analysis of the essential performance indicators for future business development at the product group level with a detailed representation of the changes expected in the market environment.

From this, strategic measures are derived enabling us to react to expected developments at an early stage. These measures, developed in the strategic planning process, include not only fields of activity on current sales markets, but also concrete goals and planning steps for entry into new fields of business or application areas and changes in the portfolio of business activities.

The decisions taken within the framework of strategic planning enter into our subsequent medium-term financial planning. The latter delineates our growth and profitability

goals for the coming three years and the effects of the expected business development on ALTANA's asset and financing structure. This is used to derive possible measures for our financing strategy. Our medium-term financial planning is supplemented by scenario analyses, which transparently reflect the sensitivities of the key performance indicators to relevant, predominantly cyclical changes in the market environment. From this, we derive levels of reaction for possible countermeasures.

## Business Development

### General Business Setting

#### Overall Economic Situation

In 2023, the global economy was notably influenced by persistent and emerging geopolitical conflicts, contributing to an overall challenging economic environment. Russia's war against Ukraine since February 2022 and renewed conflicts in the Middle East, aside from their devastating humanitarian repercussions, remained pivotal factors causing ongoing uncertainty regarding the availability and pricing of raw materials and the stability of global supply chains. Following 3.5 % global growth in the preceding year, the International Monetary Fund (IMF) currently projects a 3.1 % increase in global economic output for 2023. This indicates that, similar to the previous year, the achieved growth rate remains below average. For the second consecutive year, economic activity in numerous countries was characterized by diminishing yet still historically high inflation rates. Elevated cost levels and countermeasures implemented through monetary policies subdued markets across various sectors. China's economic development in 2023 exhibited deflationary tendencies, and the ongoing crisis in the real estate sector further weakened the country's growth for the year.

The IMF projects that growth in the Eurozone remained weak in 2023. Following a 3.4 % growth rate in the previous year, economic output is projected to have contracted to 0.5 %. The economic region faced significant challenges, particularly stemming from the consequences of high inflation and the subsequent decline in demand. This impact was felt across all major markets, albeit to varying degrees. The IMF estimates indicate that Germany even witnessed a slight reduction to -0.3 % in economic output, compared to a growth rate of 1.8 % in the preceding year. This decline can be attributed mainly to the substantial reliance on Russian gas and the uncertainty surrounding energy supplies due to Russia's ongoing war against Ukraine. The IMF also notes that growth rates in other Eurozone markets experi-

enced a downturn but remained positive. For instance, Italy saw growth of 0.7 %, France 0.8 %, and Spain 2.4 %.

Based on the latest IMF estimates, the overall economic development in the Americas showed modest positive growth in 2023, against a backdrop of decreasing inflation. The U.S. is reported to have achieved 2.5 % growth in gross value added, while Canada grew by 1.1 %. In the Latin American countries, growth reached 2.5 %, indicating a slight weakening compared to the previous year. This decline is primarily attributed to a significant contraction in Argentina, as projected by the IMF, plummeting from 5.0 % growth in the previous year to -1.1 %. Meanwhile, Brazil is estimated to have achieved growth of 3.1 %, maintaining a similar trajectory as in the preceding year, according to IMF estimates.

According to the IMF, there is an overall increase in gross domestic product projected for Asia in 2023. China, which recorded 3.0 % growth in the previous year, experienced a slight resurgence with forecasted growth of 5.2 % in 2023. However, it fell short of matching the growth of previous years. India, with growth of 7.2 % in the preceding year, largely sustained its momentum and achieved 6.7 % growth in gross value added, as estimated by the IMF. The countries comprising the ASEAN-5 group, after a 5.5 % increase in the previous year, achieved an overall growth rate of 4.2 %. Although Japan's growth remained modest at 1.9 %, it marked an improvement over the previous year.

### Industry-Specific Framework Conditions

The American Chemistry Council (ACC) estimates that global chemical production grew by 0.3 % in the past fiscal year (previous year: 1.8 %). This indicates that the growth in the chemical industry remained below the overall economic growth rate for 2023. The cyclical downturn in demand for chemical industry products was observable across all markets, albeit to differing extents.

The German Chemical Industry Association (VCI) estimates that Germany, Europe's largest chemical producer, experienced an industry-wide decline of 8 % in the past fiscal year. Excluding the pharmaceutical sector's share, the VCI forecasts a steeper decline of 11 %. Additionally, the American Chemistry Council (ACC) reports that the chemical industry in Europe as a whole performed significantly below the global average, registering a decline of -6.6 %.

According to the ACC, chemical production excluding pharmaceutical products in the USA also fell by 1.0 % overall and was therefore below the overall economic trend. According to the ACC, production in North America as a whole fell by as much as 1.9 %. In Latin America, the industry was even weaker than in the north of the continent, with an overall decline of 3.6 %.

As per the ACC, the chemical industry in the Asia-Pacific region grew by 3.7 % in the 2023 fiscal year. As a result, it remained the only region to exhibit significant growth.

Following the turbulence on the energy markets in 2022 caused by Russia's war against Ukraine, resulting in significant increases in the price of crude oil, the overall situation stabilized somewhat in 2023. Although the price of a barrel of Brent crude oil continued to exhibit strong fluctuations throughout the year, it did not reach the previous year's highs, peaking at 94 U.S. dollars in September 2023. By the end of the year, the price of a barrel of Brent gradually declined to 78 U.S. dollars. The average price for the year, at 82 U.S. dollars, remained well below the previous year's level of 99 U.S. dollars.

### Important Events for Business Development

In 2023, non-operating effects impacted ALTANA's earnings and financial position as well as its net assets.

Non-operating effects from acquisitions stemmed from two significant transactions in the 2023 fiscal year. On August 15, 2023, the BYK division acquired the business of Imaginant Inc., based in Rochester, New York, thereby

enhancing its portfolio in ultrasonic measuring and testing instruments. Imaginant will be integrated into the instrument business of the BYK companies in the U.S. and Germany, resulting in a slightly positive effect on both sales and earnings. On September 29, 2023, the ELANTAS division completed the acquisition of the Swiss Von Roll Group, marking the second-largest acquisition in the history of the ALTANA Group. This move allowed ELANTAS to expand its portfolio, particularly in the high-voltage insulation sector. The acquisition positively impacted sales, but the earnings situation was slightly burdened by acquisition and integration costs.

The fluctuation of ALTANA's key exchange rates against the Group currency, the euro, predominantly exerted a negative impact on sales development in 2023 and, to a lesser extent, on earnings development. These adverse effects were slightly more pronounced than initially anticipated by ALTANA. The most significant impact in 2023 was attributed to the change in the exchange rate of the euro to the Chinese renminbi, averaging CNY 7.66 for one euro, which was higher than the previous year (CNY 7.08 for one euro). Further substantial negative effects arising from exchange-rate changes were observed in the ratio of the U.S. dollar to the euro, standing at 1.08 U.S. dollars for one euro, lower than the previous year (1.05 U.S. dollars for one euro). A similar trend was noted in the Indian rupee, with a ratio of 89.30 INR to the euro (compared to the previous year's 82.69 INR for one euro), and the Japanese yen, with a ratio of 151.99 JPY for one euro (compared to the previous year's 138.03 JPY to the euro). In contrast, there were slightly positive effects in 2023 due to the depreciation of the Swiss franc and the Mexican peso against the euro. The average exchange rate of the euro to the Swiss franc decreased from 1.00 CHF for one euro to 0.97 CHF to the euro in 2023, and the average exchange rate of the euro to the Mexican peso decreased from 21.19 MXN for one euro to 19.18 MXN to the euro in 2023. In addition, differences in exchange rates as of the balance sheet date had a net negative im-

pact on balance sheet items compared to the previous year.

## Business Performance

### Group Sales Performance

Due to challenging overall conditions, ALTANA was unable to replicate the sales performance of the previous year in 2023. Group sales amounted to € 2,741.5 million, reflecting a decline of 9 % or € 279.5 million compared to the previous year's total of € 3,021.0 million. Non-operating effects had a slightly negative impact on the overall sales trajectory. The aforementioned changes in exchange rates led to a € 61.9 million decrease in foreign currency sales translation. On the positive side, the two acquisitions contributed to increased sales by a total of € 57.6 million. The acquisi-

### Key figures

	2022	2023	Δ %	Δ % op. <sup>1</sup>
in € million				
Sales	3,021.0	2,741.5	-9	-9
Earnings before interest, taxes, depreciation and amortization (EBITDA)	452.2	385.1	-15	-12
<i>EBITDA margin</i>	15.0%	14.0%		
Operating income (EBIT)	287.5	216.3	-25	-19
<i>EBIT margin</i>	9.5%	7.9%		
Earnings before taxes (EBT)	305.5	166.3	-46	-39
<i>EBT margin</i>	10.1%	6.1%		
Net income (EAT)	232.4	110.2	-53	
<i>EAT margin</i>	7.7%	4.0%		

<sup>1</sup> Operating deviation, i. e., adjusted for acquisition and divestment as well as exchange-rate effects. This adjustment also applies to other sections of this management report.

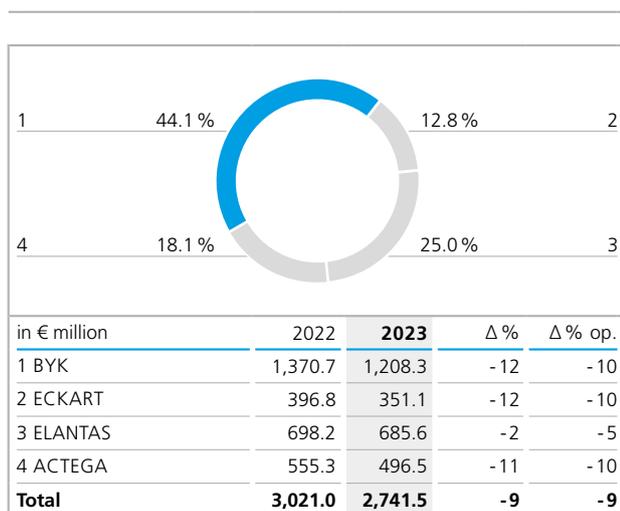
tion of the Von Roll Group (€ 54.1 million) in September 2023, to be integrated into the ELANTAS division, played a major role. Additionally, the business activities of Imaginant Inc. in Rochester, New York, acquired for the BYK division in August 2023, contributed to additional sales growth of € 3.6 million. These effects were calculated based on the length of time of Group affiliation. The combination of negative exchange-rate effects and positive acquisition effects roughly offset each other, resulting in an operating sales trend of -9 % compared to the previous year.

The persistent economic strain resulting from ongoing geopolitical crises has precipitated a pronounced decrease in demand for our products over six consecutive quarters. Despite initial hesitancy from our customers in reducing inventories amassed in prior periods to safeguard production, the anticipated uptick in demand for the second half of 2023 failed to materialize. Consequently, there was an overall

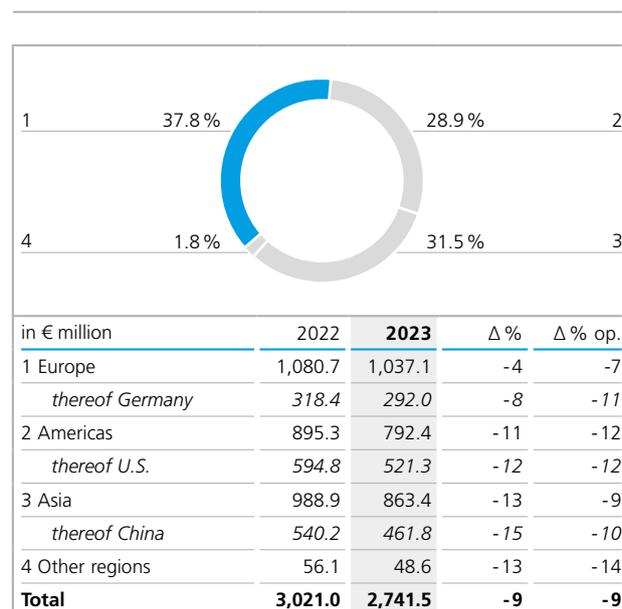
decline in volumes by 8 %. Additionally, marginal declines in raw material and energy prices within specific product segments led to reductions in our sales prices, further contributing to the negative impact on sales development. Regrettably, the initially forecasted sales growth for 2023 in the mid single-digit percentage range could not be realized.

The decline in sales development was evident across all regions, although the intensity varied due to specific conditions in each sales region. Consequently, there were slight shifts in the regional sales structure. Europe, with a 38 % share of total Group sales (compared to 36 % in the previous year), remained the most important sales region for ALTANA. However, it experienced a sales decline of 4 %, or even 7 % when adjusted for acquisitions and exchange-rate effects. This decrease reflects the overall market slowdown, although Europe's overall development fared slightly better than in other key sales regions for ALTANA. Germany, the market

#### Sales by division



#### Sales by region



with the highest sales, encountered a disproportionately high loss compared to other markets in the Eurozone. Sales growth compared to the previous year was only achieved in some Eastern European markets.

Sales in the Americas in 2023 were down 11 % on the previous year, or 12 % adjusted for exchange-rate and acquisition effects. Sales in the U.S. fell by 12 % in operational terms. The share of total Group sales decreased to 19 % in 2023 (previous year: 20 %). However, as in the previous year, the U.S. remained the Group's strongest market in terms of sales. Sales also fell in all other countries in the region, in some cases in the double-digit range. Canada lost 14 % in operational terms, followed by Mexico and Brazil. The Americas' share of Group sales fell slightly to 29 % in 2023 (previous year: 30 %).

In the past fiscal year, Asia saw a further decline in its share of total Group sales, decreasing from 33 % to 31 %. Down by 13 %, the region marked the most substantial nominal drop in sales. Adjusted primarily for negative exchange-rate effects, the operating sales decline amounted to 9 %. India and China, the key markets in the region, were the main contributors to this trend. While India emerged as the most dynamic market for ALTANA in 2023, experiencing 8 % operating growth, China witnessed a 10 % decline in operating sales. The region's most significant individual market in terms of sales sustained a continued drop in demand, with its share of the Group's total sales falling from 18 % to 17 %. The countries in the Middle East and the South East Asia region also reported a notable decline in sales figures.

#### **Sales Performance of BYK**

Sales in the BYK division fell by 12 % or € 162.3 million to € 1,208.3 million in the 2023 fiscal year (previous year: € 1,370.7 million). This figure included negative exchange-rate effects of € 25.5 million and positive effects of € 3.6 million from the acquisition of the business activities of Imagent Inc. in Rochester, New York, on August 15, 2023.

Adjusted for this effect, operating sales were down 10 % on the previous year.

The external factors of influence in 2023 described above were reflected in the division's sales performance. The demanding economic conditions resulted in a substantial decrease in volumes throughout the year, serving as the sole factor behind the decline in sales. Nonetheless, positive price/mix effects partially offset the overall impact. The volume decline impacted all product lines in the Additives division. Conversely, in the Instruments division, slight operating growth was achieved after accounting for exchange-rate and acquisition effects.

In 2023, the regional sales development experienced an overall decline, albeit to varying degrees. Adjusted for exchange-rate and acquisition effects, the previously dynamic Americas region, which saw a double-digit percentage decline in sales similar to the Group as a whole, witnessed this trend in the U.S., the market with the highest overall sales. Canada, Brazil, and other Latin American countries also experienced declines, with only Mexico achieving a slight nominal increase while still facing operating losses. Asia also reflected a cyclical decline in sales, losing a slightly higher double-digit percentage of sales than the Group overall when adjusted for exchange-rate and acquisition effects. China, the leading sales market in Asia, continued to lose momentum and, in contrast to the Group, experienced sales losses in the lower double-digit percentage range. In contrast, the sales market in India showed a very positive development, achieving double-digit growth that surpassed the Group's overall growth. Adjusted for exchange-rate and acquisition effects, Europe experienced a mid single-digit percentage decline in sales in 2023 but replaced the Americas and Asia as the region with the highest sales. The countries of the European Union also recorded an overall operating sales loss in the mid single-digit percentage range. Germany suffered a disproportionately high loss compared to most other Euro-

pean markets, with positive operating growth rates only observed in some Eastern European countries.

### Sales Performance of ECKART

The ECKART division generated sales of € 351.1 million in 2023 (previous year: € 396.8 million). The year-over-year decline of 12 %, negatively impacted by exchange-rate effects, amounted to 10 % in operational terms. The external factors described above also impacted demand in the ECKART division. The decline in volume was only slightly offset by slightly positive price/mix effects.

At regional level, sales performance in 2023 declined in all key markets. Europe, the region with the highest sales and Germany as the leading market, recorded a loss in the upper single-digit percentage range adjusted for exchange-rate effects. Asia achieved operating growth, particularly in the markets of Japan and South Korea. Demand declined in all other markets, especially in China, the market with the highest sales, and the entire region suffered sales losses in the low double-digit percentage range after adjusting for foreign exchange. The Americas, which showed the greatest sales momentum in the previous year, faced the biggest percentage loss in 2023 after exchange-rate adjustments. The decline in sales was evident in all markets in the region, resulting in an overall operating sales drop in the low double-digit percentage range, mainly due to the development in the U.S., the market with the highest sales. The markets in Canada, Brazil, and Mexico showed disproportionately weak momentum in 2023, with exchange-rate-adjusted sales decreases of over 20 % in some cases.

### Sales Performance of ELANTAS

In the ELANTAS division, sales in 2023 decreased by 2 % or € 12.5 million to € 685.7 million (previous year: € 698.2 million). Operating sales growth amounted to 5 %, adjusted for negative exchange-rate effects of € 28.5 million and positive effects of € 54.1 million from the acquisition of the

Von Roll Group on September 29, 2023. ELANTAS was the only division to exhibit a slightly positive operating trend in volumes in 2023. However, the volume growth was unable to compensate for the price reductions that were passed on to customers due to the fall in raw material prices.

A look at the regions shows a very mixed picture. China, the strongest individual market in terms of sales, continued to lose momentum in 2023. Adjusted for exchange-rate and acquisition effects, the country experienced a price-related decline in sales in the mid single-digit percentage range. In contrast, India, the second-strongest market in the region, continued to develop dynamically with an operating percentage growth rate at the same level. However, the Asia region lost sales, adjusted for exchange-rate and acquisition effects, in the mid single-digit percentage range. Europe also experienced a decline in operating sales in the low single-digit percentage range in this division. While the two largest markets, Italy and Germany, among others, saw reductions in operating sales, various countries in Eastern Europe significantly increased sales in percentage terms. In nominal terms, the ELANTAS division achieved substantial sales growth in this region, particularly due to the acquisition of the Von Roll Group. The Americas region performed the weakest in the ELANTAS division, with only Canada achieving sales growth in the low single-digit percentage range. All other markets, including the leading market of the U.S., lost ground, in some cases significantly, and the region as a whole reported a fall in sales in the low double-digit percentage range after adjusting for exchange-rate effects and acquisitions.

### Sales Performance of ACTEGA

With sales of € 496.5 million (previous year: € 555.3 million), the ACTEGA division lost 11 % in sales compared to 2022. Adjusted for negative currency effects of € 2.9 million, operating sales development amounted to - 10 %. The main reason was the ongoing cyclical decline in volumes over the

course of 2023. In addition, price reductions were recorded in this division due to lower raw-material prices.

In 2023, the division's sales performance was marked by volume losses across all regions. In Europe, the region with the highest sales, the operating sales loss was in the upper single-digit percentage range. The Eurozone, as a whole, experienced a significant loss of momentum. Germany, the market with the highest sales, suffered a disproportionately high drop in sales. Sales growth was only achieved in some Eastern European countries and Sweden in 2023. The Americas also faced sales losses across all markets in 2023, resulting in an overall decline in the upper single-digit percentage range after adjusting for exchange-rate effects. In the U.S., the market with the highest sales, there was a moderate decline in the low single-digit percentage range, while sales in Brazil were almost maintained. However, other countries in the region, particularly Mexico, saw a significant percentage drop in sales. The Asia region recorded the weakest sales development in percentage terms.

## Earnings Situation

ALTANA's earnings situation in 2023 was predominantly influenced by the sharp decline in demand due to the challenging economic conditions. Although the cost of materials and energy experienced a slight decrease compared to the previous year, the ratios in relation to sales remained high in comparison to the long-term average. Earnings were negatively affected by increases in personnel expenses and consistently high freight costs, along with substantial one-off costs associated with multiple acquisitions and strategic projects. In total, absolute earnings before interest, taxes, depreciation, and amortization (EBITDA) declined by 15 %, or € 67.1 million, amounting to € 385.1 million, which was below the previous year's result of € 452.2 million. Adjusted for acquisition and exchange-rate effects, the operating

decline was 12 %. The EBITDA margin stood at 14.0 %, lower than the previous year's figure of 15.0 % and below the strategic target range of 18 % to 20 %. As a result, the targeted increase in absolute earnings in the upper single-digit percentage range and the expected improvement in the EBITDA margin could not be achieved, primarily due to the volume-related decline in sales. Despite these challenges, comprehensive cost-cutting measures initiated at the beginning of 2023 and gradually expanded throughout the year allowed us to stabilize the absolute result.

The most important cost parameter for ALTANA, variable raw-material and packaging costs, remained at a high level overall in 2023. The material usage ratio, the ratio of these costs to sales, was 46.1 % in the first quarter and developed with slight fluctuations to 46.3 % by the fourth quarter. For 2023 as a whole, the material usage ratio was 46.5 %, below the previous year's figure of 48.9 % and lower than we had forecast. The material costs developed differently in the four divisions. While ELANTAS and ACTEGA benefited from the decline in raw-material prices, the cost of materials ratios in the BYK and ECKART divisions were slightly higher on average than in the previous year.

In 2023, cost trends no longer showed the significant increase of the previous year. Inflation experienced a slight decline, while energy and freight costs remained elevated compared to the long-term average. Notably, personnel costs saw a significant rise, driven by inflation-related catch-up effects. Besides wage increases, the acquisition of the Von Roll Group, with the assumption of 982 employees at the end of 2023, temporally impacted personnel costs in absolute terms. The ratio of total personnel costs to sales increased to 22.7 % (compared to 19.7 % in the previous year) due to the decline in sales. Depreciation and amortization increased by 2 % in a year-to-year comparison.

Within production costs, personnel costs in particular were higher than in the previous year due to the increase in staff resulting from the acquisition of the Von Roll Group,

while energy costs and other variable cost components fell due to the decline in the volume produced.

The absolute decline in selling expenses is mainly due to lower sales compared to the previous year. Freight costs and other volume-related costs such as sales bonuses fell significantly. Depreciation and amortization also fell in the realm of selling expenses. Travel expenses, on the other hand, increased overall in this cost area.

In 2023, ALTANA again increased its research and development expenses. The reasons for the increase were, on the one hand, the integration of the Von Roll Group's research and development activities and, on the other, an increase in personnel costs. The ratio of research and development costs to total sales increased from 6.4 % to 7.2 % in 2023 and was thus in line with our target of around 7 %.

Administrative expenses increased the most compared to the previous year. The main reason was the costs associated with the strategic projects and the acquisitions made in preparation. Increases in personnel costs and higher travel expenses were also a contributing factor. The ratio of administrative expenses to sales rose to 5.2 %, higher than the previous year's level of 4.4 %.

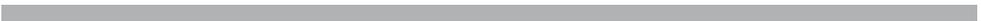
The positive balance of other operating income and expenses totaled € 11.1 million in 2023, higher than the previous year's figure (€ 8.5 million). This figure was positively impacted by one-off special income from the reversal of a provision as a risk provision for possible bad debts. Earnings before interest and taxes (EBIT) amounted to € 216.3 million, 19.3 % down on the previous year's figure (€ 287.5 million) in operational terms.

## Multi-period overview of the earnings situation

### Sales (in € million)

2019		2,249
2020		2,178
2021		2,667
2022		3,021
<b>2023</b>		<b>2,742</b>

### EBITDA (in € million)

2019		416
2020		426
2021		482
2022		452
<b>2023</b>		<b>385</b>

At € -7.1 million, the financial result was below the previous year's figure of € 7.0 million. This is partially because net interest developed negatively in 2023 due to higher employee benefit obligations. The previous year's balance also included income from the sale of shares in dp polar GmbH, Eggenstein-Leopoldshafen. The result from companies accounted for using the equity method changed from € 10.9 million in the previous year to € -43.0 million in 2023. The reason for the positive prior-year figure were valuation effects in connection with the investment in Landa Corporation Ltd. following a capital increase by a third-party investor.

Earnings before taxes (EBT) fell to € 166.3 million (previous year: € 305.5 million), while earnings after taxes (EAT) decreased to € 110.2 million (previous year: € 232.4 million). At 27 %, the adjusted income tax rate was higher than in the previous year (25 %).

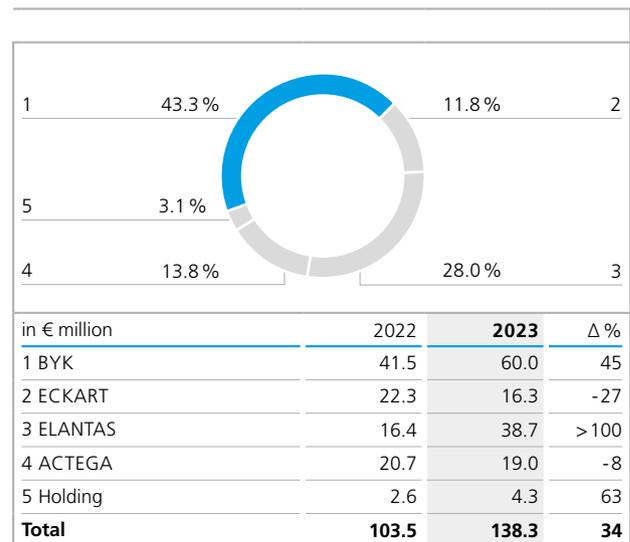
## Asset and Financial Situation

### Capital Expenditure

In 2023, € 10.0 million were attributable to subsequent payments in connection with the technology acquisition at ACTEGA in 2017. Adjusted for this payment, ALTANA invested a total of € 138.3 million in intangible assets and property, plant and equipment in the past fiscal year, thus exceeding the previous year's figure (€ 103.5 million). The investment ratio, that is the ratio of investments to sales, was 5.0 % and thus within our long-term target range of 5 % to 6 %.

Of the € 138.3 million invested, € 122.7 million related to property, plant and equipment (previous year: € 95.0 million). For several years, major projects have been carried out to strategically expand global production and laboratory capacities. Investments in intangible assets totaled € 15.6 million in the past fiscal year, compared to € 8.5 million in

### Capital expenditure by division



2022. The focus of investments was on the further expansion of digitalization and ERP systems.

In the regional distribution of investments, there were project-related shifts compared with the previous year. While Europe's share fell from 56 % in 2022 to 50 % in the reporting year, Asia's share grew to 16 % (previous year: 10 %). This increase was mainly due to investment projects in China. Amounting to 34 % of the total volume, the Americas' share remained at the previous year's level. At 32 %, the focus of investment activity in the reporting year was in the U.S. Investments in Germany decreased to a proportion of 30 %.

The BYK division invested a total of € 60.0 million in 2023, significantly above the previous year's level (€ 41.5 million). Investment activities focused on the further expansion of production capacities in the U.S. and Germany. Other

investments concerned research and development capacities as well as strategic digitalization projects.

At € 16.3 million, the ECKART division's investment volume was lower than in the previous year (€ 22.3 million). As in the prior year, the division's site in Hartenstein and its sites in the U.S. accounted for by far the largest shares.

The ELANTAS division increased its investments in property, plant and equipment and intangible assets to € 38.7 million (previous year: € 16.4 million). In the past fiscal year, the division invested primarily in the production facilities at its site in Zhuhai, China, and those of its European companies.

Investments in the ACTEGA division amounted to € 19.0 million (previous year: € 20.7 million). Investments in the past fiscal year mainly related to the expansion of production capacities at German sites and its U.S. site in North Carolina.

### Balance Sheet Structure

At the end of 2023, the balance sheet structure was significantly influenced by the inclusion of the Von Roll Group in the scope of consolidation. The ALTANA Group's total assets rose from € 3,961.5 million in the previous year to € 4,140.5 million in 2023. The increase of € 179.0 million or 5 % results primarily from an increase in non-current assets

### Key figures

	2022	2023	Δ %
in € million			
Total assets	3,961.5	4,140.5	5
Shareholders' equity	2,951.6	2,851.2	-3
(+) Net financial assets/ (-) Net debt <sup>1</sup>	144.7	(51.8)	

<sup>1</sup> Comprises cash and cash equivalents, short-term financial assets, current marketable securities, loans granted, debt, and employee benefit obligations.

from this acquisition. Negative exchange-rate effects also impacted the balance sheet total.

Intangible assets increased to € 1,033.8 million (previous year: € 986.2 million). Property, plant and equipment also increased in value, from € 1,012.3 million in the previous year to € 1,147.0 million. With additions of € 122.7 million, the level of investment in property, plant and equipment was higher than the level of depreciation and amortization. Negative exchange-rate effects contributed to a decrease in the carrying amounts in the Group currency, the euro, in both areas.

Total non-current assets amounted to € 2,353.5 million at the balance sheet date (previous year: € 2,186.4 million), up € 167.1 million on the previous year, mainly due to acqui-

### Capital expenditure ALTANA Group (in € million)

2019	60	97	157
2020	47	58	105
2021	95	54	149
2022	42	62	104
<b>2023</b>	<b>41</b>	<b>97</b>	<b>138</b>

Germany — Abroad

sitions. Their share of total assets increased to 57 % (previous year: 55 %).

The change in current assets was mainly due to the decrease in inventories and a slight increase in cash and cash equivalents. Despite the acquisition of the Von Roll Group, inventories fell significantly to € 561.8 million over the course of the year (previous year: € 616.5 million). Trade receivables also declined, only exceeding the previous year's figure due to the expansion of the scope of consolidation. At € 505.8 million, trade receivables were higher than in the previous year (€ 487.6 million). At € 853.1 million, the scope of net working capital and current trade payables was below the level at the end of 2022 (€ 871.8 million). The scope of net working capital, in relation to the business performance of the preceding three months, fell slightly to 132 days, compared to 138 days at the end of 2022. Absolute net working capital at the end of 2023 was slightly below the forecast value, despite the acquisition of the Von Roll Group. Nevertheless, the expected decline in the range

was not fully achieved, as the development of inventory values was mainly due to the reduction in business activities. Cash and cash equivalents increased to € 491.3 million over the course of the year (previous year: € 458.1 million), primarily resulting from the inflow from non-current financial liabilities. As a result, total current assets rose slightly to € 1,787.0 million (previous year: € 1,775.0 million).

On the liabilities side, changes resulted primarily from dividend payments, increases in non-current financial liabilities, an increase in pension provisions, and exchange-rate-related adjustments. The Group's equity decreased by a total of € 100.4 million or 3 % to € 2,851.2 million (previous year: € 2,951.6 million). The positive result for the year was more than offset by dividend payments and negative currency and pension valuation effects. At 69 %, the equity ratio as of December 31, 2023, was below the previous year's level (75 %).

Total non-current liabilities increased in the course of 2023, mainly due to the extended utilization of a credit line

#### Structure of consolidated balance sheet

Assets	Dec. 31,2022		Dec. 31,2023	
	€ million	%	€ million	%
Non-current assets	2,186.4	55	2,353.5	57
Inventories, trade accounts receivable and other current assets	1,269.4	32	1,224.3	30
Cash, short-term financial assets, and cash equivalents and marketable securities	505.7	13	562.7	13
<b>Total assets</b>	<b>3,961.5</b>	<b>100</b>	<b>4,140.5</b>	<b>100</b>

Shareholders' equity and liabilities	Dec. 31,2022		Dec. 31,2023	
	€ million	%	€ million	%
Shareholders' equity	2,951.6	75	2,851.2	69
Non-current liabilities	506.1	13	794.7	19
Current liabilities	503.8	13	494.6	12
<b>Total shareholders' equity and liabilities</b>	<b>3,961.5</b>	<b>100</b>	<b>4,140.5</b>	<b>100</b>

from the European Investment Bank (EIB) in the amount of € 60.0 million and a promissory note loan with a sustainability component placed in November 2023 in the amount of € 180.0 million. In addition, pension provisions increased, mainly due to interest rates. Overall, non-current liabilities increased by € 288.6 million to € 794.7 million (previous year: € 506.1 million).

Total current liabilities reported in the balance sheet on December 31, 2023, fell slightly from € 503.8 million to € 494.6 million. Trade payables decreased slightly by € 17.7 million to € 214.6 million.

The balance of cash and cash equivalents, short-term financial assets, current marketable securities, loans granted, financial liabilities, and employee benefit obligations resulted in net financial assets of € -51.8 million at the balance sheet date of December 31, 2023. This corresponds to a decrease of € 196.5 million compared with the previous year (net financial assets € 144.7 million), due in particular to the expenses for the acquisitions.

### Principles and Goals of Our Financing Strategy

We generally aim to finance our operating business activities from the cash flow from operating activities. The same applies to the need for capital expenditure, which caters to the continual expansion of business activities.

As a result, our financing strategy is oriented to keeping the cash and cash equivalents generated within the Group centralized. In addition, a financing framework is sought that enables ALTANA to flexibly and quickly carry out acquisitions and even large investment projects beyond the accustomed scope.

To successfully implement these goals, we manage nearly all of the Group's internal financing centrally via ALTANA AG. To this end, cash pools are set up for the important currency areas.

In June 2021, ALTANA restructured its long-term Group financing: Since June 2021, ALTANA has had access to

€ 250.0 million in the form of a syndicated credit facility from an international bank consortium which has a minimum term until 2026. In 2023, the term was extended until June 2028. As of December 31, 2023, the credit line had not been utilized. In addition, ALTANA has had access to loans from the European Investment Bank (EIB) of up to € 200.0 million since the end of June 2021 for the development of climate-friendly, digital, and sustainable products. In the 2022 fiscal year, the EIB loan commitment was increased by € 50 million to a total of € 250 million and the call period was extended by one year until December 21, 2023. The EIB loans were utilized in the amount of € 210.0 million by the end of the call period in 2023. In November 2023, ALTANA issued a promissory note loan with a sustainability component of € 180 million with a minimum term until 2026. The promissory note is divided into tranches with different terms of between three and seven years, which have both variable and fixed interest rates.

This financing structure offers ALTANA the necessary flexibility to make appropriate use of short-term and investment-intensive growth opportunities. The distribution of the maturities of the existing financing instruments enables us to optimally manage the repayment of liabilities via the inflows from operating cash flow.

Off-balance-sheet financing instruments result from bank guarantees, purchasing commitments, and guarantees for pension plans. Details on the existing financing instruments are provided in the Consolidated Financial Statements.

## Liquidity Analysis

### Key figures

	2022	2023	Δ %
in € million			
Cash flow from operating activities	201.6	412.8	> 100
Cash flow from investing activities	(64.5)	(415.1)	
Cash flow from financing activities	64.2	40.0	-38

In the course of 2023, cash and cash equivalents increased by € 33.2 million to € 491.3 million (previous year: € 458.1 million). At € 412.8 million, the cash inflow from operating activities was well above the previous year's level (€ 201.6 million) and in line with our expectations, which had forecast an improvement for 2023 compared to the previous year. This primarily reflects the release of capital in net working capital with a reduction of € 90.5 million over the course of the year, in particular due to the sharp reduction in inventories.

The cash outflow from investing activities, which includes substantial payments for the acquisitions made, increased significantly compared to the previous year, reaching € 415.1 million (compared to € 64.5 million in the previous year). Acquisitions constituted payments of € 223.4 million, with the largest portion by far allocated to the acquisition of the Von Roll Group. Additionally, expenses were incurred for the acquisition of the business activities of Imaginant Inc. Furthermore, investments in intangible assets and property, plant, and equipment also exceeded the previous year's level.

In the 2023 financial year, there was an inflow of funds from financing activities amounting to € 40.0 million, which was provided by the further utilization of the EIB loan

totaling € 60.0 million and the raising of a promissory note loan amounting to € 180.0 million. In the previous year, there was an inflow of funds from financing activities totaling € 64.2 million. In fiscal 2023, ALTANA AG paid a dividend amounting to € 150.0 million (previous year: € 70.0 million).

## Value Management

### Key figures value management

	2022	2023
in € million		
Operating capital (annual average)	2,530.3	2,676.1
Operating earnings	216.1	170.3
Return on capital employed (ROCE)	8.5%	6.4%
Weighted average cost of capital	7.5%	7.5%
ALTANA Value Added (relative AVA)	1.0%	-1.1%
ALTANA Value Added (absolute AVA)	26.3	(30.4)

ALTANA determines the change in the company's value via the key figure ALTANA Value Added (AVA), whose calculation is explained in the "Group Basics" section. In addition, the key figure Return on Capital Employed (ROCE), which is also presented in the "Group Basics" section, is used to measure the development of the company's value.

The AVA calculation methodology underwent a review in 2022, focusing on the composition of tied-up capital and the calculation of operating income. A significant change was made by discontinuing the longstanding practice of including historical acquisition costs of acquisition values in intangible assets and adjusting depreciation and amortization in income accordingly. The new approach utilizes the corresponding carrying amounts instead of historical acquisition costs. This updated calculation method, offering a more transparent computation and improved management

## Innovation, Employees, Environment, and Safety

for the operating units, was consistently applied for the first time in 2023. To maintain consistency, the comparative figures for 2022 were adjusted to align with the new logic.

In the 2023 fiscal year, it was not possible to make a positive contribution to the development of the company's value due to the challenging economic conditions. The value achieved was both below the previous year's value and significantly below the forecast value.

The key figures for value management in 2023 were also impacted by the company's acquisition activity. The average operating capital tied up in the Group increased by 5.8 % year over year, reaching € 2,676.1 million (compared to € 2,530.3 million in the previous year). The increase is almost exclusively due to the acquisition of the Von Roll Group, and, to a much lesser extent, the acquisition of the business of Imaginant Inc. This is particularly evident in the rise in property, plant, and equipment, as well as intangible assets.

ALTANA's earnings development in 2023 was reflected in the operating margins of € 170.3 million (previous year: € 216.1 million). The earnings components for the year, particularly those of the Von Roll Group, were impacted by extensive acquisition and integration costs as well as one-off negative effects from the revaluation of acquired inventories. Overall, the aforementioned influences on EBIT led to a relatively low earnings base compared to increased operating capital. The cost of capital rate remained unchanged at 7.5 %, resulting in costs of capital of € 200.7 million (previous year: € 189.8 million).

At 6.4 %, the return on capital employed (ROCE) in 2023 was down on the previous year's figure (8.5 %). Absolute value added totaled € -30.4 million in the past fiscal year, compared to € 26.3 million the year before. Relative AVA fell from 1.0 % in the previous year to -1.1 % in 2023. The originally forecast significant increase in the value management key figures was not achieved due to both the earnings situation, which was adversely affected by the external environment, and the unplanned acquisitions.

### Innovation

As a specialty chemicals company, innovations are an important factor for ALTANA, enabling us to offer our customers new, competitive solutions and at the same time to meet current requirements regarding performance profile, costs, environmental protection, and sustainability. Thanks to close cooperation with our customers, we are able to identify global technology trends at an early stage and to be immediately involved in new development fields. This enables us to develop tailored solutions quickly and reliably. We build on existing competencies, on the one hand, and gain access to new ones on the other, in order to continuously adapt our product portfolio to market and customer needs. There is also great potential to combine our competencies across the divisions to establish innovative solutions on the market more quickly and efficiently. To this end, our research and development teams have access to the latest analytical methods in our chemical laboratories and application-technology test laboratories. Numerous awards from our customers underscore our success as an innovative solutions provider.

In addition to the activities in the business divisions, selected innovations are initiated and coordinated at the ALTANA level, aimed at tapping new business fields and absorbing technology and market trends. The basis for these innovations are the strong competencies of the divisions along the entire value chain as well as the synergies that arise between the divisions. For the design of new innovation areas, we use three different but thematically complementary approaches: the ALTANA Institute, our technology platforms, and corporate venturing.

With the help of the ALTANA Institute, external networks and close cooperation with universities and research institutes around the world are used to harness outside impetus. Here, we cooperate in basic research on topics that form the foundation of further application-oriented internal research and development activities. In addition to the

**Research and development expenses** (in € million)

2019		165.6
2020		163.4
2021		179.7
2022		192.9
<b>2023</b>		<b>196.5</b>

technology transfers of completed projects to the business divisions, a further project was launched at the University of Illinois in the U.S. this year, intensifying the existing research cooperation. In addition, a strategic research cooperation was established with the Friedrich Schiller University in Jena. In this context the position of a research group leader was filled, who will conduct basic academic research in areas relevant to ALTANA.

ALTANA's investments in the realm of technology platforms increased compared to the previous year. This demonstrates the constant expansion of this area, based on targeted customer cooperation.

The "Printed Electronics" innovation platform that was integrated into the ELANTAS division was able to further increase sales by means of additional new business and to fill the project pipeline further. Due to last year's investment in the technology startup Saralon GmbH, ELANTAS now also sells products resulting from this cooperation.

As part of the "Cubic Ink" technology platform, the product portfolios for both inkjet and VAT polymerization were standardized and completed. Development projects were finalized for both products with a view to entering series commercialization in 2024.

The "Heliosonic" laser transfer technology platform reached a milestone with the first sale of a print head. The concentration of activities on functional printing led to projects with customers in rapidly growing markets. Apart

from the first print head sale, income was also generated from the initial ink sales. Furthermore, the construction of an additional printing machine, which covers a significantly larger printing width, was finalized.

Thanks to the close cooperation between the central departments Corporate Innovation and Corporate Venturing, ALTANA can continuously examine technology and market potential and enter new attractive markets by means of targeted investments in innovative technology companies. In this context, ALTANA further expanded its cooperation, for example, with the company TAU ACT GmbH, Berlin.

The basis for our innovative strength is an open and dynamic corporate culture that gives the 1,265 employees in our worldwide research and development centers freedom for creative and entrepreneurial action. The equipment in our development centers enables our employees to turn their ideas into market-ready solutions. Our research and development expenses increased by € 3.6 million to € 196.5 million compared to the previous year (€ 192.9 million). The increase in the proportion of sales accounted for by research and development expenses to 7.2 % (previous year: 6.4 %) is mainly due to the demand-driven decline in sales. In general, our expenditures are related to the achievement of important milestones, the implementation of individual customer requirements in future innovative products, and the long-term orientation of our innovation activities.

## Employees

At the end of 2023, the companies of the ALTANA Group employed 7,939 people worldwide (previous year: 6,957). The increase of 982 employees, or 14 %, compared to the previous year was almost exclusively due to the acquisition of the Von Roll Group in September 2023, in which we took over 982 employees.

In the BYK division, the number of employees increased by 11 to 2,515 in 2023 (previous year: 2,504). The acquisition of the business of the U.S. company Imaginant Inc. in August 2023 augmented staff numbers by 32. The strongest increase was recorded in production, particularly at BYK Gardner in the U.S., into which Imaginant's business was integrated.

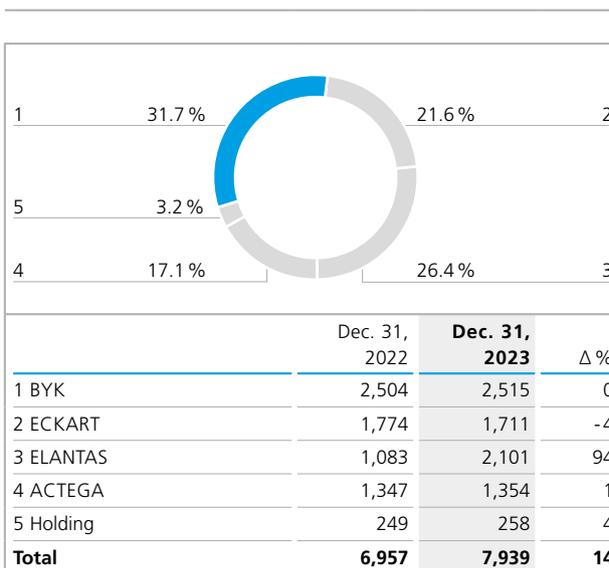
The number of staff members in the ECKART division decreased by 63 to 1,711 in the course of 2023 (previous year: 1,774). The changes mainly affected production and research and development at the Hartenstein site.

ELANTAS' workforce grew by 1,018 to 2,101 (previous year: 1,083). The proportion of employees gained through the acquisition of the Von Roll Group totaled 982. The increase in the number of employees was spread across all functional areas, with the main focus being on production with 725 employees.

### Employees in research and development

BYK	513
ECKART	252
ELANTAS	213
ACTEGA	258
Holding	29
<b>Total</b>	<b>1,265</b>

### Employees by division

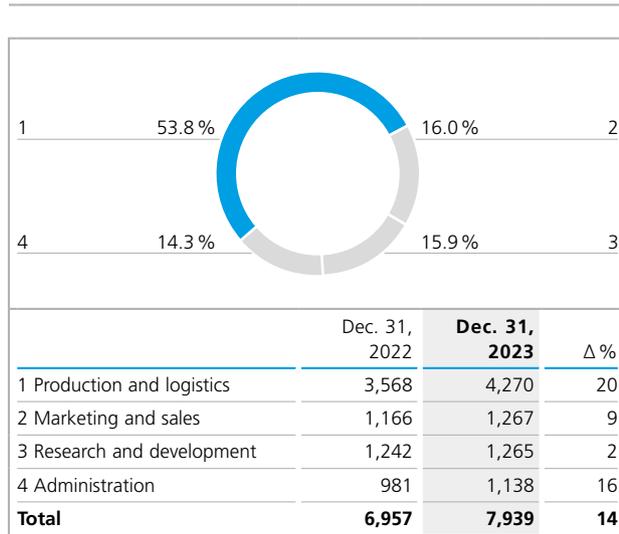


In the ACTEGA division, the number of employees rose by 7 to 1,354 (previous year: 1,347) over the course of the year. The growth was in the areas of production and sales.

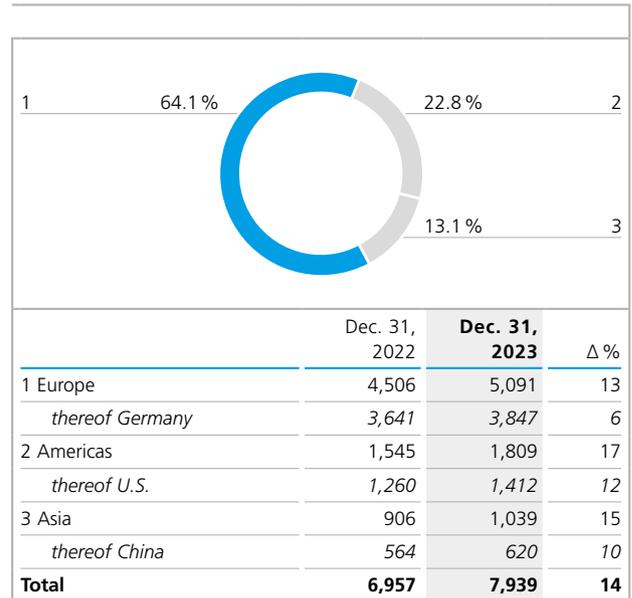
In the Group's holding companies, the headcount rose by 9 to 258 in the past fiscal year (previous year: 249). Part of the increase (three people) was due to the implementation of a new service company in Shanghai, which offers Group-wide services for China. The employees were previously employed in the ECKART division.

The functional structure of the workforce changed slightly in the 2023 financial year due to the acquisition of the Von Roll Group. With 54 % or 4,270 people (previous year: 3,568), the proportion of employees in production increased, including 725 people due to the acquisition of the Von Roll Group. The number of people employed in research and development rose by 23 to 1,265 employees

**Employees by functional area**



**Employees by region**



in 2023 (previous year: 1,242), 47 of whom came from the acquisition of the Von Roll Group. In marketing and sales, the headcount rose by a total of 101 to 1,267 in 2023 (previous year: 1,166). Here, 105 employees were taken over from the Von Roll Group. Administration comprised 1,138 employees in the reporting year (previous year: 981); the increase of 157 people is also mainly due to the acquisition of the Von Roll Group (105 people).

There were only minor shifts in the regional structure in 2023 compared to the previous year. With 5,091 people (previous year: 4,506), the European Group companies continued to account for by far the largest share of the workforce. 3,847 employees (previous year: 3,641) were employed in Germany at the end of the year, most of them at the largest production and development sites of the ECKART and

BYK divisions, in Hartenstein and Wesel respectively. The inclusion of the Von Roll companies augmented the number of employees in Switzerland by 213. The workforce in the Americas rose by 264 to 1,809 at the end of 2023 (previous year: 1,545). The increase was primarily attributable to the Von Roll Group's North American and Brazilian companies. The number of employees working for the Asian Group companies grew from 906 in the previous year to 1,039 in 2023, with the headcount in China and India increasing the most due to the new Von Roll companies.

At the end of the 2023 fiscal year, 2,022 women and 5,917 men worked for ALTANA. 91 % of all employees had an unlimited contract and 9 % a limited contract on the balance sheet date. Excluding the new colleagues from the Von Roll Group, 75 % of the female employees worked

full-time and 25% part-time at the end of 2023. Among male employees, the share of full-time employees was 98%. Apart from its own employees, 69 people from employment agencies worked for the ALTANA Group on December 31, 2023.

The 2023 reporting year was marked by the further consolidation of the programs, processes, and regulations established in HR in recent years. The systems and measures introduced worldwide in the last few years were continuously improved and advanced to meet the ever-changing requirements of today's working world and the new generations. In the wake of the coronavirus pandemic, it is evident that placing an even greater emphasis on corporate culture and employee retention is imperative to guarantee long-term success.

With the Onboarding @ALTANA program, the company engages with new employees even before their first day of work. Aside from an initial welcome message, the program incorporates various digital training units automatically assigned to employees via SAP SuccessFactors. The primary emphasis is on familiarizing individuals with the entire ALTANA Group, encompassing all four divisions, to gain insights into ALTANA's business model beyond the confines of the company itself. The program also covers areas such as compliance, health and safety at work, information security, and data protection. Employees are introduced to the ALTANA TalentCycle and its associated competency model through concise videos and illustrative case studies. This training is compulsory for all new employees and is accessible in a total of nine languages. Moreover, there is a separate module for disciplinary managers designed to provide an initial understanding of the managerial role at ALTANA. In the reporting year, a total of 649 individuals completed the Onboarding @ALTANA program.

The Onboarding @ALTANA program has achieved a silver accolade from the Brandon Hall Group as part of its prestigious "Awards of Excellence." The Brandon Hall Group,

an international research and analysis company, conducts the Excellence Awards in Human Capital Management biannually.

To welcome our new colleagues from the Von Roll Group to ALTANA, the pertinent onboarding program training package was provided in a digital format shortly after the completion of the acquisition.

Beyond the onboarding of new team members, retaining and advancing the growth of longstanding employees stands as a pivotal cornerstone. In 2022, a global digital learning library was introduced to a select group of companies. Owing to the overwhelmingly positive feedback and robust utilization by employees in all functional areas, the decision was made to extend this offer to the entire ALTANA workforce starting in the 2023 reporting year. All ALTANA Group employees now have complimentary access to digital learning content via SuccessFactors, accessible during working hours. They can choose to complete the content as a comprehensive training course with confirmation or focus on individual sections of the training.

In addition to offering digital and flexible training opportunities, our program aimed at strengthening specialist careers has undergone expansion. Following the completion of the expert program by 24 pilot participants in Germany and the U.S. in 2022, the initiative was extended to China in the year under review. As of now, 71 employees have either successfully completed the program or are currently enrolled. The objective of this program is to foster and nurture talent at ALTANA independently of disciplinary management.

Another significant focus in the reporting year was the overhaul of posting regulations, including the introduction of a new posting directive. This guideline establishes a framework for globally standardized conditions and processes governing international assignments. The updated policy enhances transparency in processes and responsibilities while providing greater flexibility for the international exchange of

employees. Moving forward, ALTANA assignments will be categorized into three groups: short-term assignments (up to six months), long-term assignments (up to 36 months), and relocation abroad with the intention of permanent residence in that country. This categorization enables responsible parties to address employee needs specifically and adhere to country-specific regulations, such as those pertaining to immigration, tax, social security, and labor law.

The reporting year also marked the implementation of the first remuneration determination process through SAP SuccessFactors. Pilot companies were chosen for this initiative in 2022 and actively participated in the process in 2023. By using SAP SuccessFactors, the process became transparent and digitalized with a reduced workload for local managers, as the system now manages documentation. In the reporting year, the process was applied to the top management group and selected companies in the BYK division and ALTANA AG, with plans for implementation at other ALTANA companies in 2024.

## Environment and Safety

Environmentally compatible management and occupational safety are key components of ALTANA's corporate strategy. The ALTANA Group measures progress in the area of environmental protection using specific key figures, such as the consumption of natural gas and electricity as energy sources and the resulting greenhouse gas emissions, and in the area of safety with the help of accident figures. Ideally, our aim is to reduce the number of accidents to zero.

In terms of environmental protection, our goal is to continuously reduce energy consumption at all of our sites and in all areas and to promote the use of energy from renewable sources. By purchasing green electricity worldwide since 2020, we have achieved a first milestone on the road to independence from fossil fuels. In addition, the sites invest

every year in energy transformation measures, as described in the "Environment" chapter of this report.

In August 2023, the BYK division acquired the business of the U.S. company Imaginant. At the end of September 2023, the ELANTAS division secured a majority stake in the Swiss Von Roll Group. As of the end of 2023, the integration processes necessary for determining sustainability-related information for these two acquisitions had not reached completion. Consequently, the corporate report does not encompass safety and environmental key figures from the aforementioned acquisitions.

Safety is a top priority at ALTANA. ALTANA ensures continuous improvement in the safety of its employees by means of various technical and organizational measures tailored to the production conditions at the sites and to the laws and regulations that apply there. To achieve a uniform safety culture, ALTANA also relies on targeted employee training programs. All of our worldwide sites have established their own safety organization, which is responsible, among other things, for complying with all local occupational safety regulations, for training and education measures, and for recording and evaluating accidents. Throughout the Group, the Work Accident Indicator (WAI) serves as the central key performance indicator for recording and evaluating the development of occupational safety at all sites on the basis of reported accidents with lost work days. Three key figures are defined for better comparability: WAI 1 refers to the number of reported occupational accidents with lost work time of one day or more per million working hours. WAI 2 comprises the number of reported occupational accidents with lost work time of more than three days per million working hours. And WAI 3 represents the number of lost work days due to reported occupational accidents per million working hours.

ALTANA determines the working hours on the basis of the actual hours worked. If such recording is not possible, a qualified estimate of the average hours worked is made.

Accidents are recorded directly on site and reported to a defined group of persons within 48 hours. On a quarterly basis, the reported accidents with lost work days are evaluated in a global IT system. Subsequently, the evaluations are made available to all responsible persons, such as the Management Board, division presidents, managing directors, and experts from the area of Environment, Health and Safety (EH&S). On the basis of this data, ALTANA's Management Board, together with the EH&S department, sets target values for the three WAIs for each year, which apply equally to all companies of the ALTANA Group.

For 2023, ALTANA again set ambitious target ranges for all three accident indicators (WAI 1: 0 to 2.3; WAI 2: 0 to 1.5; and WAI 3: 0 to 27.0), once again emphasizing how important the continuous improvement of occupational safety is for the company. However, the year presented a challenging economic environment, characterized by geopolitical conflicts and cyclical declines in demand in the three major economic regions of Europe, the U.S., and China. Against the backdrop of these general conditions, the number of behavior-based accidents rose. Although we succeeded in keeping the number of reported occupational accidents at our sites at a low level, we were unable to achieve our ambitious targets at Group level in 2023, as was the case in 2022. Globally, 31 accidents with lost days were reported at ALTANA, two more than in the previous year. Based on hours worked, the WAI values are as follows: WAI 1: 2.8 (previous year: 2.5); WAI 2: 1.7 (previous year: 2.0); and WAI 3: 31.8 (previous year: 23.1).

ALTANA has also been addressing the issue of energy efficiency and the associated greenhouse gas emissions for several years. In addition to absolute values, energy consumption is set in relation to the quantity of finished goods that are produced. ALTANA establishes annual reduction targets for energy consumption in relation to the quantity of finished goods produced. The recording and calculation of emissions relates, as Scope 1, to direct greenhouse gas

emissions from emission sources owned or controlled by the Group. These include, for example, the combustion of primary energy sources in the course of heat generation and fuel consumption in the company's own vehicle fleet at some sites. Scope 2 includes indirect greenhouse gas emissions from the performance-related purchase of electricity. They are recorded and calculated in accordance with the standard "A Corporate Accounting and Reporting Standard – Revised Edition" of the Greenhouse Gas Protocol initiative. The data are reported in the document "Facts and Figures on Sustainability 2023." The energy consumption of all production sites included in the scope of consolidation is recorded and evaluated in a global reporting system. The CO<sub>2</sub> equivalents for Scope 2 are calculated based on conversion factors (g CO<sub>2</sub>/kWh) defined by the International Energy Agency (IEA) in line with the currently published values (2021) for the location-based method and with the aid of emission factors of the electricity supplier or an individual electricity product for the market-based method. For Scope 1, we use the current conversion factors from the Intergovernmental Panel on Climate Change (IPCC).

The companies generally verify consumption by means of bills. If this is not possible for the last two months of the reporting year, the companies first make a qualified estimate of the values. As a result, in the following year – as soon as all bills are available – the prior-year figure may still be adjusted retrospectively. In 2023, ALTANA had a total energy consumption of 611,843 MWh (previous year: 680,948 MWh). The main energy sources were natural gas (336,427 MWh) and electricity (241,196 MWh). ALTANA set a target value of 1.16 MWh/t for the specific energy parameter – based on one metric ton of finished goods – for 2023 and slightly exceeded it in the reporting period at 1.18 MWh/t, but improved it slightly compared to the previous year (1.20 MWh/t). This resulted in a total of 77,769 tons of CO<sub>2</sub> equivalents. Of these, 76,393 tons of CO<sub>2</sub> equivalents fall under Scope 1.

**WAI 1** (number of reported occupational accidents with lost work time of one day or more per million working hours)

2022		2.5
<b>2023</b>		<b>2.8</b>

**WAI 2** (number of reported occupational accidents with lost work time of more than three days per million working hours)

2022		2.0
<b>2023</b>		<b>1.7</b>

**WAI 3** (number of lost work days due to reported occupational accidents per million working hours)

2022		23.1
<b>2023</b>		<b>31.8</b>

For the purchased electricity of 241,196 MWh, the same number of Guarantees of Origin was acquired in accordance with recognized quality standards (for example, CoO for Europe, GREEN-E for the U.S., and IREC for China) and through a German PPA (Power Purchase Agreement). This is electricity that is generated from renewable energies and whose origin is made transparent by means of a Guarantee of Origin. ALTANA plans to finalize the decommissioning of these Guarantees of Origin for 2023 in April 2024. According to the "location-based" method, 85,500 tons of CO<sub>2</sub> equivalents are calculated for this electricity procurement, but

as described above, we cause zero CO<sub>2</sub> emissions according to the "market-based" method due to the measures taken by ALTANA. The purchase of steam, district heating, and compressed air causes 1,377 tons of CO<sub>2</sub> equivalents in Scope 2 greenhouse gas emissions based on the "location-based" method and the "market-based" method.

Apart from focusing on reducing emissions within its own value chain, ALTANA also invests in certified climate protection projects. When selecting projects, we make sure that they are certified according to internationally recognized standards such as the Verified Carbon Standard (VCS) and, moreover, contribute to selected Sustainable Development Goals of the United Nations. In addition, we review the portfolio built up in this way internally at annual intervals and check whether it continues to meet our requirements. For the reporting period, ALTANA offset 44,600 tons of CO<sub>2</sub> equivalents through certificates from the "Kinnaur Hydropower Plant" project on the Satluj River in the Himachal Pradesh region of India (Verra Register VCU serial number 9355-83999139-84032489-VCS-VCU-997-VER-IN-1-1742-01012018-31122018-0). The amount corresponds to around 58% of the greenhouse gas emissions generated in Scope 1 in the reporting year. This voluntary contribution to slowing climate change is not offset against the emissions generated. However, the approach corresponds to the best practice recommendations of SBTi (Science Based Target Initiative) for support measures on the road to decarbonization. ALTANA has set itself the goal of voluntarily offsetting as many CO<sub>2</sub> equivalents as the company generates in Scope 1, Scope 2, and selected categories of Scope 3 (categories 4, 6, and 8) starting in 2025.

## Declaration on Corporate Governance<sup>1</sup>

### Corporate Governance

Good corporate governance is an essential basis for the sustainable success of ALTANA. Even as a company not listed on the stock exchange, ALTANA orients itself to the recommendations and suggestions of the German Corporate Governance Code.

At least once a year, the Supervisory and Management Boards deal with the German Corporate Governance Code and examine which recommendations and suggestions ALTANA can follow even as a company not listed on the stock exchange and sensibly apply within the company given its shareholder structure.

In the 2023 fiscal year, ALTANA complied with the vast majority of the applicable recommendations and suggestions of the German Corporate Governance Code in the version of April 28, 2022. This especially applies to the recommendations concerning the composition of the Supervisory Board, the cooperation between the Management Board and the Supervisory Board, the cooperation between the Chairman of the Supervisory Board and the Supervisory Board plenum, dealings with conflicts of interest of the Supervisory Board members, the setting up and composition of the committees, as well as matters relating to the audit.

The Management Board and Supervisory Board intend to again largely follow the recommendations and suggestions of the German Corporate Governance Code in the 2024 fiscal year.

### Management and Control

The Management Board of ALTANA AG consists of three members. The selection criteria include experience, business and professional expertise, as well as competence in ecology and social responsibility. Considerations regarding diversity also play a role in the selection process. The Supervisory Board, together with the Management Board, addresses long-term planning for the succession of Management Board

members and the structure of the Management Board in regular discussions between the Chairman of the Supervisory Board and the Chairman of the Management Board. An age limit of 65 years has been set for members of the Management Board. The Management Board manages the Group independently and is solely committed to the interests of the company. Together with the presidents of the divisions and selected heads of central functional areas, the Management Board forms the Executive Management Team. In regular meetings, this team discusses and analyzes the development of business and important business incidents, as well as plans for the Group's future development and sustainability issues.

The company's Supervisory Board has twelve members. Half of them are employee representatives elected in accordance with the German Codetermination Act, while the remaining six are shareholder representatives. Here, too, experience and expertise play an important role, as does independence. In 2023, all of the shareholder representatives were independent of the company and the Management Board. Despite having been a member of the Supervisory Board for many years, Ms. Klatten is considered independent of the company and the Management Board because she is indirectly the company's sole shareholder. All of the shareholder representatives, with the exception of Ms. Klatten and Professor Dr. Richter, are independent of the company's controlling shareholder. They are normally elected for a period of five years. An age limit of 70 years has been set for members of the Supervisory Board. The Management Board reports to the Supervisory Board regularly, without delay, and comprehensively on all issues relevant for the company regarding business development, risks, and planning, and discusses ALTANA's strategy with the Supervisory Board. Sustainability issues are also discussed regularly at the Supervisory Board meetings. The Supervisory Board monitors and advises the Management Board in its management activities. The Supervisory Board's tasks also include approv-

<sup>1</sup>The disclosures in this section were not audited by the auditor.

ing the Annual Financial Statements and the Consolidated Financial Statements. Specially defined business decisions of the company, such as major acquisitions and divestments, require the approval of the Supervisory Board, in accordance with a list of transactions that are subject to authorization.

The Supervisory Board formed an Audit Committee, a Human Resources Committee, and a Mediation Committee, legally required in accordance with section 27 (3) of the German Codetermination Act. Each committee consists of two shareholder representatives and two employee representatives. The Chairman of the Human Resources Committee and the Mediation Committee is the Chairman of the Supervisory Board, Dr. Matthias L. Wolfgruber. The Human Resources Committee also includes Mr. Jürgen Bembenek, Mr. Ulrich Gajewiak, and Ms. Susanne Klatten. In addition to the Chairman, the members of the Mediation Committee are Mr. Gajewiak, Ms. Klatten, and Mr. Klaus Koch. Dr. Jens Schulte is the Chairman of the Audit Committee. The other members of the Audit Committee are Mr. Armin Glashauser, Mr. Stefan Soltmann, and Professor Dr. Richter. Through their current and previous activities, Dr. Schulte and Professor Dr. Richter have expertise and special knowledge and experience in the fields of accounting and auditing, including the application of accounting principles and internal control and risk management systems, as well as sustainability reporting and its auditing.

There is a D&O liability insurance scheme for members of the Management and Supervisory Boards. The insurance covers personal liability risks in the event that a claim is made against members of the Management and Supervisory Boards while they are performing their activities. For Management Board members, the insurance contract stipulates a deductible of ten percent of the damages, but a maximum of one-and-a-half times the amount of the fixed annual compensation of the respective member of the Management Board per insurance year. Further information on the compensation of the Management and Supervisory Boards can be

found in the complete Consolidated Financial Statements on page 76 f.

### **Compliance**

Compliance with laws is the basis for all of ALTANA's actions. In addition, we set ourselves certain rules as part of our corporate social responsibility, which we adhere to like laws.

At ALTANA, compliance is an integral part of our corporate social responsibility. The trust of our customers, business partners, employees, and the public is the basis and condition for our business success.

For this purpose, ALTANA established a Compliance Management System in 2008. Its goal is to ensure that laws and the rules we have set ourselves are observed throughout the Group. To this end, the Compliance Management System identifies significant risks that can arise from violations of laws or regulations by ALTANA employees. The Compliance Management System also ensures that employees are aware of the content and significance of the laws and regulations relevant to them and know how to behave best in light of them. Furthermore, the Compliance Management System is intended to ensure the implementation of processes that prevent, detect, and help to remedy compliance violations. The Compliance Management System encompasses eight compliance areas: corruption, antitrust law, environmental protection and safety, human resources, customs and foreign trade, data protection, financial reporting, and taxes.

The ALTANA Compliance Management System follows the ALTANA structure and is therefore decentralized. The local management is primarily responsible for making sure that the individual subsidiaries and their employees behave in accordance with the rules. ALTANA AG lives up to its compliance responsibility by providing a framework, making competencies and instruments available, creating platforms and forums for local authorities, and by taking concrete measures to ensure compliance on the part of the man-

agement of subsidiaries or to impose minimum requirements, especially through guidelines that are binding Group-wide.

ALTANA's Code of Conduct, which holds for the entire company, contains binding rules regarding responsible, ethical, and lawful behavior for all staff members. This applies in particular to issues such as corruption, conflicts of interest, antitrust law, environmental protection, and discrimination. Together with the company's Guiding Principles, the Code of Conduct provides orientation for responsible corporate action. The Code of Conduct and the Guiding Principles are published on our website ([www.altana.com](http://www.altana.com)).

Moreover, for each compliance area further specific measures have been developed and implemented to ensure that laws and internal regulations are adhered to. This includes, for example, a system through which business partners who support ALTANA's holding company and its subsidiaries in terms of sales or in their cooperation with authorities are investigated for certain compliance risks with IT support.

Another important element to guarantee the effectiveness of the Compliance Management System is the work of Internal Audit. For a few years now, compliance programs have been carried out regularly at ALTANA and its subsidiaries.

With the ALTANA Whistleblowing System, ALTANA provides another central means of ensuring compliance. It gives employees as well as external third parties the possibility of anonymously reporting compliance violations.

Once a year, the Audit Committee of the Supervisory Board receives a written report on compliance that is presented and discussed in a meeting of the committee in addition to the other proceedings. The report gives an overview of the risks identified for each compliance area, as well as already implemented or planned measures to advance the system. The Audit Committee is also informed about compliance violations in this context.

ALTANA joined the UN Global Compact initiative, whose members are voluntarily committed to adhering to social and environmental standards as well as the protection of human rights. By joining Global Compact in 2010, ALTANA has not only acknowledged its principles but also shown a general commitment to support and promote overall UN aims.

#### **Internal Control System, Risk Management System**

The ALTANA Group has established both an internal control system (ICS) and a risk management system. These also include the Compliance Management System described above. The ALTANA Group's ICS is geared to the specific needs of the company. It is intended to ensure the correctness of internal and external financial reporting as well as the non-financial key figures and to ensure the effectiveness and efficiency of the company's business activities and compliance with the relevant legal regulations and internal guidelines. It comprises all principles, instructions, and measures introduced for this purpose. The core elements of the ICS are documented in a Group guideline that defines tasks, processes, and responsibilities. Internal Audit regularly evaluates monitoring and control processes as part of its activities, thereby helping to improve the system.

The risk management system comprises all organizational regulations and measures for identifying, assessing, managing, and communicating risks. The risks identified are continuously managed, regularly reviewed, and reassessed taking into account the measures taken. The ALTANA Group's risk management system is documented in a Group guideline that defines tasks, processes, and responsibilities. Features of the risk management system and identified risks are explained in detail in the chapter "Anticipated development" in the "Risks" section of the Group Management Report (page 81 ff.).

In designing and implementing the ICS and the risk management system, particular consideration was given to the size, structure, and complexity of the ALTANA Group.

The systems aim to identify, control, and manage the main risks. Despite the comprehensive analysis of risks, however, there are inherent limitations to any control and risk management system, meaning that the occurrence of risks cannot be ruled out under all circumstances.

Responsibility for the appropriateness and effectiveness of the ICS of the accounting processes and the processes for collecting and reporting non-financial key performance indicators is clearly regulated and lies with the responsible managers and process owners. The Management Board deals with the ICS on an ongoing basis and informs the Audit Committee at least once a year. The Audit Committee informs the Supervisory Board about the results. Any significant changes to the ICS are reported immediately to the Management Board and, if necessary, to the Supervisory Board.

Upon reviewing the internal control system and risk management, the Management Board is not aware of any circumstances that raise doubts about the adequacy and effectiveness of these systems.

### Targets for the Proportion of Women (Section 289 f (4), Sentence 1, Subsection 2, No. 4 of the German Commercial Code)

Pursuant to sections 76 (4) and 111 (5) of the German Stock Corporation Act, the Management Board and Supervisory Board of ALTANA AG set targets for the proportion of women in the two management levels below the Management Board, and on the Supervisory Board and Management Board.

Most recently, the Supervisory Board and the Management Board resolved the following targets for the proportion of women by the end of June 30, 2023: 33 % of Supervisory Board members, 0 % of Management Board members, 30 % of the first and 30 % of the second man-

agement level below the Management Board. As of June 30, 2023, 25 % of the members of the Supervisory Board, 0 % of the members of the Management Board, 50 % of the first and 55 % of the second management level below the Management Board were women. Consequently, the target for the proportion of women on the Supervisory Board has not been met. This situation is due to the elections of employee representatives to the Supervisory Board, which resulted in one woman being elected instead of two women as previously.

The Supervisory Board and Management Board have set new targets for the share of women by the end of June 30, 2026: 33 % of Supervisory Board members, 0 % of Management Board members, 30 % of the first and 30 % of the second management level below the Management Board. The Supervisory Board justifies the 0 % target for members of the Management Board as follows: "The already achieved and targeted percentages of women on the Supervisory Board, in the Management Board, and in the two management levels below the Management Board and in the rest of the company show that the company has long taken increasing the proportion of women in management positions seriously. However, the Management Board only has three members and the employment contracts of the Management Board members generally have terms of between three and five years. In this situation, a target figure of more than 0 % would mean that the next time the Supervisory Board decides to (re)appoint a member of the Management Board, a woman would have to be appointed instead of one of the current three male Management Board members (or the Management Board would be expanded to include a fourth, female member, which is not the intention). However, such a restriction of the Supervisory Board's future selection decision would not be in the interests of the company. Not only because it should remain possible to reappoint the current members of the Management Board, but also be-

cause this would give the gender of the Management Board member to be appointed too much significance in the selection decision compared to other selection criteria. In the medium and long term, the Supervisory Board will of course also consider increasing the proportion of women on the Management Board as a goal when making decisions on the (re)appointment of Management Board members.”

## General Assessment of Our Business Performance and Business Situation

In 2023, the global economy faced challenging external conditions. Ongoing and emerging geopolitical conflicts added to the complexity of the economic landscape, leading to a decline in demand that was also felt by the chemical industry worldwide. Consequently, ALTANA fell short of achieving the sales volume and sales targets set for the year. While a modest alleviation of the substantial increase in raw material prices from the previous year, coupled with comprehensive cost management, enabled the stabilization of earnings before interest, taxes, depreciation, and amortization (EBITDA) in absolute terms, the figure was below the previous year's level. The earnings margin, reflecting the ratio of EBITDA to sales, fell below our strategic target range due to the cyclical drop in sales volumes.

These challenges notwithstanding, we persisted in advancing our strategic initiatives aimed at exploring medium- to long-term growth areas through ambitious acquisitions, research and development, and digital transformation.

In the realm of occupational safety, we continued to keep the number of reported accidents at work at our sites worldwide at a low level, though we were unable to meet our ambitious targets at the Group level. Regarding our climate protection objectives, we proactively further pursued our efforts to reduce energy consumption and CO<sub>2</sub> emissions.

Despite the acquisitions undertaken in 2023, the balance sheet at the close of the year maintains a robust structure. Supported by the placement of a promissory note loan with a sustainability component, it provides ample financial flexibility for further investments in sustainably profitable growth.

## Subsequent Events

On January 19, 2024, ALTANA acquired the U.S.-based Silberline Group. Silberline, which develops, produces, and sells effect pigments worldwide, will be integrated into the ECKART division.

## Expected Developments

### Future Orientation of the Group

We do not plan on making any fundamental changes to the Group's strategy or organizational structure in the next two years. The focus on specialty markets and the offer of innovative chemical solutions based on our customers' requirements will continue to drive our business development.

We do not anticipate our entry into new market segments or application areas, including the acquisition of the Von Roll Group in the 2023 reporting year and the completion of the Silberline Group acquisition at the beginning of 2024, to lead to any significant alterations to our sales structure in the medium term. Furthermore, we expect the equilibrium in regional sales distribution to remain essentially stable.

Acquisitions, however, could lead to changes in our sales and market structures. Bolt-on acquisitions and particularly the integration of a new business division could result in a shift.

Going forward, the area of occupational safety and the focus on environmentally compatible management will continue to result in ambitious targets that will impact the ALTANA Group's strategic orientation.

### Economic and Industry Outlook

ALTANA foresees an initial improvement in demand development in 2024, with global economic growth expected to remain relatively stable. Nevertheless, the persistent geopolitical conflicts are likely to continue influencing economic development, and an increase in uncertainties cannot be ruled out at this time. The substantial increase in inflation rates over the past two years has been moderated and stabilized, albeit at a high level, through monetary policy measures. We anticipate a slight further decline in inflation in 2024. Price volatility and the supply situation in the energy

sector stabilized throughout 2023. According to the International Monetary Fund (IMF), global economic output is projected to maintain the same growth rate of 3.1 % in 2024 as in 2023 (2023: 3.1 %).

Consistent with the previous year, economic growth is anticipated to be weaker in industrialized nations compared to emerging and developing countries. The IMF projects a growth rate of 1.5 % for all industrialized nations in 2024 (compared to 1.6 % in the previous year), a trend observed across economies, albeit with varying intensities. In the U.S., a growth rate of 2.1 % is forecasted for 2024, following a 2.5 % increase in the previous year. The IMF predicts modest growth of 0.9 % for the Eurozone economy in 2024, a slight improvement over the previous year (2023: 0.5 %). For Germany, the IMF expects limited growth of 0.5 % in 2024, after a contraction of 0.3 % in 2023. As anticipated, industrialized nations concluded 2023 with a cyclical decline in demand and correspondingly weak development. The energy shortage feared at the end of 2022, especially for Europe, did not materialize in 2023, and the decline in energy and commodity prices had an overall relieving effect. A similarly subdued development is forecasted for 2024, with a further slight fall in prices and only a marginal increase in demand.

According to the IMF forecast, growth in emerging markets is projected to reach 4.1 % in 2024, remaining above the global average and on par with the previous year (2023: 4.1 %). However, the expected scenario varies among individual economies. Based on the IMF's 2024 forecast, China is anticipated to have a slower growth rate of 4.6 %, compared to the previous year's 5.2 %. The ongoing crisis in the Chinese real estate sector and deflationary trends continue to exert a weakening effect on growth. In contrast, India remains one of the most dynamic economies globally, with an expected growth rate of 6.5 % in 2024, only slightly below the previous year's level (2023: 6.7 %). The Latin American economies, at 1.9 %, display a weaker overall growth fore-

cast compared to other emerging markets, indicating a slowdown from the previous year (2023: 2.5 %). Brazil, which exceeded expectations with a 3.1 % growth in the previous year, falls below expectations for other countries in the region with a forecast of just 1.7 %.

The IMF identifies several macroeconomic risks for 2024 that could undermine the forecasted growth. Foremost among these is the risk of an escalation of existing conflicts and the emergence of additional military and political disputes. Such developments could lead to a rapid increase in energy, commodity, and food prices, reigniting inflation and disproportionately impacting poorer economies. Another significant risk is the potential expansion of the real estate crisis in China, coupled with the ongoing formation of geopolitical blocs, which may further constrain international trade relations. Additionally, the risks stemming from climate change have gained prominence. The increased frequency of major natural disasters poses a threat to all economies, as evidenced by the array of extreme weather events across continents in 2023.

Global growth in the general chemical sector is anticipated to align with the overall economic development forecast for 2024. The American Chemistry Council (ACC), an industry association, projects a 2.9 % increase in global chemical production in 2024, following minimal growth of 0.3 % in the preceding fiscal year. Similar to the broader economic trends, the chemical industry foresees weaker growth in industrialized nations compared to emerging and developing countries. North America is expected to experience a growth of 0.5 %, while Europe is projected to grow by 1.9 %, trailing behind Asia, which is forecasted to achieve 4.2 % growth, and Latin America with a growth rate of 3.1 %.

Based on the economic and industry-specific conditions, we assume that general demand in the markets relevant to ALTANA will generally develop slightly positively, albeit with regional and market-specific differences. The extent to which changes in inventory behavior along the value chain

influence the actual demand for products of our divisions largely depends on the short- to medium-term development expected by our customers. Movements in inventory levels can have a significant impact on business development.

The price trend for crude oil is challenging to reliably predict. While the average price per barrel experienced a decline in 2023, it maintained a high level. A further slight decrease in the price of oil is anticipated for 2024. The availability, pricing, and consumption volume of chemical products are influenced, to varying degrees, by the dynamics of the crude oil market. Furthermore, the expectations of market participants regarding the future development of oil prices can instigate substantial changes in warehousing practices throughout the entire value chain of the chemical industry.

As in previous years, the key exchange rates for ALTANA in 2024 may show pronounced volatility. In addition to the development of regional interest rates and economic performance, political influence can also be decisive for exchange-rate movements. Specific risks, but also opportunities, can arise from a deviation of the actual exchange-rate development from our planning assumptions.

## Expected Earnings, Asset, and Financial Situation

### Expected Sales and Earnings Performance

On the basis of the expected moderate growth of the global economy, we anticipate a further positive development in demand for our products and services in the 2024 fiscal year. Operating sales growth, that is sales growth adjusted for exchange-rate and acquisition effects, is expected to be in the mid single-digit percentage range. The main driver of growth should be an increase in sales volumes.

No significant exchange-rate effects are expected for 2024 compared to the previous year, meaning that nominal

and operating sales growth will be at the same level. By contrast, we expect significant effects for the current year, 2024, from the acquisitions made in 2023 and early 2024, which must be taken into account when determining the forecast nominal growth rate in the BYK, ECKART and ELANTAS divisions. We expect the acquisition of the Von Roll Group and its integration into the ELANTAS division to result in a mid single-digit percentage increase in Group sales. The acquisition of the business of Imaginant and its integration into the BYK division should also contribute to a slightly positive sales growth trend. Additionally, the sales generated by the acquisition of the Silberline Group, which, coupled with the company's integration into the ECKART division, will also ensure a sales increase in the low single-digit percentage range for the Group as a whole.

We assume that there will be no significant shifts in cost ratios in relation to sales for the main functional cost variables. The cost of materials ratio is expected to remain at a comparatively high level despite a slight decrease compared to the previous fiscal year.

In the case of human resources costs and certain other cost items, we are planning a relative increase for 2024 that will be higher than the level of operating sales growth. The reasons for this include the acquisitions we made, personnel pay rises, and further inflation-related cost increases, as well as costs for regional expansion and the further modernization of our IT systems. The acquisitions completed at the end of 2023 alone will result in an increase of approximately one thousand new employees.

In operational terms, the EBITDA margin for 2024 is projected to be in line with the previous year. However, due to the lingering inflationary effects from previous years, the impact of the cyclical decline in sales, and integration costs associated with the recent acquisitions, the EBITDA margin is anticipated to remain below our strategic target range of 18 % to 20 %. Nevertheless, absolute EBITDA is expected

to see an increase of approximately 10 % compared to the previous year.

After 2024, we expect operating growth momentum for Group sales, in keeping with our strategic goals, in the mid single-digit percentage range and a continuous improvement in our profitability, which is expected to return to our long-term target range from 2026.

### Expected Asset and Financial Situation

Overall, there should be no significant shifts in the balance sheet structure in 2023. The level of our investments in property, plant and equipment and intangible assets should remain within our long-term target range of 5 % to 6 % of sales over the next two years. The absolute values of net working capital are expected to develop in line with the general business performance, although our aim is to reduce the relative level slightly compared with the end of 2023.

Based on the expected business development, we will continue to generate a clearly positive cash flow from operating activities in the coming years, which should be higher than in the previous year. We will use the cash inflow primarily to finance investments and further acquisitions.

We expect a significant increase in the key figures of value management compared with the past fiscal year. This will mainly result from an increase in the underlying profits compared to the prior year. We expect a corresponding development for the relative and absolute ALTANA Value Added (AVA) and the return on capital employed (ROCE).

### Expected Development in the Area of Occupational Safety and the Environment

In the realm of occupational safety, we set ourselves the following target ranges for 2024 for the three work accident indicators: WAI 1: 0 to 2.3; WAI 2: 0 to 1.5; and WAI 3: 0 to 27.0.

The target for the specific energy parameter in 2023 is 1.17 MWh/t, following an actual value of 1.18 MWh/t in

the previous fiscal year. In subsequent years, further reductions in specific energy consumption in the order of 2 % per year are sought. The planned values stated here do not take into account the locations of the companies acquired after 2022. A site-specific assessment will be carried out in the course of 2024 and specific reduction targets will be set.

### Risks

Management and control of the ALTANA Group are geared to the strategy that has been defined and the target levels derived from it. Due to changes in the economic environment or internal and external factors of influence, it might not be possible to implement the strategy successfully or to achieve targets in the planned time frame or to the planned extent. To be optimally prepared for such situations, ALTANA systematically identifies, evaluates, and considers risks within the framework of decision-making processes.

To anchor our risk policy at all decision-making levels, we established a Group-wide risk management system that brings together various information, communications, and monitoring systems. Core elements of our risk management include strategic corporate planning, internal reporting, our internal control system, compliance organization, and risk management in the strict sense.

Our strategic corporate planning is closely tied to our medium- to long-term financial planning. The extent of the fulfillment of our targets is examined in monthly reports on the company's business performance and in our short-term financial planning. Apart from an analysis of the current business situation, in these reports our expectations for the current fiscal year are discussed extensively at the divisional level on a regular basis. As a result, deviations from planned developments can be recognized and countermeasures introduced if necessary.

Our internal control system defines, among other things, organizational and procedural requirements that serve to prevent damage to the company. It is intended to ensure the correctness of internal and external financial reporting as well as non-financial key figures, the effectiveness and efficiency of the company's business activities, and compliance with the relevant legal regulations and internal guidelines. It comprises all principles, instructions, and measures introduced for this purpose. In connection with our established compliance organization, it aims to prevent possible violations of guidelines and laws on the part of employees.

At ALTANA, risk management in the strict sense is viewed as the systematic compilation, evaluation, documentation, communication, and, if not already in place, derivation of measures regarding the relevant risks as well as the determination and assessment of risk-bearing capacity. Thus it is an essential component of the company's system of early risk recognition in accordance with section 91 (2) of the German Stock Corporation Act. This system was voluntarily examined by the auditor again in 2023. The audit deemed that the Management Board took the measures required under section 91 (2) of the German Stock Corporation Act, in particular to set up a monitoring system, in an appropriate form and that the monitoring system is suitable in all material respects for identifying developments that could jeopardize the company's continued existence at an early stage with sufficient certainty.

Risks that are identified are evaluated in a uniform way. So-called evaluated risks are assessed based on the probability of their occurring and the potential damages. Individual risks are assigned to certain risk groups. Risks or risk groups rated as very high are risks which could cost the company more than € 25 million in the next twelve months. Individual risks that could cost the company between € 12 million and € 25 million are rated as high risks; risks that would cost between € 5 million and € 12 million are categorized as medium risks, and risks that would cost less than € 5 mil-

lion are deemed low risks. The prioritization resulting from the assessment determines focal points for the development and initiation of countermeasures to prevent or reduce the potential effects of risks.

The individual risks and risk fields described below could have a material adverse effect on the Group's earnings, financial, and asset situation in the years to come and thus give rise to a negative deviation from the forecast development. For risks categorized as "medium," "high," and "very high" we address changes in our appraisal compared to the previous year.

A year ago, significant disruptions to the energy supply in Europe due to Russia's war against Ukraine were identified as a major risk with an impact on sales, procurement, investments, and production as well as competitiveness. These risks are now considered to be largely manageable and have therefore significantly lowered the risk values in the areas mentioned.

### **Economic and Industry Risks**

The development of the general economic conditions worldwide has a decisive impact on our business performance. The performances of the economies of the U.S., China, and Germany – industrial nations important for ALTANA – have a particularly strong influence on the direction and intensity of demand for our products.

A global economic crisis leading to an economic collapse would bring about significant sales decreases with corresponding influences on our earnings. Recessions limited to certain regions in sales markets important for us could also significantly impair our business performance. With the global orientation of our sales activities, we try to shape our dependence on regional or national markets in such a way that the effects of geographically confined economic crises on the Group are limited.

Thus, the U.S. and China, the most important countries for us, each currently account for no more than 20 % of

total Group sales. The distribution of our business activities in the core regions of Europe, Asia, and the Americas also has a balanced structure.

Furthermore, we continually update our appraisal of the regional economic development in our internal reporting system to be able to react to foreseeable effects by controlling our procurement, production, and sales activities. We react to long-term shifts in the regional significance of sales markets by adjusting our sales, production, and organizational structures.

In addition to general economic risks, there are market-related sales risks concerning individual product groups or application areas. Particularly medium- to long-term trends that structurally lead to a decrease in demand in our target markets can mean that we will not achieve our growth and profitability targets. We try to counteract industry-related sales risks by broadly diversifying our offer. We supply many different industries, which in turn sell their end products in various markets. Therefore, our dependence on the underlying markets is limited. We estimate that no single consumer segment, such as the automotive sales market, the graphic arts industry or the construction sector, accounts for significantly more than 20 % of our sales.

The analysis of our industry-specific and application-related sales is a component of our annual planning process. In addition, we examine changes in future growth potential arising from demand trends and technological developments, and adjust our strategic orientation in the divisions if necessary.

The potential occurrence of a global economic crisis and the emergence of regional economic crises continue to present significant risks, albeit with a lower estimated probability for the individual risk of a global economic crisis compared to the previous year. The forecasted loss values have also decreased, resulting in a reduction in the assessed risk level. Overall, the risk is now categorized as medium. Similarly, the risk of regional economic crises is considered lower

than in the previous year. Assuming a consistent probability of occurrence, a lower level of loss is expected. The assessed risk for regional economic crises is still classified as a medium risk. These reduced risks can be attributed, in part, to the prevailing weak economic conditions.

### **Sales Risks**

Sales risks result primarily from changes in the market and customer structure and an associated increase in the intensity of competition, as well as from marketing risks for products or product groups due to specific demand trends or technological changes.

This can lead to decreasing sales revenues, which can be caused by declining sales volumes or falling prices. To the extent that it is not possible to adjust the cost structure in the short term, this can give rise to a drop in profitability.

We counter sales risks by continually optimizing our product and service portfolio, above all on the basis of our innovative ability. In the process, it is decisive that we cooperate closely with our customers at an early stage of development work to adapt to market needs. With our innovation strategy, we can counter increased competition in our markets.

A loss of, mergers of, or backward integration of customers can lead to major changes in the customer structure. Due to our very diversified customer structure, however, these risks are limited. In addition, we cooperate closely with our core customers within the framework of our key account management.

Within the sales risks in the market and technology segment, the assessment of potential damage has significantly decreased compared to the previous year, primarily due to the reduction in energy risks. However, the probability of occurrence, particularly concerning sales price development, has slightly increased from the previous year. Overall, the evaluated risk magnitude is still categorized as high. The integration of the Von Roll Group and the commence-

ment of commercializing new technologies have contributed to a slight elevation in both the potential probability of occurrence and the potential loss amount within the sales and distribution subgroup of risks. This specific subgroup, previously considered a low risk, is now reclassified as a medium risk.

#### **Risks from Business Combinations, Participations, and Other Investments**

Apart from operating growth, acquisitions of companies, business activities, and individual technologies play a key role in the implementation of the strategy for sustainable profitable growth at ALTANA. Depending on the size of the activities acquired, inadequate integration can place a burden on the Group's earnings situation and limit its financial headroom. In addition, a business performance that is worse than what was expected when the acquisition was made can lead to impairments of assets with a negative impact on earnings. A significant acquisition was made at the end of September 2023 with the takeover of the Von Roll Group.

In addition, the restructuring of business activities or the implementation of long-term efficiency measures may result in impairment losses on assets.

To minimize the effects of the risks from business combinations, we examine our acquisition targets systematically and comprehensively and analyze them in detail in a multi-stage approval process.

To implement its strategic goals, ALTANA is constantly expanding and renewing its development, production, and other facilities. The projects, some of which are very complex, are always subject to certain risks regarding adherence to the schedules, budgeted costs, and the realization of the expected goals. The projects regularly undergo extensive approval and monitoring routines. The total potential losses decreased slightly compared to the previous year (including the effect of energy risks). However, the probability of occurrence has risen, primarily driven by the increased likeli-

hood of complex IT projects. Risks from capital expenditures continue to be assigned to medium risks.

#### **Procurement Risks**

Among the main procurement risks are a restriction in the availability of individual raw materials and transport services as well as significant price increases for raw materials and logistics, which we cannot or can only partially pass on to the markets in the short term and which may thus have a negative influence on the Group's earnings situation.

We continually analyze the situation on the raw-material markets that are relevant for ALTANA. By doing so, we can identify price trends and structural shifts on the part of suppliers at an early stage and devise suitable measures. We take this knowledge into account when we arrange supply contracts. In addition, we bear in mind the volatility of raw-material prices in our customer relations. To be able to pass on price increases to the markets in the short term, we use the flexibility of price mechanisms and price lockup periods.

The probability of occurrence for the group of procurement risks fell slightly overall compared to the previous year. However, the significant reduction in the potential level of loss essentially led to a reclassification of procurement risks from very high to high. Essentially, the risk for the procurement of energy, which arose due to the start of Russia's war against Ukraine and the resulting upheavals in the energy sector in the previous year, decreased significantly in the current year.

#### **Financial Market Risks**

Financial market risks primarily concern short-term and significant changes in exchange-rate relations and interest rates, as well as default risks and the covering of financial resource needs.

Due to exchange-rate fluctuations, the translation of foreign currency positions into the Group currency, the euro,

can have a negative effect on the Group's sales and earnings performance (translation risks). Such negative effects can also result from business conducted in a foreign currency (transaction risks). Interest-rate changes influence financing costs. Defaults on trade accounts receivable or financial receivables can also have a negative effect on the Group's earnings situation and its financial resources. If there is a lack of availability of financial resources for the implementation of acquisitions or major investment projects, we might not reach our strategic targets.

We safeguard against material transaction risks by concluding forward foreign-exchange contracts in cases where we assume that the underlying business can be realized with a sufficient degree of certainty. More information on our evaluation and accounting procedures for hedges can be found in the complete Consolidated Financial Statements on page 61 ff. (point 27).

To minimize credit default risks, we systematically examine the credit rating and payment behavior of our counterparties. The latter include customers, the banks we do business with, and other business partners where payment default can have an influence on our financial situation.

We safeguard availability of financial resources through central control and monitoring of our Group-wide financial resources. Additionally, a financial framework is made available through the use of various financing instruments. It can be used to cover unplanned financial requirements that arise in the short to medium term, for example due to acquisitions or a crisis-related decline in operating activities.

The group of financial market risks is still assessed as a medium risk. The assessment of the main individual risk in this risk group – negative earnings effects from exchange-rate changes – remained unchanged in terms of the probability of occurrence, although the potential amount of loss decreased and the risk is now classified as low. The individual risk relating to interest rate trends fell compared to the previous year. Overall, the development of the individual risks

did not lead to a change in the classification of the risk group. The continuing high inflows from operating activities and the existing general financial resources will continue to be sufficient to cover the expected outflows for capital expenditures, repayments, and dividends.

### **Innovation Risks**

ALTANA's position as an innovation and technology leader is a major success factor for the company. It is important for a supplier of highly specialized chemical products to continually introduce new products on the market and to be perceived by our customers as a competent and innovative partner. If this was no longer the case in the future, risks could result for our sustainable growth, the attainment of our profitability targets, and ALTANA's positioning in the relevant markets.

With our innovation culture, which is put into practice at all levels of our organization, we highlight the importance of innovation and safeguard its status. Both at a decentralized and at Group level, we can continually evaluate and control our research and development activities based on financial and non-financial criteria. By investing above-average amounts in research and development, we can continually introduce products on the market that are tailored to customers' individual and current needs and thus positively influence our competitive position.

It is important to protect knowhow we develop with patents to convert our knowledge edge into economic success. This includes safeguarding technologies as well as methods and product properties we currently use so that other companies cannot patent them.

Both the potential loss amount and the probability of occurrence for this risk group are slightly higher than in the previous year. Overall, we classify the group of innovation risks as still belonging to the medium risk group.

### Other Risks

Production risks concern technical disruptions or human failure in production that can be harmful to people or the environment. Our goal is to minimize the effects of machine failure on the value chain by operating production lines independently from one another. It is compulsory for our staff to receive training in the clearly defined process and quality standards in the areas in question. In addition, we conclude property damage as well as plant and equipment breakdown insurances. The high loss potential of a gas shortage due to Russia's war against Ukraine last year and the resulting risk of production interruptions decreased significantly over the course of the year. In conjunction with a downturn in the economy and the resulting drop in sales, this led to a significant decline in the potential loss amount. Despite a slight increase in the probability of occurrence, the production risk group has therefore been downgraded from high to medium.

Information technologies form the basis of nearly all of ALTANA's business and communications processes. Break-downs or other disruptions of IT systems can lead to far-reaching impairments in all of the Group's value-added stages, which can have significant effects on business performance (IT risks). In addition, potential risks arise from data loss or theft of business secrets. ALTANA attaches great importance to smooth availability of IT applications and services. To guarantee this, corresponding processes and organizational structures have been established. These are continuously adapted to the changing risk situation and new technological possibilities. Emergency plans are in place in the event of significant disruptions or data loss. In the coming years, our focus will remain on security and protection measures, which we will continue to develop in line with the threat profile.

Delivery of faulty products can cause damage to people, property, or the environment and thus cause liability risks. This can have significant effects on the Group's asset situation.

We minimize this risk by standardizing production processes to a large extent and by taking comprehensive quality control measures. In addition, we continually conduct analyses to assess the hazardous potential of our input materials and products, and we conclude insurances.

Changes in political and regulatory framework conditions can lead to restrictions on trade or foreign-exchange transactions. Due to political unrest, it can be more difficult or even impossible to access the Group's assets in the country or countries in question. On account of regulatory adjustments, it might no longer be possible to process or sell certain products or ingredients, or only with strong restrictions. We continually examine the political environment in the countries important for us and take current tendencies into account when evaluating business relationships. We only make direct investments in countries in which we assume the political environment is highly stable. We actively take part in legislative procedures and discussions important for us that focus on changes in the regulatory environment. As a result, we can anticipate possible new requirements early on.

While we continue to assess the risks in the realms of regulation and EH&S (Environment, Health & Safety) as low, the risk group in the area of political risks had to be raised from medium to high. Both the probability of occurrence and the potential level of damage increased compared to the previous year. Possible tightening of the sanctions policy due to Russia's war against Ukraine and the consequences of the war in Israel, as well as the effects of other political conflicts that could lead to restrictions on property rights, among other things, caused the risk to increase.

Risks due to natural disasters, pandemics, and armed conflicts remain in the medium risk range in the potential assessment. However, the increasing aggravation of the global political situation has led to an increase in the likelihood of further military conflicts.

Logistics risks have now been classified as low risk due to the increased reliability of logistics chains. Both the prob-

ability of occurrence and the potential loss amount of the risk group decreased.

Legal violations (compliance risks) can give rise to liability risks or tarnish our reputation, which can have a significant effect on the Group's earnings and asset situation. We counter these risks within the framework of our Compliance Management System, inter alia by regularly informing and training our employees about relevant legal requirements. The potential losses within the compliance risk group increased slightly, and the risk group is still classified as medium risk.

An important basis for long-term success are competent and committed employees. Should we no longer be able to recruit or retain suitable specialists or managers in the future, risks could arise for the successful implementation of our strategy (personnel risks). To counter these risks, ALTANA offers a sophisticated work environment and an attractive compensation system, which is supplemented by various pension plans and wealth creation schemes. Moreover, we regularly offer further education and training programs to budding junior staff members, as well as to specialized and managerial staff.

### **Compliant Group Accounting**

Essential accounting-related risks arise particularly when extraordinary or non-routine issues are handled. These include the first-time consolidation of acquired businesses or parts of companies as well as the recording of the sale of Group assets. Accounting of financial instruments is also subject to risks due to the complex evaluation structure. Risks also arise from fraudulent acts.

At ALTANA, a separate department of the Group's holding company coordinates and monitors Group accounting. A core component of the control system are the guidelines, process descriptions, and deadlines that this department defines centrally for all companies, guaranteeing a standardized procedure for preparing the financial statements. For complex issues, the instruments needed for uniform

accounting are retained centrally for all Group companies. For recording extraordinary processes and complex special issues, we regularly obtain external reports, advice, and statements.

The financial statements of the individual Group companies are prepared decentrally by the local accounting departments. Hence the individual companies are responsible for preparing the financial statements, in keeping with Group guidelines and country-specific statutory accounting requirements.

The work steps needed to prepare the financial statements are defined such that important process controls are integrated. These include guidelines pertaining to the separation of functions and allocation of responsibilities, to control mechanisms, and to IT system access regulations. The respective management explicitly confirms to the Group's management that the annual financial statements are correct and complete. In addition, important financial statements are audited by the company or Group auditors in charge.

The local financial statements are recorded and consolidated via standardized formats and processes in a central IT system. At the divisional and holding company levels numerous manual and IT-assisted control mechanisms are applied. They encompass an analysis and a plausibility examination of the registered data and the consolidated results by Group accounting as well as by the controlling department and other departments with expertise in this area. Required corrections of the information in the financial statements are generally made at the level of the individual company to ensure the data are uniform and reconcilable.

The company auditor and the Group auditor examine issues, processes, and control systems relevant for the generation of financial statements. The Group auditor reports on the audit directly to the Supervisory Board and the Audit Committee. In certain cases, audits are carried out by the central Internal Audit department.

After each process related to the preparation of the financial statements, optimization potential identified at the different levels is analyzed and adjustments of the processes are made.

## Opportunities

The identification and evaluation of opportunities for our future business development is integrated into the different planning, analysis, and control processes.

Within the framework of strategic planning, we analyze demand trends as well as market and technology developments with regard to options for action that could enable ALTANA to create value. In addition, the divisions continually examine possibilities of developing new sales markets. During the financial-planning process, the effects of action options are evaluated and discussed so that we can optimally exploit future opportunities. Finally, possible opportunities for short-term business development, along with the attendant risks, are dealt with in detail at all levels of management.

Below, major opportunities are described that could lead to ALTANA's surpassing its short-, medium-, or long-term goals. The order corresponds to our assessment of the effects on our business performance.

### **Economic and Industry Development**

Should the economic environment in the established industrial regions important for ALTANA, particularly in Asia, the Americas, and Europe, develop better than we anticipated, unexpected growth impetus could arise. As a result, demand for our products and services could develop more positively and exceed our forecast. The same applies to growth in the important emerging countries in Asia and South America. If the growth rates in these nations were higher than ex-

pected, we might be able to benefit from this to a disproportionately high extent due to our market positions.

In addition to regional factors, growth impetus can also result from individual branches of industry. Further potential could be opened up, in particular, if the automotive sector and the construction industry showed a positive development, or if there was an increase in the use of silver and gray colors in the consumer sector.

### **Innovation**

We have to continually streamline our product and service portfolio to be able to continue to pursue our strategy for profitable and sustainable growth in the long term. Should ALTANA manage to enhance its innovativeness more quickly than expected or to increase its share of new products for which there is a high demand beyond the target level, there would be even better prospects for growth. Furthermore, customers could demand innovative products manufactured and sold by us more quickly and to a greater extent than we had expected. The same applies if we entered new markets or opened up new application fields for our products.

### **Business Combinations and Portfolio Measures**

Acquisitions play a key role in ALTANA's long-term value creation. In recent years, we have been able to continuously develop the Group strategically through acquisitions and intend to continue to do so in the coming years. The acquisition of the Von Roll Group in 2023 expanded our product portfolio to include high-voltage insulation and opened up new opportunities to participate in the expansion of renewable energies. At the same time, we cleansed our portfolio of those activities that did not develop in line with our strategic objectives and did not promise to create value for the Group in the long term.

In the future, we intend to continue to boost our growth by acquiring businesses and activities. This is an es-

essential prerequisite for us to achieve our strategic growth targets. Should opportunities arise in the future that exceed our expectations, this can help us strengthen our market positions and open up new market segments. This can also have a positive impact on the achievement of our strategic goals.

### **Synergies**

The ALTANA Group is decentralized to a large extent. Still, in some areas of the value-creation chain and in certain management functions, central units support the divisions and play a coordinating role or provide shared platforms. To the extent that we manage to push forward the networks within the Group more strongly than expected, this may spawn further potential to improve efficiency.

## The Management Board's Overall Statement on the Anticipated Development of the Group Including Its Overall View of the Risk and Opportunity Situation

For 2024, ALTANA expects moderate global economic growth at the previous year's level, coupled with a deceleration in inflationary price and cost increases. However, there is no anticipation of a fundamental improvement in the economic and geopolitical conditions affecting overall economic development. Within this persistently challenging environment, ALTANA forecasts operating sales growth in the mid single-digit percentage range. The acquisitions made in 2023 and early 2024 will make a significant additional contribution to sales growth. Earnings profitability – burdened by the integration costs for the acquisitions – will not reach the strategic target range of 18 % to 20 % in 2024, but will improve contingent on demand trends. Nevertheless, we anticipate a slight enhancement in absolute company value-related key performance indicators compared to the previous year.

We believe that the risk of negative effects due to geopolitical tensions and negative impacts from a deterioration or even recession in the global economy or important core regions, in contrast with our expectations, is relevant. In addition, considerable risks to our short-term sales and earnings performance are posed by the higher price volatility on the raw-material and energy markets, by short-term exchange-rate fluctuations, and by impairments on intangible assets acquired within the framework of acquisitions.

Overall, we have not found any risks that could endanger the continued existence of the Group. The risks we face are set against opportunities that could enable us to achieve sales and earnings performance surpassing our forecasts.

# Products

Our innovative products contribute to conserving resources and protecting the environment. At the same time, we help our clients manufacture with low emissions and energy-efficiently, and assist them in enhancing the safety of their products.

91	Sustainable Product Strategy
91	Products and Technologies for More Climate Protection
92	Low-Emission Products and Technologies
92	Replacement of Critical Substances
93	Contributions to Circular Economy

## Sustainable Product Strategy

ALTANA offers companies around the world specialty chemical solutions that make products used in daily life better and more sustainable. We convince our customers with added value and give them a competitive advantage through our work. Some solutions improve the functions of end products and increase their shelf life. Others optimize our customers' value chains in terms of energy and resource consumption. And still others enable our customers to reduce the amount of critical substances in their end products or to replace them with less critical ones. Innovative, environmentally friendly, safely processable products play a key role. They help ALTANA's customers implement their own sustainability concepts. Based on this understanding of sustainability, the Group continuously leverages new fields of business and paves the way for further profitable growth.

Due to their strong customer orientation, many ALTANA companies gear their innovation strategies systematically to a catalog of sustainability criteria at a very early stage of product development. This includes responsible handling of resources (for example, water, energy, and raw materials) as well as the goal of developing products whose effects on the environment are as low as possible without detracting from the product's function. This is reflected, for example, by the increasing number of coatings, additives, and pigment formulations that are conceived for water-based applications and do not need organic solvents.

Another aim of ALTANA's product strategy is to replace critical components with less critical ones whenever possible. For products that need classifications due to national or international hazardous substance regulations, ALTANA's companies have special data sheets on hand that provide consumers with important information on safe storage and further processing.

Moreover, certified lifecycle analyses are available for certain products. With an eye to an increasing circular econ-

omy and to further improve the ecological footprint of its products, ALTANA also evaluates the use of renewable raw materials or raw materials from recycling processes, without disregarding its high standards of quality and compliance with chemical regulations. With the ALTANA Excellence program, manufacturing processes are constantly being optimized in terms of energy efficiency as well as emissions and waste avoidance.

## Products and Technologies for More Climate Protection

In the year under review, all divisions made progress with products and technologies for greater climate protection. For instance, BYK was able to further expand its portfolio of wetting and dispersing agents used in high-performance batteries. These products are important for perfectly distributing and stabilizing the lithium iron phosphate contained in the batteries, thereby achieving a high power density and a long battery life. Another important advantage over conventional batteries based on lithium ions or nickel-manganese-cobalt (NMC) is that they are much safer in terms of self-heating. The products therefore make an important contribution to the growing electromobility sector, for which ELANTAS, too, has successfully established innovative products on the market.

In a joint project, ACTEGA in Brazil succeeded in developing innovative overprint varnishes that are applied to surfaces previously treated with plasma technology and cross-linked utilizing UV radiation. This process allows them to be applied directly to metal and eliminates the need for organic solvents. The carbon footprint is reduced by around 40 % compared to comparable solvent-based coating systems. Simultaneously, emissions from other processes along the production chain are reduced by up to 90 %.

ECKART is setting new standards in the realm of aluminum pigments. Through the utilization of so-called “low carbon” aluminum as a primary material, metal pigments can be produced with a significantly reduced carbon footprint compared to standard pigments on the market. ECKART goes one step further: By incorporating secondary aluminum, sourced from recycling processes, to further decrease this environmental impact. Given the paramount importance of maintaining top-tier quality in these aluminum types, ECKART employs a TÜV-certified mass balance approach. This ensures compliance with customer specifications while considering the presently constrained availability of raw materials.

ELANTAS developed a new type of polyester that is particularly suitable for coating flat wires and thick round wires. It contains up to 50 % solids and thus saves solvents. Approximately 250 kg of solvent can be conserved per ton of sales product, which leads to a reduction of approximately 750 kg of CO<sub>2</sub> equivalents of greenhouse gases in the downstream value chain.

Process optimizations that can save energy also make an active contribution to climate protection. For example, BYK in the Netherlands has succeeded in developing a new type of process that allows wax powder to be produced at significantly lower temperatures than is usually the case.

## Low-Emission Products and Technologies

All the divisions launched new products that help reduce various emissions. This not only reduces possible stresses at the workplaces, thus improving protection for the respective users, but also conserves resources and the environment.

An important aspect here is the reduction or, if possible, avoidance of organic solvents. ELANTAS was able to introduce another water-based impregnating resin in Brazil that results in 40 % less volatile organic substances. At the same time, it retains the good drying properties and mechan-

ical stability after curing that are typical of resins with a higher solvent content. BYK is also consistently expanding its portfolio of emission-free products for different areas of application, ranging from wetting and dispersing agents to surface additives, defoamers, and additives that have a positive effect on flow properties. For instance, BYK has developed a new type of associative thickener for water-based ink systems that is formulated without organic solvents. It is specially designed for systems that contain no or only very small amounts of organic solvents. The mode of action of an associative thickener can be described as bridging the binder units and thus adjusting the flow behavior of the coating. This additionally has a positive impact on the opacity of the coating.

ELANTAS in Zhuhai provides a protective coating tailored for the electronics industry, eliminating the need for BTX and other organic solvents. BTX, representing benzene, toluene, and xylene, are aromatic organic compounds that were previously widely employed for their superior solvent properties. However, due to recognized hazards, there is a current trend to minimize their use in various applications. This means that more than 500 kg of BTX and solvents can be avoided per ton of the product sold.

## Replacement of Critical Substances

In addition to reducing the quantities of volatile organic solvents, ALTANA again succeeded in replacing other critical substances in the year under review. These efforts are driven on the one hand by increasing chemical regulations and on the other by the trend towards more environmentally friendly systems. Our products make a significant contribution to this effort.

BYK introduced a new family of silicone defoamers as an alternative to defoamers for solvent-based systems that are based on perfluorinated and polyfluorinated alkyl sub-

stances. Many of these compounds are persistent, in other words, they remain in the environment for a very long time and are not degraded by natural processes. The new defoamer family dispenses completely with such fluorine-containing compounds, providing customers with an effective alternative – similar to the approach BYK takes with wax additives.

ACTEGA further expanded its range of PVC-free sealing materials. The division now offers sealing materials for press/twist closures for baby food under the brand name PROVALIN. These closures have special sealing requirements, as they are placed on the glass body after the hot food has been poured in and are mainly held in place by the vacuum created during cooling with only slight rolling of the lid. They can be loosened for use by twisting. These new products not only eliminate the need for PVC, but also the plasticizers it contains.

ELANTAS developed CMR-free amine hardeners for epoxy resins in Europe. The consistent avoidance of reprotoxic substances in particular offers customers a wide range of applications, particularly in the automotive sector.

Butyl glycol is another material that has been reclassified in recent years due to its properties. The hazard statement H331 "Toxic by inhalation" has been added. BYK thus offers alternatives for numerous products that do not contain butyl glycol at all or in which the content is reduced to below the threshold value for labeling. Its product portfolio includes new surface additives, wetting and dispersing agents, as well as wax additives.

ACTEGA adopts an innovative strategy with its POLISTAR portfolio. All the raw materials employed undergo certification in adherence to rigorous regulatory standards, ensuring that the resultant formulations also carry certifications. This provides customers with a clear and unwavering regulatory assurance. The products bear the bronze seal of approval, and the external certification comprehensively ad-

resses toxicological, environmental, and safety-related aspects.

## Contributions to Circular Economy

The topic of a circular economy is becoming increasingly important for the chemical industry. The transition from linear to circular value chains includes reuse as well as mechanical and chemical recycling. This also encompasses waste incineration processes in which the heat generated is used as a source of energy and, in the future, will include the reuse of the resulting CO<sub>2</sub> as a chemical raw material.

Product design figures prominently in this process. The aim is to achieve both the desired product properties and simple recycling of the raw materials.

BYK has significantly broadened its range of bio-based wax products for this purpose. The CERAFLOUR family representatives provide micronized wax powders predominantly derived from bio-based raw materials, some of which are entirely biodegradable. This sustainable approach facilitates the desired matting of painted surfaces. This becomes particularly impactful as lacquer coatings are seldom recyclable.

For bio-based plastics, BYK offers additives within the SCONA portfolio that have a positive influence on the various properties of plastics. They increase the compatibility of different materials, improve the dispersion properties, and influence the flow behavior of the plastic. They are based on more than 95 % renewable raw materials and have a high degree of biodegradability due to the polylactic acid content.

To make paper and cardboard for food packaging resistant to moisture, fats, and oils, they are usually coated accordingly or laminated with plastic films, say, made of polyethylene. The plastic layers applied in this way make

subsequent recycling and thus recovery as waste paper more difficult. ACTEGA developed innovative coating systems that overcome these challenges, providing excellent durability and simultaneously enabling effective recycling. Applications range from ice cream packaging to packaging for foodstuffs that are heated in the oven.

In the realm of precise dosing for material conservation, ACTEGA presents a solution through its distinctive ROTARflow technology. This innovative system enables the automatic and continuous control and adjustment of the quantity of ARTISTICA water-based sealants directly at the application point. Contrasted with a manually controlled application process, which involves weight control at infrequent intervals and on a limited number of samples, the ROTARflow-managed process ensures the production of can lids with a consistently controlled sealant weight.

Metal pigments can make the recycling process of plastics more difficult, as they reflect the near-infrared radiation used for sorting and therefore weaken the signal. In response to this issue, ECKART developed new aluminum pigments offered under the brand name NIR Silver. They come in a variety of attractive silver shades, are suitable for numerous plastics, and facilitate the subsequent recycling process.

ELANTAS established a new potting material for the electronics sector containing more than 35 % bio-based raw materials and offering the same outstanding properties as the standard material.

Apart from these specific product developments and raw material projects, ALTANA is also involved in national and international initiatives, such as the German Chemical Industry Association (VCI) and the European Chemical Industry Council (CEFIC).

## Safety and Health

ALTANA acts according to the “safety first” principle and relies on an effective safety culture. Technical and organizational measures as well as our training programs contribute to enhancing work safety and anchoring the issue firmly in our employees’ minds.

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Occupational safety and occupational health protection have top priority at ALTANA. In 2023, we again succeeded in keeping the number of occupational accidents reported at our sites at a low level.

The year 2023 was characterized by major challenges. Most notably, the geopolitical changes and ongoing inflation led to stress and uncertainty among our employees. In this environment, we recorded an increase in behavior-based accidents. These were mostly non-chemical accidents, resulting in a slight increase in lost working days compared to the previous year. In terms of WAI 1, i.e. the number of reported occupational accidents with lost time of one day or more per one million working hours, ALTANA missed its target of a maximum of 2.3 at Group level, recording 2.8. ECKART was again able to reduce the figure significantly. BYK, ELANTAS, and ACTEGA, on the other hand, were not in the target range.

Some production sites stand out for their exemplary occupational safety records: ACTEGA in Foshan, BYK, and ELANTAS in Tongling; ECKART in Zhuhai; and ELANTAS Beck India in Pune have been accident-free for at least ten years. The ELANTAS sites in Zhuhai and Malaysia, along with ECKART Pigments in Pori, have had a spotless safety record for over five years. A further seven sites have been free from accidents for at least three years.

Further facts and figures can be found in the Group Management Report starting on page 70 ff.

## Maintaining Employees' Health

2023 was marked by the easing of the coronavirus pandemic. The crisis teams at company, division, and Group level completed their work and employees returned to the new normality. New company agreements for mobile working have helped to make working conditions even more flexible for employees – an important contribution to improving

the work-life balance. Travel resumed but remained at a lower level than before the pandemic. Work meetings were conducted through both virtual and in-person formats, with a noticeable shift towards increased physical presence and the inclusion of optional hybrid participation choices. Appropriate hygiene measures were upheld for larger internal and external events, aligning with the lessons learned from the pandemic experience.

For instance, BYK coordinated a digital health week at the Wesel, Schkopau, Kempen, and Moosburg sites in collaboration with partners to prevent possible work-related stress. The initiative was highly appreciated by the employees. In Malaysia, ELANTAS has been providing routine health checks for its workforce since 2022, surpassing the mandated obligations.

Bolstering the sense of community and doing something good for others or the environment is particularly valuable when it also contributes to the wellbeing of employees. The charity walk by employees at BYK in Widnes falls into this category. A total of £ 10,000 was raised for charity in a three-day 80-mile run. At ECKART in Hartenstein, 35 people participating in the "Cycle to Work" initiative not only avoided around six tons of CO<sub>2</sub> equivalent greenhouse gases but improved their fitness.

ALTANA also continued to invest in rescue equipment in 2023. For example, multiple sites acquired defibrillators and provided training to staff on their proper usage.

## Ergonomics

Ergonomics make an important contribution to occupational health and safety. Appropriately designed workplaces and activities boost the productivity of the workforce and reduce absences due to illness. ELANTAS took steps to improve working conditions at the Ascoli site by enclosing open production areas with doors to prevent draughts. Furthermore,

the installation of infrared radiant heaters efficiently heated the space, not only enhancing the workplace environment but also reducing energy consumption during winter. ELANTAS also prioritized the optimization of the ventilation system in the production area at the Hamburg site, focusing on protection against draughts and overall improvement of the workplace.

At some sites, filling processes for reactors and aggregates were redesigned in such a way that, in addition to greater automation, ergonomic aspects were also brought to the fore. In the year under review, ALTANA again invested in lifting aids. ELANTAS introduced appropriate safe lifting aids for big bags at the Quattordio site in Italy.

Structural changes also contribute to ergonomics. ECKART implemented several measures in Hartenstein. For instance, sample taking has been facilitated by creating new paths and doors. Some systems require operation by our employees despite a high degree of automation. To make this easier and reduce unnecessary walking distances, ECKART invested in operator terminals. Additionally, product feeding stations were upgraded in the internal logistics area, automating manual machine filling by employees and implementing closed filling of aluminum semolina in the downstream process.

## Reducing Exposure and Avoiding Risks

As described in the "Products" chapter, ALTANA replaces critical substances with non-critical ones whenever possible. If this is not feasible, we do everything in our power to minimize the respective exposure risk.

An effective method is to use closed systems. This is understood as systems in which an unwanted exchange of substances with the environment is excluded, but an exchange of energy (for example heat) is possible between the system and the environment. In this case, as far as pos-

sible, all filling operations and reactions are designed to prevent exposure.

ELANTAS implemented this principle at the Quattordio site, where internal transfer processes are now carried out through pipelines from one plant to the other. Also, a closed storage tank for chemicals was installed at the Ascoli site in Italy to accommodate the materials delivered in drums, allowing them to be safely transferred to the storage tank to reduce exposure for employees.

Recognizing that not all processes can be completely closed, ECKART implemented a central dust collection system in Wackersdorf. This system is designed to capture and separate local dust emissions, enhancing environmental safety. Similarly, ELANTAS installed advanced dust cleaning systems in Collecchio, Italy, adhering to elevated environmental and safety standards. These systems effectively separate powdery chemicals, contributing to a heightened level of safety for employees.

The implementation of electrically driven drum sealing units has simplified processes, especially in terms of ergonomics and noise reduction. Older pneumatically driven units were replaced with quieter and more energy-efficient electrical systems.

## Safety in Chemical Processes

In the year under review, safety assessments of facilities and processes were carried out at the sites using a risk-based approach to make operations safer and better. Safety assessments were also carried out regarding personal protective equipment and clothing so that employees are even better protected in the event of exposure. Personal protective equipment must be regularly replaced and made available. To ensure this, BYK installed vending machines at the Wesel site so that employees have easy access to protective equipment around the clock. Another improvement for the

workforce in Wesel and at ELANTAS in Hamburg is the switch to blower helmets with a filter unit. This measure enables employees in affected areas to work ergonomically and safely, even in the event of exposure. Furthermore, a fire alarm system was modernized at ELANTAS in Hamburg.

In addition to preventing exposure to people and the environment, process safety takes center stage during filling operations. Special attention is given to adding solids, where a collaborative effort is made to carry out these operations in closed systems with an appropriate inert gas atmosphere. Additionally, if necessary, dust extraction and filtering measures are implemented. Individual companies have devised distinct safety concepts and invested in suitable equipment that considers the varied flow behavior and requirement profiles of different solids. These plant components, previously highlighted in the context of ergonomics and exposure, play a significant role in contributing to occupational safety.

Other examples of measures include the replacement of a storage container at ELANTAS in St. Louis, USA; the modernization of forklift trucks for use in explosion-protected areas at ELANTAS in Tongling, China; and the installation of traffic lights and warning signs at ELANTAS in Ascoli, Italy, to make employees aware of the vehicles in internal transport.

When working at heights, it is essential that appropriate safety ropes are available for attachment. Attachment points for work on platforms for unloading and on roofs were renewed at ELANTAS in Collechio and Quattordio. It is also important to pay attention to occupational safety when carrying out maintenance work. To this end, BYK purchased work platforms in Louisville to minimize the use of ladders.

## Incidents in Detail

Based on the guidance for reporting on globally harmonized process safety key figures in accordance with the International Council of Chemical Associations (ICCA) and the definition provided by the German Chemical Industry Association (VCI), there were 26 significant incidents in the year under review. Twenty-two incidents involved the release of chemicals. In none of the cases did chemicals escape into the environment, as they were contained by the prescribed containment systems and then disposed of properly. No employees were injured in any of these incidents.

Additionally, four fires were reported. A fire involving a measuring device at ECKART's Schererville site in the U.S. resulted in minor damage. Also in Schererville, a fire with smoke development occurred inside a plant for thermal afterburning and exhaust gas cleaning. The fire was quickly extinguished and there were no injuries to people or environmental damage.

At ELANTAS in Malaysia, a container ignited during the filling process. This led to a fire in the production building, which was extinguished by the local fire department. The entire workforce remained unharmed.

On August 27, 2023, a fire erupted in a tank farm at the Kempen site of BYK-Chemie GmbH and was successfully extinguished within a few hours. As a precaution, residents in close proximity to the plant temporarily evacuated their homes. Ongoing measurements, however, did not indicate any elevated values or abnormalities. The extinguishing water utilized was efficiently collected by the existing retention facilities on the factory premises and disposed of as planned.

## Environment

Environmentally friendly management is a key component of ALTANA's corporate strategy. Our goal is to steadily reduce the energy consumption at all sites and in all areas. We also implement this objective in other environmentally relevant areas, such as waste and the consumption of drinking water.

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## Improvements in Environmental Performance

The ALTANA Group measures progress in the area of environmental protection using specific key performance indicators. In addition to the absolute values, the figures are set in relation to the quantity of produced finished goods. ALTANA sets annual upper limits for energy consumption, water consumption, and waste quantities in relation to produced finished goods. The development of these indicators is published in the document "Facts and Figures on Sustainability 2023."

In the 2023 fiscal year, the ALTANA Group's energy consumption decreased to 611,843 megawatt hours compared to 680,948 megawatt hours in the previous year. This was due to the continued decrease in global economic output and the resulting weak demand. The volume of finished goods produced decreased from 566,929 tons (2022) to 516,379 tons (2023). Due, among other things, to the effectiveness of the measures implemented to increase energy efficiency, specific energy consumption decreased from 1.20 MWh per ton of produced finished goods (2022) to 1.18 MWh per ton of produced finished goods (2023). Taking into account other greenhouse gases such as nitrous oxide (N<sub>2</sub>O), this resulted in a total of 77,769 tons of CO<sub>2</sub> equivalents, of which 76,393 tons of CO<sub>2</sub> equivalents belong to Scope 1. At around 16 %, greenhouse gas emissions fell more sharply than the volume of produced finished goods compared to the previous year. In addition, biogenic greenhouse gas emissions accounted for 533 tons of CO<sub>2</sub> equivalents.

ALTANA has been sourcing electricity from renewable energy sources worldwide since 2020. Furthermore, the ALTANA Group is focusing on greater energy efficiency and new technologies to reduce greenhouse gas emissions. Apart from concentrating on reducing emissions within its own value chain, ALTANA also invests in certified climate protection projects. When selecting projects, we make sure

that they are certified according to internationally recognized standards such as the Verified Carbon Standard (VCS) and also contribute to selected Sustainable Development Goals of the United Nations.

In the reporting year, ALTANA voluntarily offset 44,600 tons of CO<sub>2</sub> equivalents, corresponding to around 58 % of its Scope 1 greenhouse gas emissions.

Analogous to the decline in the volume of produced finished goods described above, the volume of hazardous waste decreased from 19,923 tons in the previous year to 16,988 tons in the reporting period. Accordingly, the indicator related to the quantity of produced finished goods fell slightly from 35.1 kg/t to 32.9 kg/t. The amount of non-hazardous waste also fell, from 10,022 tons to 8,660 tons. The figure in relation to produced finished goods also decreased, from 17.7 kg/t to 16.8 kg/t. The reasons for the improved waste volume balance include the decreased disposal of obsolete residual stocks at several sites (details can be found in the document "Facts and Figures on Sustainability 2023").

Drinking water consumption fell from 1.34 million cubic meters in the previous year to 1.18 million cubic meters in the year under review. The resulting ratio based on the volume of produced finished goods fell to 2.28 m<sup>3</sup>/t (previous year 2.36 m<sup>3</sup>/t). Among other things, this was due to the repair of leaks and technical defects.

A total of 530,065 tons of raw materials were required. Of this amount, 342,347 tons were fossil raw materials, 24,284 tons were renewable raw materials, 119,010 tons were non-fossil and non-renewable raw materials, and 44,425 tons were water. Detailed information on ALTANA's resource and energy consumption (differentiated by electricity, natural gas, and oil) as well as the environmental indicators can be found at [www.altana.com/facts\\_figures\\_sustainability\\_2023](http://www.altana.com/facts_figures_sustainability_2023).

In 2023, 88 % of the ALTANA Group's production sites met the ISO 14001 environmental management standard.

New sites that are not yet certified according to ISO 14001 have three years to do so. However, these sites are already included in the total number of production sites. Eleven sites also have ISO 50001 certification for their energy management.

## Climate Strategy Consistently Pursued

ALTANA has set itself the goal of voluntarily offsetting as many CO<sub>2</sub> equivalents as the company generates in Scope 1, Scope 2, and selected categories of Scope 3 (categories 4, 6, and 8) as of 2025. The analysis includes greenhouse gas emissions resulting from the combustion of fossil fuels, primarily natural gas, as well as those resulting from chemical reactions in production processes (Scope 1). It also includes indirect greenhouse gas emissions from the purchase of energy, particularly in the form of electricity and steam (Scope 2). Furthermore, from 2025, the offset amount will also include greenhouse gas emissions caused by necessary business trips, company cars, and the transportation of goods. This voluntary contribution to slowing climate change is not offset against the emissions that are generated. However, the procedure corresponds to the best practice recommendations of SBTi (Science Based Target initiative) for support measures on the path to decarbonization. As a result, ALTANA is contributing to the climate target of limiting global warming to 1.5°C adopted at the UN Climate Change Conference in Paris in 2015 and confirmed in Glasgow in 2021.

In the year under review, ALTANA consistently pursued its climate protection goals and continued to drive forward the energy transformation. All sites contributed to this. In order to optimize energy consumption, operating processes were reviewed and systems and machines were identified that can be switched off temporarily or run in a reduced operating mode without impairing operational processes and safety. To this end, energy teams at the sites work

together on an interdisciplinary basis and share their findings across the divisions. This year, for instance, the operation of ventilation and lighting systems was optimized at various locations. State-of-the-art energy monitoring and energy management systems support the energy teams in identifying unnecessary consumption. Optimized manufacturing processes can also contribute to energy efficiency. With the ALTANA Excellence Program, such adjustments are systematically developed and implemented. The efficiency measures described in excerpts below alone have contributed to an energy reduction of more than 10,350 MWh per year.

In the reporting year, production steps and material flows as well as supply facilities were improved within the Group. This optimization often results in combined savings while maintaining product and supply quality. At the Hartenstein site, ECKART replaced older ball mills of a smaller design with a larger new one, modernized pumps and filtration systems, and replaced filtrate-solvent lines so that the filtrate is conveyed without pumps. In addition, material efficiency in existing units was further increased. The material and energy efficiency achieved in this way will result in future savings in electrical energy of more than 100 MWh per year. At the ECKART site in Wackersdorf, cleaning intervals for filter systems were optimized, saving compressed air. As a result, more than 17 MWh of electrical energy will be conserved in the future. The optimization of wastewater treatment plants at ELANTAS in Ankleshwar has also resulted in a combined savings effect. By improving the process and simultaneously optimizing the material flows, the pumping capacity could be reduced and water saved. By reducing process times at its sites in Tongling and Pimpri through scaling effects, ELANTAS has saved energy. BYK is adopting a similar approach at its Wallingford site.

The Group also achieved improvements in the area of heating and cooling systems. For example, ECKART installed a heat recovery system in a compressor unit at the Hartenstein

### Environmental performance indicators ALTANA

	2020	2021	2022	2023
CO <sub>2</sub> equivalents specific (Scope 1 + Scope 2) <sup>1</sup> (t/t)	0.18	0.17	0.16	0.15
Energy consumption (MWh/t)	1.28	1.21	1.20	1.18
Drinking water (m <sup>3</sup> /t)	2.19	2.22	2.36	2.28
Hazardous waste (kg/t)	34.06	35.34	35.14	32.90
Hazardous waste for disposal (kg/t)	4.74	5.43	4.87	3.76
Non-hazardous waste (kg/t)	16.37	15.68	17.68	16.77
Non-hazardous waste for disposal (kg/t)	7.03	7.85	7.90	6.19

The key performance indicators are calculated from the absolute values in relation to the quantity of produced finished goods.

<sup>1</sup> Scope 1: direct emissions; Scope 2: indirect emissions

site in Germany. The heat generated is now fed into the building heating system in the winter. The BYK site in Widnes optimized and modernized the heating system for office buildings. This will save 175 MWh of energy and 32 tons of CO<sub>2</sub> per year. At the site in Gonzales, a heat recovery system was installed in an exhaust gas stream from a thermal cleaning system, resulting in a reduction of the exhaust gas temperature. In addition, the fresh water for the nearby steam generator is preheated, enabling annual savings of 1,100 MWh of energy and 220 tons of CO<sub>2</sub>. BYK implemented a similar principle at its site in Louisville. At the site, energy that can still be utilized in a wastewater stream will be made available for heating buildings using a heat exchanger.

Another important contribution is the conversion of existing lighting systems to more energy-efficient alternatives, such as LEDs. Apart from regular maintenance measures, corresponding projects were again carried out at sites in the four divisions to install LED lighting on a larger scale. In total, these measures can save more than 21 MWh of electricity a year. A dedicated project to replace old light sources with LEDs was launched at ELANTAS in Hamburg, leading to total savings of up to 70 MWh per year. The implemen-

tation will not be finalized until 2024, but a large proportion was already replaced in the year under review.

Moreover, the divisions pay particular attention to energy efficiency when purchasing new machines and equipment. For example, the replacement of an extruder motor at BYK's Earth City site brings about savings of 50 MWh per year. The installation of energy-efficient motors as part of ongoing maintenance is a general requirement at ALTANA. Building on this, pumps, compressors and motors were modernized and made energy-efficient during maintenance at the ELANTAS site in Ankleshwar. In addition, longer-term programs promote systematic replacement. These have been running since 2018, for example at the ELANTAS sites in Ascoli and Quattordio in Italy, Ankleshwar in India, and Hamburg in Germany. In total, more than 100 MWh per year have already been saved.

Further optimization and modernization of compressed air generation at some ALTANA sites helped to achieve improvements worldwide. This includes the search for and elimination of compressed air leaks, notably at the ELANTAS site in Quattordio, which is expected to save more than 50 MWh per year. ECKART has saved around 530 MWh a year at the Vétroz site by modernizing the compressor systems and

290 MWh a year by optimizing the operation of the compressor system in Wackersdorf and installing a modern refrigeration dryer.

For the posttreatment of emissions resulting from production processes, plants for thermal post-combustion using natural gas are operated at various ALTANA Group sites. In the year under review, ACTEGA successfully switched to catalytic exhaust air purification at its Grevenbroich site, thereby avoiding 3,700 MWh of natural gas and thus around 750 tons of CO<sub>2</sub>-equivalent greenhouse gas emissions per year. At several sites, ELANTAS and BYK are also investigating whether the existing thermal afterburners can be replaced by alternative systems. Also, ELANTAS has switched to a new exhaust air purification system based on activated carbon at its Hamburg site. This saves 3,100 MWh of natural gas and 700 tons of CO<sub>2</sub> equivalents per year.

In order to reduce indirect greenhouse gas emissions through the procurement of energy, especially in the form of electricity, ALTANA prefers to purchase green electricity directly from local suppliers. In cases where sites are currently unable to purchase certified green electricity directly from the local electricity provider, so-called certificates of origin for electricity from renewable sources are bought in accordance with recognized quality standards (e. g. CoO for Europe, IREC for China, and GREEN-E for the U.S.). In 2023, the total volume amounted to 221,533 MWh.

In parallel, ALTANA is working intensively on other options, such as direct procurement from sustainable energy generation plants. In the reporting year, the ALTANA Group purchased green electricity from German wind and solar power plants, which had already been agreed in the previous year for the years 2024 to 2027. This will cover approximately 50 % of the electricity needs of ALTANA's German sites. Additionally, the Group analyzed the possibilities of directly purchasing green electricity internationally in the reporting year and did so wherever possible. Seven sites already generate their own energy from renewable sources.

ELANTAS operates photovoltaic (PV) systems in Ascoli, Collecchio, and Pune with an installed capacity of 1.24 GWP (Giga Watt Peak), ACTEGA at the Vigo and Bremen sites with 1.08 GWP, and BYK in Deventer and Shanghai with 0.51 GWP. Furthermore, the ALTANA Group installed further PV systems with a total output of 1 GWP at various sites in the reporting year. They will go into operation in 2024. Additional PV installation options are also being examined. ECKART in Hartenstein generates electricity from a hydro-power generator and BYK in Denekamp utilizes biogas to generate energy. In total, ALTANA uses 1,850 MWh/year from its own photovoltaics. Plus, 2,711 MWh of fossil natural gas can be saved by using biogas at the Denekamp site.

To ensure that production, laboratory, and administration buildings can be heated and cooled efficiently, some of them need to be renovated and modernized regarding energy efficiency. An example is the replacement of the insulation windows and the modernization of the air conditioning system at the ELANTAS site in Collecchio. At BYK's site in Moosburg, investments were made in more efficient air conditioning units that can heat at the same time. This reduces the power consumption of the old electric radiators and further increases energy efficiency through the use of heat pumps.

It is crucial to use fossil fuels particularly efficiently when transporting raw materials and finished goods. In order to avoid unnecessary Scope 3 emissions, ECKART improved the planning processes at the Hartenstein site in Germany to such an extent that the proportion of air freight has been reduced. At the site in Vétroz, Switzerland, the transport of zinc metal raw materials was shifted to rail. By using rail as a means of transport, around 261 tons of CO<sub>2</sub> equivalents were avoided. ELANTAS installed charging facilities for electric cars at its Hamburg site, while ALTANA expanded its charging station infrastructure in Wesel. Consequently, the Group is making a valuable contribution to reducing emissions in the transportation sector. In addition, ELANTAS re-

placed existing diesel- and gas-operated forklift trucks with electric ones at its sites in Ascoli, St. Louis, and Olean, as well as BYK in Widnes.

### Development of Long-term CO<sub>2</sub> Reduction Targets as Part of the Keep Changing Agenda

Aside from the specific key figures reported above, the ALTANA Group would like to further define and refine its climate protection strategy. To this end, four cross-divisional action fields were specified and launched in the reporting year. Among other things, these aim to further reduce the carbon footprint along the value chain. Also, both short-term and long-term absolute targets for the ALTANA Group's CO<sub>2</sub> emissions are to be defined, which are to be validated in a second step using scientific methods. This endeavor is supported by participation in sustainability networks and cooperation with universities.

The substitution of fossil fuels with renewable energy sources is an important pillar for ALTANA on the road to decarbonization. The energy transformation roadmap drawn up last year was further specified by the individual sites. The goal is to gradually phase out fossil fuels, even as production volumes grow.

To this end, the consumption levels at the sites are identified and the energy transformation is propelled forward through specific projects.

In 2023, for instance, the focus was on developing alternative heating concepts for buildings at the BYK sites in Kempen and Wesel and for ECKART in Hartenstein. Geothermal energy, coupled with process waste heat and heat pumps, was examined in more detail. Particular attention was paid to the generation of process heat. The extent to which combustion processes can be replaced by electrical processes such as direct heating or heat pumps, or operated with alternative renewable fuels – for example by employ-

ing sustainably produced biogas and wood chips – is being evaluated.

### Responsible Usage of the Resource Water

Water plays an important role in many of the ALTANA Group's production processes, and so the specialty chemicals group is making various efforts to use this resource sparingly. Water is utilized in the chemical industry as a raw material, as a cleaning agent, and as a coolant. ALTANA aims to keep its water consumption as low as possible and to use the resource as a cooling medium in closed cycles.

In the reporting year, we were able to significantly reduce our water consumption at several sites, although frequent droughts and high air temperatures increased the demand for cooling water considerably in some places. At BYK's site in Schkopau, pH probes were installed to monitor compliance with discharge conditions and to better control water usage. ECKART continued to optimize the cooling water networks at its German site in Hartenstein. At this site, cooling for 14 units was converted from open circuits with cooling towers to closed cooling circuits. By installing a reverse osmosis system at its Ankleshwar site in India, ELANTAS saves around 11,000 m<sup>3</sup> of wastewater per year. The wastewater was previously treated before being discharged into the sea. The new plant treats the wastewater so that it can now be used as fresh water for process applications. BYK's production site in Gonzales, USA, was also able to improve its existing reverse osmosis plant and further enhance its efficiency.

### Optimization of Waste Management

Chemical processes generate waste and wastewater, which mainly applies to production sites. ALTANA aims to avoid

or reduce wastewater and waste and thus minimize the negative effects on people and the environment, among other things by using suitable raw materials and cleaning agents.

ALTANA's divisions were able to reduce waste volumes at numerous sites by means of recycling. BYK was able to save around 83 tons of CO<sub>2</sub> equivalents at its Kempen site by optimizing the composition of its waste. In addition, a byproduct is processed in such a way that it can now be reused as a raw material outside the ALTANA Group. Furthermore, a silane compound was extracted from a waste stream, which can therefore be reused as a raw material in production. This process cuts costs, avoids waste, and reduces the carbon footprint by a further 360 tons through direct recycling. ECKART established processes in Hartenstein to separate raw materials from waste streams. As a result, they can now be used internally for thermal purposes. At ELANTAS in Hamburg and at BYK in Deventer, the proportion of household and commercial waste recycled was increased. In the past, waste with a high energy content was disposed of without using the energy it contained. ELANTAS in Ankleshwar has now implemented such a waste material for thermal use in the cement industry, saving energy and CO<sub>2</sub> emissions in the manufacturing processes.

Other measures at various sites in the four divisions include reducing production losses and reusing small containers and IBC liquid containers.

### Emissions Further Reduced – Biodiversity Promoted

In addition to greenhouse gases, other emissions can also have a negative impact on the environment and people. In this context, particular mention should be made of volatile organic compounds (VOCs). ALTANA aims to continue keeping these emissions as low as possible in the future. To achieve this goal, various technical options are available at

many sites. Further measures to reduce emissions were implemented in the year under review. ELANTAS installed a new exhaust gas purification system with activated carbon filters in the storage tank area at its Chinese site in Tongling. Filling processes displace the protective atmosphere, which is then captured by pipelines and fed into the filter system. In general, systems were modified at various locations in the divisions in order to carry out filling and mixing processes in closed systems. In Schererville (U.S.), for instance, ECKART replaced an open mixing vessel with a closed one, and at ELANTAS in Ascoli, raw materials are now stored in tanks to eliminate the need for handling drums, which avoids packaging waste and VOCs and protects employees even better. Of course, it is most efficient if VOCs are not produced in the first place. To this end, a product development project was launched in the Research and Development department in a water-based test facility at BYK's Shanghai site. The objective is to manufacture VOC-free products.

In addition to reducing the quantities of VOCs, ALTANA also focuses on continuously improving noise emissions. At its British site in Widnes, for example, BYK completed an extensive program to reduce noise in catalyst production. ALTANA is actively implementing additional measures to contribute to nature preservation. The Group adopts a deliberate approach to land development, prioritizing the retention of open spaces in their most natural state whenever feasible. As an example, at the BYK site in Wesel, a new flower meadow was cultivated on the green area in front of an office building. Similarly, at ELANTAS in Hamburg, a bumblebee hotel was constructed on an open space. These initiatives not only enhance the surrounding environment but also play a role in raising overall environmental awareness.

# People

In the realm of human resources, ALTANA used the 2023 reporting year to improve existing concepts and to expand the portfolio of offerings for employees with the introduction of additional programs. The focus of our work continues to be on strengthening our employer brand, both on the external applicant market and in relation to our current employees. Our clear goal is to bolster loyalty and satisfaction of our workforce. We want to grow together, building on our employees' many years of experience and expertise. This will be accomplished primarily through the targeted execution of the Keep Changing Agenda for the future.

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108	"Create a Thriving Organization for Development and Performance" Action Field

## Continuation of the Keep Changing Agenda

Following the revision of the Keep Changing Agenda for the future in 2022, ALTANA once again placed significant emphasis on priorities within the "People" focus area to fortify its standing in the labor market. This includes initiatives such as enhancing employer positioning and introducing appealing new offers for the workforce.

Additionally, besides the goal of attracting new, qualified, and motivated employees, these initiatives are designed to strengthen the loyalty of our existing workforce. ALTANA, being a well-known and responsible employer globally, places great importance on providing development opportunities for employees and fostering a feedback culture that encourages the exchange of knowledge and further development.

## "Strengthening Employer Attractiveness" Action Field

The ALTANA Group consistently enhances its appealing financial offer and contemporary fringe benefits to affirm its status as a highly attractive employer. Moreover, the company provides employees with opportunities for both workplace and professional development. Concurrently, there is an ongoing effort to gain a deeper understanding of what makes ALTANA exceptionally attractive as an employer and to authentically communicate these attributes to the outside world. In pursuit of this goal, a project on employer positioning was initiated in 2023.

### Employer Positioning of the ALTANA Group

Our success as an employer hinges significantly on our commitment to transparent and authentic representation in the labor market, showcasing what distinguishes us from other

employers. For this reason, we want to gain a deeper understanding of why employees choose to work at ALTANA.

We have therefore launched a cross-divisional project to refine our international employer positioning. In 2024, in workshops and interviews, supplemented by the content of a survey, the opinions of employees worldwide will be analyzed and synthesized. Interviews were already conducted with all members of company management in the reporting year and various workshops were held as part of the annual Global Management Meeting. The combination of different survey and analysis methods ensures that strategic initiatives are taken into account alongside the employees' views and that the management's perspective is included. The project is currently scheduled to continue throughout 2024.

### ALTANA Bicycle Leasing in Germany

In 2023, ALTANA expanded its range of interesting additional benefits for its employees with another attractive offer: the Germany-wide ALTANA bicycle leasing program.

The objective of this project was to provide employees in Germany with the opportunity to finance the conversion rates for a leased bicycle from their gross monthly salary. The current collective bargaining law in the chemical industry did not have a provision for gross salary conversion for this purpose. Taking the initiative, ALTANA, in collaboration with members of the Group works council, established a company-specific collective agreement between the IG BCE trade union and the German Federation of Chemical Employers' Association. Based on this agreement, the conception, implementation, and communication of the bicycle leasing scheme were developed in 2023, enabling ALTANA employees to avail themselves of this employer benefit since January 2024. Each leased bicycle is subsidized with up to 15 euros per month.

### European Portal for Employee Offers

Colleagues have consistently expressed a strong interest in an added feature: an employee offers portal. This portal provides ALTANA's workforce with the chance to purchase discounted products from a diverse selection of over 1,500 providers. The chosen service provider, a prominent European market leader, extends this portal across multiple European countries. Regular external audits ensure the service provider's adherence to stringent data protection standards, and it has proudly earned the TÜViT "Data Protection" quality mark. Currently, ALTANA offers this portal in Germany, Switzerland, and the Netherlands, boasting an impressive overall participation rate exceeding 50 %.

### "Create a Thriving Organization for Development and Performance" Action Field

ALTANA remains committed to fostering a corporate environment that empowers employees to achieve their utmost potential. In line with this commitment, ALTANA has been providing diverse development initiatives for several years, with ongoing efforts to enhance existing programs based on valuable feedback from participants.

The readiness of participants to embrace change consistently holds a pivotal position in their engagement with these initiatives. This aspect is collaboratively assessed with managers as part of the annual performance review process.

### Adjustments in the Talent Process

As we enter the third round, the Talent Cycle is scheduled around the turn of the year 2023/2024. This process, in addition to the annual performance review, incorporates a comprehensive assessment discussion with other managers from adjacent areas, within a division, a specialized area such as finance or purchasing, and at Group level.

In addition, the digital learning content provided in the SAP SuccessFactors system has been linked to the skills needed, making it easier to select suitable training courses in the 2023/2024 cycle and to continue training in line with requirements.

### Diversity, Equality, and Inclusion

Diversity, equality, and inclusion are fundamental pillars of our daily collaboration at ALTANA, reflecting our longstanding commitment to these values within our management guidelines. Recognizing the importance of fostering an inclusive workplace where every employee is supported, regardless of their background, individuality, or life circumstances, we worked on a fundamental concept in the reporting year that will serve as an umbrella for future initiatives.

### Wise Peers Initiative

The Wise Peers Program represents our initial initiative to champion diversity, equality, and inclusion within ALTANA. This program is specifically tailored for individuals who have devoted substantial time to the company, having been part of the Group for over 20 years. Designed in the reporting year, the program commenced with an inaugural pilot group at the beginning of 2024. The program focuses on topics such as knowledge transfer, lifelong learning, and appreciation.

## Social Commitment

As a good corporate citizen, ALTANA supports and sponsors social projects focusing on education, science, and research. To strengthen our local environments and to be a good neighbor, we especially promote initiatives near our sites worldwide. ALTANA also helps when there are disasters. In the year under review, ALTANA primarily supported people who were affected by the earthquake in Turkey and Syria.

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## Social Commitment

The natural sciences, mathematics, informatics, and technology are among the drivers of economic development and social progress around the world. Important solutions are also being developed in these disciplines with a view to the environment and climate change. In this context, ALTANA wants to help introduce young people to these disciplines at an early stage and kindle their enthusiasm for them. In addition, the ALTANA Group is involved in a number of selected social projects. In cooperation with experienced partners from the education sector, we support concrete projects, often in the immediate proximity of our sites. To maximize lasting impact, the company usually promotes these projects over a period of several years.

### “All Children Have Potential”

ALTANA has been supporting the “All Children Have Potential” project at the largest community primary school (GG5 Innenstadt) in Wesel for ten years now. The project was initiated by the city of Wesel and implemented by Akademie Klausenhof in close collaboration with GGS Innenstadt. Its main aim is to support disadvantaged children of primary school age and to achieve equal opportunities for children with a migration background and from socially deprived families. ALTANA finances the personnel and material costs of the social education specialist at Akademie Klausenhof. The social education worker arranges personal mentors for the children, qualifies them, and coordinates their activities. A total of 70 children have been supported since the project commenced in 2014, with 42 mentors volunteering so far. They support and challenge the girls and boys in their personal development based on their individual abilities. For those involved in the project, contact not only with the children but also with their parents is of great importance.

The social education worker regularly liaises with the volunteers, the school, and, in some cases, with family assistance and the youth welfare office to find pragmatic solutions together that help the children to master their everyday lives and provide them with the best possible support. Although many of the mentors help the children with their homework, the support focuses on extracurricular activities. The children are encouraged to take their own initiative and to make their own suggestions as to what they would like to do with their mentor. In the year under review, the project received the City of Wesel’s Volunteer Award as a special honor.

At the end of the year, ALTANA and BYK implemented a wish tree campaign for the third time at the Wesel site. The children made angels and wrote their wish on them. Together with their respective mentor, the children hung their angels on the large Christmas tree in the entrance hall of ALTANA’s headquarters. In the days that followed, ALTANA and BYK employees were informed about the Christmas tree campaign and called upon to participate by selecting a wish worth around 25 euros and by providing and wrapping the gift for the respective child. In a short time, all the angels were distributed and the Christmas joy of the children, whose parents are often unable to fulfill even small wishes for them, was assured.

### “Youth Startups” Competition

In the reporting year, ALTANA once again supported the “Jugend gründet” (Youth Startups) competition sponsored by the German Federal Ministry of Education, offering a special prize for chemistry for the ninth time in a row. Five students from Geisenheim came out on top in the 2023 national finals with their innovative business idea “FlexProtextx,” a new type of knee and elbow protector for roller sports that offers optimum protection and simultaneously

maximum flexibility and freedom of movement for skaters. This is made possible using a non-Newtonian material, which hardens immediately when it is subject to force, as in the case of a fall. When there is no force, however, the material behaves almost fluidly and is freely moldable. The “Jugend gründet” jury, featuring representation from ALTANA, was impressed by the entrepreneurial spirit, professionalism, and customer-centric approach displayed by the student team. They successfully developed and presented an innovative special solution with a well-defined business model, complete with potential business partners and customers ready to invest. As part of the award, the team enjoyed a trip to Wallingford on the east coast of the USA. During the summer of 2023, the winners had the opportunity to explore one of ALTANA Group’s major research and production sites at BYK USA, participating in a fascinating support program that included a visit to New York City.

### Further Education for Teachers

Enthusiasm for STEM subjects starts with enthusiastic teachers. That’s why ALTANA has been supporting a nationwide training course called “Schule MIT Wissenschaft” organized by the MIT Club of Germany since 2016, which is specifically aimed at science teachers. The objective is to get more young people interested in these economically important specializations and to recruit them as future skilled workers.

Under the motto “Begeisterer begeistern” (Enthuse Enthusiasts), the three-day conference, which took place as a hybrid event in Kiel in 2023, serves to promote an exchange of experiences among teachers as well as the communication of new scientific findings. For the first time, a regional conference for pupils was also held in Saarland. Without the support of sponsors such as ALTANA, this high-

profile event with Nobel Prize winners and other scientists would not be possible.

### Hidden Object Book in Wesel

In 2023, ALTANA, along with other Wesel-based companies, financed the publication of a hidden object book for children. The book, initiated by Lebenshilfe Unterer Niederrhein e.V., was developed with the participation of people with disabilities. Part of the proceeds from the sale of the book were donated to the Lebenshilfe organization, which provides people with and without disabilities, their families, and care providers with a wide range of work, information, and support services.

### Support for Earthquake Victims in Turkey and Syria

In early February 2023, an earthquake struck the Turkish-Syrian border region, resulting in the destruction of entire streets and vital infrastructure. Tens of thousands of homes, schools, and healthcare facilities collapsed or were damaged. The catastrophe claimed the lives of almost 60,000 people, with well over 100,000 individuals, including many children, sustaining injuries. In response to this dire situation, ALTANA extended support to the United Nations Children’s Fund, UNICEF, with a contribution of 50,000 euros. This donation played a crucial role in facilitating swift access to clean drinking water and the immediate transportation of essential relief supplies to the affected region.

## Social Commitment and Other Donations

Against the backdrop of persistent geopolitical conflicts and escalating natural disasters worldwide, leading to a surge in humanitarian emergencies, ALTANA donated 25,000 euros to the independent international organization Doctors Without Borders at the close of the reporting year. This organization operates wherever human lives are in peril, providing critical medical assistance irrespective of religion, nationality, or political affiliation.

In the 2023 reporting year, ACTEGA actively participated in numerous initiatives and projects near its global sites. In North America, ACTEGA North America continued its support for the “Angel Tree” campaign of the Lincoln County Department of Social Services, benefiting needy children in the region. In Spain, ACTEGA Artística donated not only to the major national aid organizations Caritas and Aldeas Infantiles but also to the local food bank in Vigo and Bicos de Papel, an organization dedicated to caring for families of children battling cancer and enhancing overall care for pediatric oncological patients. Furthermore, support was extended to the Asociación Galega San Francisco, a Spanish organization promoting the integration of people with disabilities into the labor market. ACTEGA Rhenania in Germany played a vital role by financing a refrigerated vehicle for the Grevenbroich food bank and sponsoring a coloring book for early road safety education among schoolchildren. The local children’s book festival, supported by ACTEGA Rhenania, provided a platform for numerous children to immerse themselves in creative workshops and readings, fostering imagination and creativity. In Brazil, ACTEGA do Brasil helped organize the local Christmas party for families and received recognition from the Araçariçuama city council for its contribution to the city’s social fund.

Social commitment is also a top priority at ELANTAS in Italy. The Ascoli site received recognition from the local Red Cross for its financial support during the pandemic, pro-

viding essential items such as masks and disposable gowns. ELANTAS has maintained a longstanding commitment to the Lega del Filo D’Oro organization, extending regular donations over a remarkable period of 30 years. This organization is dedicated to caring for children with multiple handicaps. The enthusiasm of ELANTAS employees was evident as they participated in a football tournament with a focus on donations for integration through sports. In response to the devastating floods in July, ELANTAS at the Collecchio site swiftly contributed to the restoration of radio communications for civil defense. Additionally, the company directed its attention towards the well-being of young members of society with donations for radiotherapy to treat children, for the Save the Children Italia organization, and special play therapy for young patients. The Quattordio site of ELANTAS made a meaningful contribution by supporting the purchase of a vehicle designed for transporting people with disabilities to improve their mobility.

In the reporting year, ELANTAS Beck India channeled most of its donations to the Prime Minister National Relief Fund. This fund, under the patronage of Indian Prime Minister Narendra Modi, finances emergency aid for families whose relatives have died in natural disasters, assists the victims of serious accidents and unrest, and partially covers the costs of medical treatment for people affected in emergency situations. ELANTAS Beck India also supported the education project of the Surajya Sarvangin Vikas Prakalp organization, in which 675 pupils from slums near Pune receive lessons. Through its school and extracurricular programs, the initiative encourages children’s desire to learn, provides guidance, and demonstrates to them the importance of education. With the help of the Maharshi Karve Shikshan Sanstha organization, ELANTAS Beck India is now in its fifth year of paying the school fees for 35 girls from socially disadvantaged families, thereby promoting their self-confidence and independence.

ELANTAS PDG in St. Louis, USA, also provides sustainable and reliable support for local social projects. The employees were actively involved in the two longstanding aid projects, Back to School Supplies and Annual Holiday Drive. The Back to School Supplies initiative used the money raised to provide 25 primary school children at the nearby Nance Elementary School with school supplies such as exercise books and pencils. Colleagues also continued the long tradition of the Annual Holiday Drive in 2023, providing six needy families with food, clothing, and toys for the children at Christmas with monetary donations.

BYK USA also supports several social projects in the respective local communities. In Earth City, toys for children from needy families are collected for the Toys for Tots organization at Christmastime. In Louisville, BYK donated to the Metro Police Foundation to aid the distribution of meals and clothing to people in need. In Wallingford, the company takes part in an annual fundraising race for breast cancer research. In Gonzales, a donation enabled the construction of wheelchair ramps. At its Chester site, BYK supported a local arts center that offers community engagement programs. One project shared by all sites in the U.S. supported the Alex's Lemonade Stand Foundation for Childhood Cancer (ALSF) initiative to combat childhood cancer. A team from BYK Widnes in the UK trained hard throughout the year and walked 130 kilometers along Dales Way over a three-day weekend as part of a sponsored run. Colleagues were then able to hand over £10,000 in donations to three local charities.

# Consolidated Financial Statements (condensed version)

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## ALTANA Group Consolidated Income Statement

	Notes	2022	2023
in € thousand			
<b>Net sales</b>	4	<b>3,020,990</b>	<b>2,741,515</b>
Cost of sales	5	(2,052,117)	(1,858,146)
<b>Gross profit</b>		<b>968,873</b>	<b>883,369</b>
Selling and distribution expenses		(365,158)	(339,637)
Research and development expenses		(192,944)	(196,549)
General administration expenses		(131,711)	(141,940)
Other operating income	6	16,335	23,106
Other operating expenses	7	(7,846)	(12,005)
<b>Operating income (EBIT)</b>		<b>287,549</b>	<b>216,344</b>
Financial income	8	21,019	21,957
Financial expenses	9	(14,030)	(29,074)
<b>Financial result</b>		<b>6,989</b>	<b>(7,117)</b>
Income from at equity accounted investments		10,945	(42,972)
<b>Income before income taxes (EBT)</b>		<b>305,483</b>	<b>166,255</b>
Income taxes	10	(73,079)	(56,066)
<b>Net income (EAT)</b>		<b>232,404</b>	<b>110,188</b>
thereof attributable to non-controlling interests		2,930	3,723
thereof attributable to the shareholder of ALTANA AG		229,474	106,465

## ALTANA Group Consolidated Statement of Financial Position

<b>Assets</b>	Notes	Dec. 31, 2022	<b>Dec. 31, 2023</b>
in € thousand			
Intangible assets	12	986,190	1,033,760
Property, plant and equipment	13	1,012,279	1,147,024
Long-term investments	14	60,584	86,752
Investments in at equity accounted companies	15	83,574	39,007
Income tax refunds			26
Deferred tax assets	10	31,203	29,558
Other non-current assets	20	12,587	17,368
<b>Total non-current assets</b>		<b>2,186,417</b>	<b>2,353,495</b>
Inventories	16	616,493	561,831
Trade accounts receivable	17	487,551	505,804
Income tax refunds		33,486	13,417
Other current assets	20	131,847	143,250
Marketable securities	18	40,412	56,272
Short-term financial assets	19	7,158	15,071
Cash and cash equivalents		458,091	491,335
<b>Total current assets</b>		<b>1,775,038</b>	<b>1,786,980</b>
<b>Total assets</b>		<b>3,961,455</b>	<b>4,140,475</b>

<b>Liabilities, provisions and shareholders' equity</b>	Notes	Dec. 31, 2022	<b>Dec. 31, 2023</b>
in € thousand			
Share capital <sup>1</sup>		136,098	136,098
Additional paid-in capital and other reserves		151,276	148,608
Retained earnings		2,482,246	2,428,677
Accumulated other comprehensive income		164,101	112,671
<b>Equity attributable to the shareholder of ALTANA AG</b>		<b>2,933,721</b>	<b>2,826,054</b>
Non-controlling interests		17,867	25,138
<b>Shareholders' equity</b>	21	<b>2,951,588</b>	<b>2,851,192</b>
Non-current debt	23	183,931	433,005
Employee benefit obligations	24	172,380	199,778
Other non-current provisions	25	29,023	33,927
Deferred tax liabilities	10	84,639	87,782
Other non-current liabilities	26	36,139	40,213
<b>Total non-current liabilities</b>		<b>506,112</b>	<b>794,705</b>
Current debt	23	21,677	19,439
Trade accounts payable		232,209	214,552
Current accrued income taxes <sup>2</sup>		61,150	46,789
Other current provisions	25	111,196	119,559
Other current liabilities <sup>2</sup>	26	77,523	94,239
<b>Total current liabilities</b>		<b>503,755</b>	<b>494,578</b>
<b>Total liabilities, provisions and shareholders' equity</b>		<b>3,961,455</b>	<b>4,140,475</b>

<sup>1</sup> Share capital consists of 136,097,896 no-par value registered shares.

<sup>2</sup> Previous year adjusted

## ALTANA Group Consolidated Statement of Cash Flows

	Notes	2022	2023
in € thousand			
<b>Net income (EAT)</b>		<b>232,404</b>	<b>110,188</b>
Amortization and Depreciation of intangible assets and property, plant and equipment	12, 13	164,653	167,121
Impairment of intangible assets and property, plant and equipment	12, 13		1,712
Change in fair value of financial assets and securities	8, 9	(921)	(3,145)
Net result from the disposal of intangible assets and property, plant and equipment	6, 7	(982)	616
Net result from the disposal of subsidiaries		117	
Net result from the disposal of long-term investments and marketable securities	8, 9	(9,093)	(816)
Change in inventories	16	(96,430)	97,084
Change in trade accounts receivable	17	(9,895)	19,999
Change in income taxes	10	(29,960)	(2,189)
Change in provisions	24, 25	(19,938)	7,709
Change in trade accounts payable		(18,753)	(26,559)
Change in other assets and other liabilities	20, 26	9	(3,094)
Other	15	(9,585)	44,209
<b>Cash flow from operating activities</b>		<b>201,626</b>	<b>412,835</b>
Capital expenditure on intangible assets and property, plant and equipment	12, 13	(103,493)	(148,281)
Proceeds from the disposal of intangible assets and property, plant and equipment	12, 13	2,110	3,311
Acquisitions, net of cash acquired	3		(223,432)
Purchase of long-term investments and investments in at equity companies	14, 15	(27,127)	(4,702)
Proceeds from the disposal of long-term investments and investments in at equity investments	14	14,548	1,931
Payments on long-term loans		(941)	(22,641)
Proceeds from long-term loans		25	
Purchase of marketable securities	18	(24,740)	(21,904)
Proceeds from the disposal of marketable securities	8, 9	14,625	8,528
Proceeds from the sale of short-term investments	8, 9	77,415	13,022
Payments for short-term financial assets		(16,884)	(20,946)
<b>Cash flow from investing activities</b>		<b>(64,462)</b>	<b>(415,114)</b>

	Notes	2022	2023
in € thousand			
Dividends paid		(70,122)	(150,110)
Payments for the acquisition of non-controlling interests			(31,351)
Proceeds from issuance of long-term debt	23	145,000	240,000
Proceeds from and payments on short-term debt <sup>1</sup>	23	(10,703)	(18,570)
<b>Cash flow from financing activities</b>		<b>64,175</b>	<b>39,969</b>
Effect of exchange rate changes		(3,194)	(4,446)
<b>Change in cash and cash equivalents</b>		<b>198,145</b>	<b>33,244</b>
Cash and cash equivalents as of January 1	2	259,946	458,091
<b>Cash and cash equivalents as of December 31</b>	2	<b>458,091</b>	<b>491,335</b>
<b>Additional information on cash flows included in the cash flows from operating activities</b>			
Income taxes paid		(123,972)	(82,759)
Interest paid		(1,815)	(5,557)
Income taxes received		7,587	24,192
Interest received		4,832	9,774
Dividends received		1,696	1,720

<sup>1</sup> There are no significant offsets included in the years reported.

## Reference to the Consolidated Financial Statements

The consolidated financial statements to the Corporate Report 2023 are provided online at [www.altana.com/consolidated\\_financial\\_statements\\_2023](http://www.altana.com/consolidated_financial_statements_2023).

### Consolidated Financial Statements

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ALTANA Group Consolidated Income Statement  
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## Management Board Responsibility Statement

The Consolidated Financial Statements have been prepared by the Management Board of ALTANA AG, which is responsible for the completeness and accuracy of the information contained therein.

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the EU and in accordance with the requirements of German commercial law pursuant to section 315e of the German Commercial Code (HGB).

The information contained in the Consolidated Financial Statements and the Group Management Report is based on the information reported, in accordance with consistent guidelines in force throughout the Group by the companies included in the Consolidated Financial Statements. The integrity of the reporting process is safeguarded by effective internal control systems established at these companies under the direction of the Management Board. This assures a true and fair view of the performance and results of the Group and enables the Management Board to recognize potential investment risks and negative developments at an early stage and take appropriate countermeasures.

By resolution of the Annual General Meeting, the Chairman of the Audit Committee of the Supervisory Board appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft as independent auditors of the Consolidated Financial Statements. The auditors issued an unqualified Auditors' Report on the complete Consolidated Financial Statements and the Group Management Report. The Consolidated Financial Statements, the Group Management Report and the Auditors' Report have been made available to the Supervisory Board for detailed discussion. The Report of the Supervisory Board is contained on pages 14 – 18 of the Corporate Report 2023.

To the best of our knowledge and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the net assets, financial position, and results of operations of the Group and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Wesel, Germany, February 29, 2024

ALTANA AG  
The Management Board

Martin Babilas

Dr. Tammo Boinowitz

Stefan Genten



## Multi-Year Overview

### Key figures at a glance

	2014	2015	2016	2017
in € million				
Sales	1,952.3	2,059.3	2,075.3	2,247.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	397.4	390.9	453.0	470.0
<i>EBITDA margin</i>	20.4%	19.0%	21.8%	20.9%
Operating income (EBIT)	267.7	251.3	328.7	335.9
<i>EBIT margin</i>	13.7%	12.2%	15.8%	14.9%
Earnings before taxes (EBT)	251.8	227.8	299.8	306.0
<i>EBT margin</i>	12.9%	11.1%	14.4%	13.6%
Net income (EAT)	179.2	158.0	210.1	234.6
<i>EAT margin</i>	9.2%	7.7%	10.1%	10.4%
Research and development expenses	113.9	128.1	129.3	142.5
Capital expenditure on intangible assets, property, plant and equipment	90.4	85.6	122.1	188.0
Cash flow from operating activities	298.2	346.1	376.7	302.3
<i>Return on Capital Employed (ROCE)<sup>1</sup></i>	10.3%	10.1%	11.6%	11.3%
ALTANA Value Added (AVA) <sup>1</sup>	51.9	49.2	83.3	84.0
Total assets (Dec. 31)	2,756.2	2,964.5	3,053.9	3,147.7
Shareholders' equity (Dec. 31)	1,745.5	1,935.6	2,082.2	2,214.2
Net debt (-)/Net financial assets (+) <sup>2</sup> (Dec. 31)	(280.1)	(114.2)	25.7	(78.0)
Headcount (Dec. 31)	6,064	6,096	5,967	6,186

<sup>1</sup> Adjustment of the calculation from 2022

<sup>2</sup> This corresponds to the balance of cash and cash equivalents, short-term financial assets, marketable securities, loans issued, financial liabilities, and pension provisions.

### Sales by division

	2014	2015	2016	2017
in € million				
BYK	856.7	870.0	909.1	1,030.4
ECKART	332.2	349.7	361.9	385.3
ELANTAS	431.2	463.2	452.1	488.7
ACTEGA	332.1	376.4	352.2	342.6

### Sales by region

	2014	2015	2016	2017
in € million				
Europe	795.1	795.6	798.6	852.3
<i>thereof Germany</i>	276.7	269.8	263.2	275.7
Americas	527.1	607.1	587.2	623.6
<i>thereof U.S.</i>	365.0	416.1	398.8	436.3
Asia	593.0	618.9	652.3	733.5
<i>thereof China</i>	309.8	315.6	336.0	399.0
Other regions	37.0	37.7	37.2	37.6

	2018	2019	2020	2021	2022	2023
	2,307.4	2,248.9	2,178.2	2,666.5	3,021.0	2,741.5
	430.6	415.8	426.0	481.7	452.2	385.1
	18.7%	18.5%	19.6%	18.1%	15.0%	14.0%
	295.8	262.5	185.7	322.8	287.5	216.3
	12.8%	11.7%	8.5%	12.1%	9.5%	7.9%
	264.1	231.3	142.7	275.0	305.5	166.3
	11.4%	10.3%	6.6%	10.3%	10.1%	6.1%
	187.0	169.0	75.1	195.2	232.4	110.2
	8.1%	7.5%	3.5%	7.3%	7.7%	4.0%
	154.1	165.6	163.4	179.7	192.9	196.5
	187.0	157.2	105.2	149.3	103.5	138.3
	296.2	386.3	373.6	244.4	201.6	412.8
	9.4%	8.8%	8.4%	9.6%	8.5%	6.4%
	37.6	21.6	26.5	66.2	26.3	(30.4)
	3,221.9	3,343.3	3,263.1	3,636.0	3,961.5	4,140.5
	2,344.6	2,479.4	2,398.9	2,675.4	2,951.6	2,851.2
	(95.6)	(57.7)	34.2	67.7	144.7	(51.8)
	6,428	6,476	6,529	6,731	6,957	7,939

	2018	2019	2020	2021	2022	2023
	1,065.6	1,040.6	1,008.7	1,227.2	1,370.7	1,208.3
	382.6	356.2	315.2	382.8	396.8	351.1
	506.6	494.5	463.3	593.6	698.2	685.6
	352.6	357.7	391.0	462.9	555.3	496.5

	2018	2019	2020	2021	2022	2023
	875.0	858.0	842.5	1,029.3	1,080.7	1,037.1
	273.4	259.1	244.5	295.3	318.4	292.0
	624.4	620.6	585.9	681.6	895.3	792.4
	434.8	427.6	396.6	445.5	594.8	521.3
	769.4	731.8	711.8	905.5	988.9	863.4
	421.2	388.5	385.2	515.0	540.2	461.8
	38.6	38.6	37.9	50.1	56.1	48.6

## Global Compact: Communication on Progress (COP)

By participating in the UN initiative Global Compact, we commit to respecting human rights, creating socially compatible working conditions, promoting environmental protection, and fighting corruption.

Principle	Page	Measure taken
<b>Human Rights</b>		
<b>Principle 1</b> Businesses should support and respect the protection of internationally proclaimed human rights	7–11, 74–77 FFS <sup>1</sup> , pp. 10, 39–41	Sustainable Development Goals (SDG 8), ALTANA's Guiding Principles and leadership guidelines, Compliance Management System, promotion of women in leadership positions, sustainability assessments
<b>Principle 2</b> Make sure that they are not complicit in human rights abuses	9, 74–77 FFS <sup>1</sup> , pp. 34–35, 39–41	Code of Conduct, sustainability assessments, search for suppliers, supplier agreements
<b>Labor</b>		
<b>Principle 3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	74–77 FFS <sup>1</sup> , pp. 39–42	Compliance Management System, corporate guideline HR
<b>Principle 4</b> The elimination of all forms of forced and compulsory labor	74–77 FFS <sup>1</sup> , pp. 39–42	Compliance Management System
<b>Principle 5</b> The abolition of child labor	9, 74–77, 110–113 FFS <sup>1</sup> , pp. 34–35, 41	Sustainability assessments, Compliance Management System, support of education initiatives
<b>Principle 6</b> The elimination of discrimination in respect of employment and occupation	7–11, 74–77, 107–108 FFS <sup>1</sup> , pp. 39–42	Sustainable Development Goals (SDG 5), Compliance Management System, training, sustainability assessments and audits, surveys
<b>Environment</b>		
<b>Principle 7</b> Businesses should support a precautionary approach to environmental challenges	1–4, 8–11, 19–43, 70–72, 91–94, 100–105 FFS <sup>1</sup> , pp. 1–9, 15–19, 21–23, 27–33	Expansion of ALTANA's climate strategy, promotion of energy transformation at production sites, Sustainable Development Goals (SDG 13), sustainable product development, energy and environmental management systems, environmental key performance indicators system with targets
<b>Principle 8</b> Undertake initiatives to promote greater environmental responsibility	1–4, 8–11, 19–43, 91–94, 100–105 FFS <sup>1</sup> , pp. 1–9, 15–19, 21–22, 27–33	Promotion of energy transformation at production sites, Sustainable Development Goals (SDG 13), Keep Changing Agenda for the future, sustainable product development, circular economy, process optimizations, Membership in various climate protection initiatives, investments
<b>Principle 9</b> Encourage the development and diffusion of environmentally friendly technologies	1–4, 8–11, 19–43, 70–72, 91–94, 100–105 FFS <sup>1</sup> , pp. 1, 16–17, 21–23, 27–33, 43–44	Expansion of ALTANA's climate strategy, promotion of energy transformation at production sites, Sustainable Development Goals (SDG 9), Keep Changing Agenda for the future, product and technology innovations, Successful completion of the decarbonization network, alternatives to critical materials
<b>Anti-Corruption</b>		
<b>Principle 10</b> Businesses should work against corruption in all its forms, including extortion and bribery	9, 74–75 FFS <sup>1</sup> , pp. 39–42	Code of Conduct, Compliance Management System, trainings and audits

<sup>1</sup> Document "Facts and Figures on Sustainability 2023"

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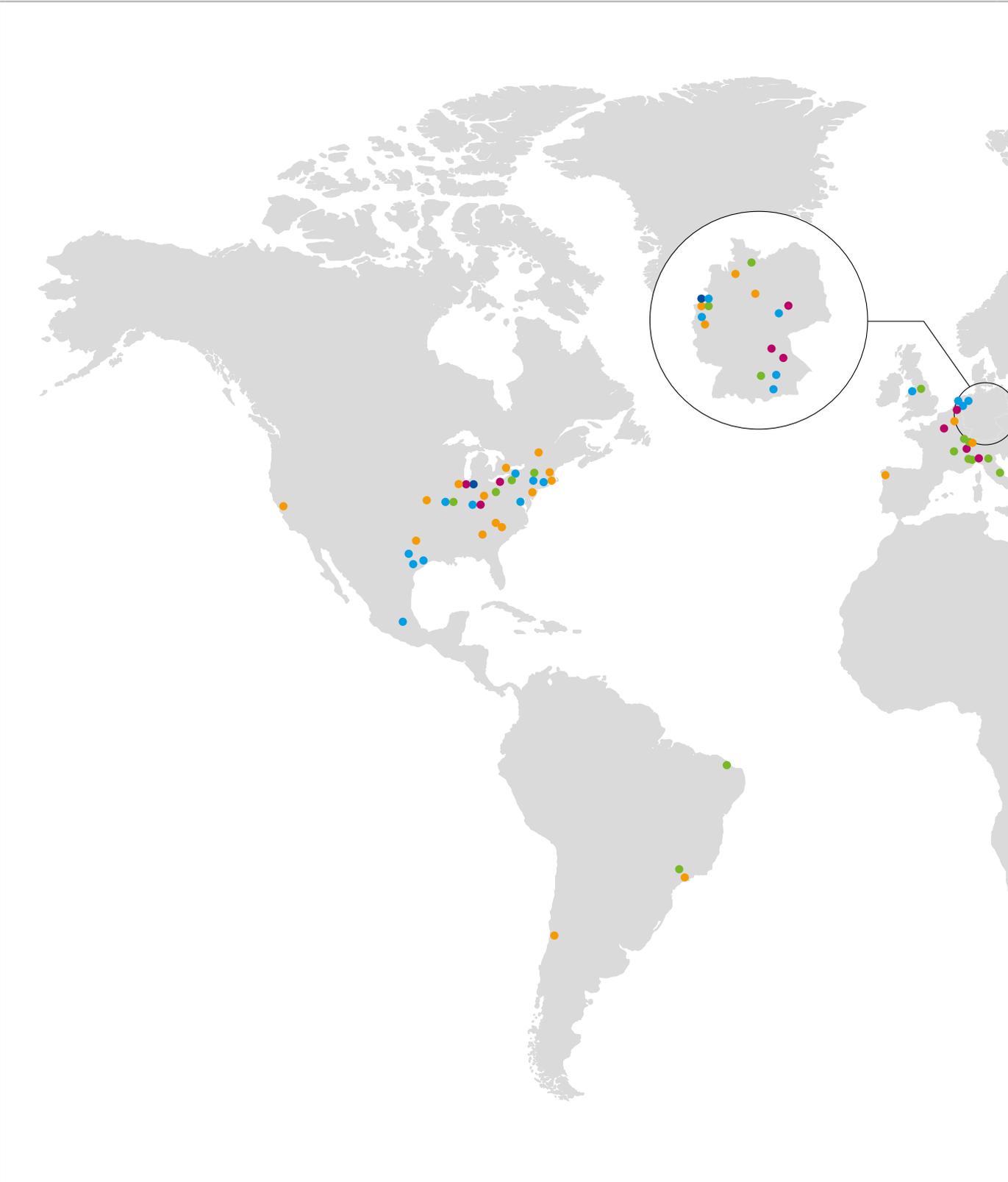
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