MAG **23** ANNUAL REPORT **2023**

POLYTEC

MASTERING **CHALLENGES.** SEIZING **OPPORTUNITIES.**

AT 0000 A00XX9

POLYTEC

THE EQUITY STORY OF THE POLYTEC GROUP

SUSTAINABLE STRATEGY

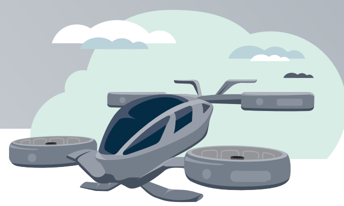
- Comprehensive strategy for the future with a focus on innovation, maximum customer benefits and permanent efficiency enhancement
- Clearly defined roadmap for carbon-neutral production by 2035

BROAD TECHNOLOGY PORTFOLIO

- Bundling know-how and technologies across the group for the development of excellent product solutions
- Customised solutions for individual and diverse requirements of a market undergoing transformation
- Securing competitiveness through continuous innovation as part of the POLYTEC SOLUTION FORCE

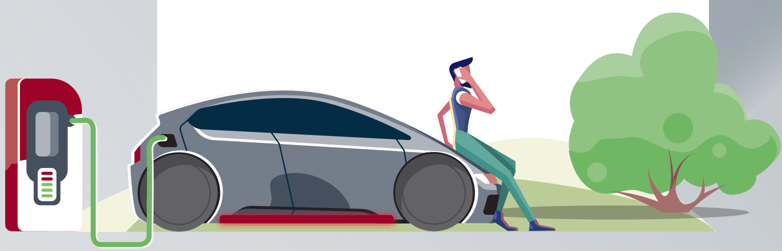
POLYTEC

Specialist for highly complex plastic solutions



HIGH ADAPTABILITY

- Proactive transformation of the product portfolio towards e-mobility and new forms of mobility
- Open-mindedness towards future-oriented market segments such as energy and logistics
- Successful crisis management



STABLE ECONOMIC POSITION

- Long-standing customer relationships with renowned automotive manufacturers
- Balance between cost pass-through, new acquisitions and forward-looking investments
- Strong order intake in 2023
- Solid equity ratio and reliable dividend policy

KEY FIGURES

Key figures from the consolidated income statement	Unit	2023	2022	2021	2020	2019
Sales revenues	EUR million	636.0	601.4	555.9	522.0	627.1
thereof passenger cars & light commercial vehicles	EUR million	470.6	443.8	390.2	328.7	388.8
thereof commercial vehicles	EUR million	109.5	99.6	92.4	118.3	158.4
thereof smart plastic & industrial applications	EUR million	55.9	58.0	73.3	75.0	79.9
EBITDA	EUR million	26.6	33.2	44.8	48.3	68.4
EBITDA margin (EBITDA/sales revenues)	%	4.2	5.5	8.1	9.3	10.9
EBIT	EUR million	-6.7	0.7	12.3	13.0	32.6
EBIT margin (EBIT/sales revenues)	%	-1.1	0.1	2.2	2.5	5.2
Earnings after tax	EUR million	-14.1	-2.2	7.0	9.5	23.1
Earnings per share	EUR	-0.64	-0.10	0.32	0.29	1.02

Balance sheet key figures	Unit	2023	2022	2021	2020	2019
Balance sheet total	EUR million	533.0	551.2	568.5	568.9	593.0
Equity ratio (equity/balance sheet total)	%	41.4	43.0	42.0	41.3	40.5
Investments in fixed assets	EUR million	22.4	24.0	36.0	14.2	45.8
Net working capital	EUR million	64.0	53.6	65.4	53.0	78.2
Net working capital/sales revenues	%	10.1	8.9	11.8	10.1	12.5
Average capital employed	EUR million	312.5	326.3	330.7	348.8	370.5
ROCE before tax (EBIT/average capital employed)	%	-2.2	0.2	3.7	3.7	8.7
Net debt (+)/assets (-)	EUR million	79.5	59.8	79.6	66.0	108.8
Net debt (+)/assets (-)/EBITDA	Years	2.98	1.80	1.78	1.37	1.59
Gearing (net debt (+)/assets (-)/equity)	-	0.36	0.25	0.33	0.28	0.45

Consolidated cash flow key figures	Unit	2023	2022	2021	2020	2019
Cash flow from operating activities	EUR million	33.4	33.7	25.4	45.8	24.4
Cash flow from investing activities	EUR million	-21.1	-21.4	-25.0	12.1	-48.6
Cash flow from financing activities	EUR million	-17.7	-26.8	-21.0	-22.8	6.1
Change in cash and cash equivalents	EUR million	-5.3	-14.6	-20.5	35.0	-18.1
Closing balance of cash and cash equivalents	EUR million	49.6	55.1	69.7	90.4	55.6

Personnel key figures	Unit	2023	2022	2021	2020	2019
Employees on annual average	FTE[1)]	3,884	3,536	3,585	3,939	4,344
Employees as of 31 December	FTE	3,835	3,510	3,420	3,636	4,406
Sales revenues per employee	EUR k	163.7	170.1	155.1	132.5	144.4

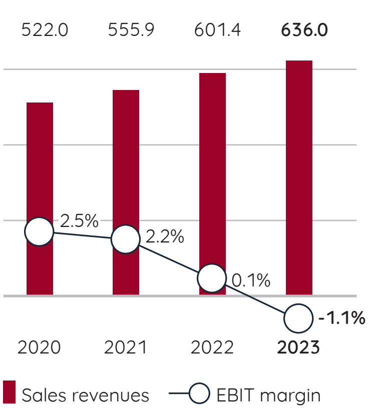
[1)] FTE: full-time equivalents incl. leasing personnel

Non-financial key figures	Unit	2023	2022	2021	2020	2019
Revenue – taxonomy-eligible (A.1 + A.2)	%	28.8	28.8	32.7	-	-
Revenue – taxonomy-aligned (A.1)	%	11.4	9.0	-	-	-
Capital expenditure (CapEx) – taxonomy-eligible (A.1 + A.2)	%	15.3	17.1	30.7	-	-
Capital expenditure (CapEx) – taxonomy-aligned (A.1)	%	6.9	3.6	-	-	-
Operating expenses (OpEx) – taxonomy-eligible (A.1 + A.2)	%	29.1	28.0	27.0	-	-
Operating expenses (OpEx) – taxonomy-aligned (A.1)	%	11.5	7.0	-	-	-
CO_2 emissions Scope 1	Tonnes	15,673	15,850	17,955	46,537[1]	-
CO_2 emissions Scope 2	Tonnes	8,549	7,672	7,828		
Energy use	MWh	184,740	180,303	189,015	195,303	238,382
Material use	Tonnes	74,895	64,383	74,689	70,420	79,708
Water use	m^3	125,973	105,323	96,300	-	-
Waste volumes	Tonnes	10,165	8,494	8,424	8,690	8,778

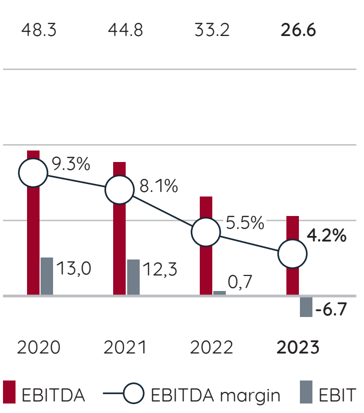
[1] Data not available separately for 2020

POLYTEC share (AT0000A00XX9)	Unit	2023	2022	2021	2020	2019
Year-end closing price	EUR	3.51	4.60	6.87	7.51	8.65
Highest closing price during the year (on 18 January 2023)	EUR	5.28	8.30	12.56	8.93	10.64
Average closing price during the year	EUR	4.46	6.03	9.43	5.92	8.89
Lowest closing price during the year (on 8 December 2023)	EUR	3.40	4.30	6.65	3.21	8.05
Market capitalisation at year-end	EUR million	78.3	102.7	153.4	167.7	193.1
Share turnover (daily average, double counting)	Shares	37,484	54,065	86,439	68,925	47,768
Earnings per share	EUR	-0.64	-0.10	0.32	0.29	1.02
Proposed dividend per share	EUR	0.00	0.10	0.10	0.30	0.00
Dividend yield on the basis of the average closing price	%	0.00	1.70	1.10	5.10	0.00

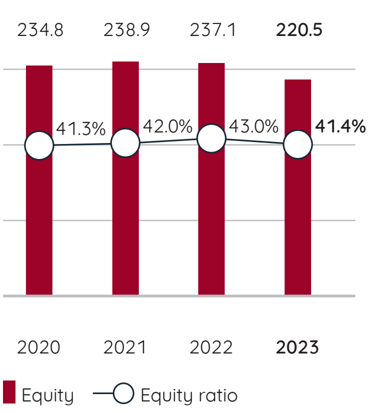
SALES REVENUES, EBIT MARGIN



EBITDA, EBITDA MARGIN, EBIT



EQUITY, EQUITY RATIO



30

SUSTAINABILITY

On the way to climate-neutral production by 2035 POLYTEC is focussing on green energy and promotes the corresponding mindset of its employees.

CONTENTS

28

GREAT BRITAIN

POLYTEC UK will see an enormous growth spurt. Over the next four years, revenue is set to more than double thanks to new orders.

10

INTERVIEW

In addition to a variety of challenges, the POLYTEC GROUP once again recorded outstanding incoming orders in the 2023 financial year.

WELL POSITIONED IN THE MARKET

The year that lies behind us was not exactly easy. We were able to increase revenue and held up well in a generally difficult market. At the same time, however, we were confronted with substantial operational challenges: some of the numerous series launches scheduled for 2023 – as such a very positive sign of the successful order intake of the previous year – did not proceed as planned and caused considerable upheavals at two plants. Although we of course immediately took countermeasures at all levels, our results fell significantly short of expectations.

In contrast, orders once again developed very positively. After a year of strong order intake in 2022, we won a comparable volume of new projects in 2023, and the prospects are also good for 2024. This not only proves that our POLYTEC SOLUTION FORCE, which was launched in 2020, was the right choice for developing the market: we offer our customers industry- and application-oriented solutions.

Above all, however, the strong order intake proves that we are well positioned in the market: we are valued for our products, but also for our innovative strength and our manufacturing expertise. Our customers find a reliable partner in us when they are looking for future-oriented solutions to complex tasks. In this context, sustainability aspects – such as carbon footprint and recyclability – are playing an increasingly important role.

The domestic automotive market will continue to confront us with major challenges. Based on our broad know-how in product development and manufacturing as well as the high level of acceptance among our customers, we stand for innovation and top-class product quality – a good starting position to perform well in a difficult environment. Therefore, we look to the future with optimism.

Yours sincerely,
Markus Huemer

POLYTEC GROUP

VERSATILE. INNOVATIVE. CONVINCING.

For more than 35 years, POLYTEC has been synonymous with innovative strength, diversity and adaptability in an environment that has developed very dynamically, especially recently. Together with its roughly 3,900 employees worldwide, the POLYTEC GROUP actively contributes to shaping the transformation of mobility. At the same time, it successfully transfers its experience in the automotive industry to projects for other industries.

Hardly any material is more versatile in application than plastic. POLYTEC has used this nearly endless potential for the development and production of ever more complex components and component systems over the past decades, above all for the automotive industry. As a supplier of major European vehicle manufacturers, the company has thus contributed significantly to making mobility increasingly efficient and environmentally friendly.

High level of development expertise

The group's great development and technological expertise provides the foundation for this. The smart combination of different materials in a single component allows for massive weight savings while maintaining high structural strength. In addition, numerous functions that would otherwise have to be exercised by several components can be integrated into a single product in a very confined space. These advantages play an equally crucial role in the powertrain of vehicles and in add-on and structural components.

Technological expertise and innovative strength have been the POLYTEC GROUP's most important assets for 38 years.

COMPREHENSIVE MATERIAL AND TECHNOLOGY PORTFOLIO

POLYTEC applies a wide range of technologies in production and combines different materials to form highly complex components and component systems. By pooling the know-how in the entire group, the product range is continuously evolving.

POLYURETHANE

- PUR RRIM (lightweight)
- PUR rigid/compact thermoset
- PUR semi-rigid
- Blow moulding

Processing with up to
630 tonnes of clamping force

THERMOPLASTICS

- Multi-component injection moulding
- Assembly injection moulding
- Water injection technology
- Gas injection technology
- Projectile injection technology
- In-mould decoration
- Injection-moulding compounding
- High-gloss technology
- In-mould colouring

Processing with up to
4,000 tonnes of clamping force

COMPOSITES

- Production of glass fibre SMC
- Production of carbon fibre SMC
- SMC compression moulding
- D-LFT/GMT compression moulding
- UD tape application
- Hybrid compression moulding (GMT/LFT, LWRT-LFT, aluminium, fibre webs)
- In-mould coating

Processing with up to
4,300 tonnes of clamping force

PRE- AND POST-PROCESSING

- Toolmaking
- Trimming and cutting (water jet, laser, milling)
- Joining technologies (ultrasonic, hot gas, etc.)
- Testing and validation
- Class A painting
- Metal and stainless steel processing
- Assembly
- Just-in-sequence delivery

Focus on e-mobility

Over the past years, POLYTEC's focus has increasingly shifted towards electromobility. In addition to ultralight structural and add-on components that help to increase the range of electrically powered vehicles, the company also develops complex high-voltage battery housings which protect the interior of the vehicle from high temperatures and shield it from strong electromagnetic radiation of the battery.

Response to a market undergoing transformation

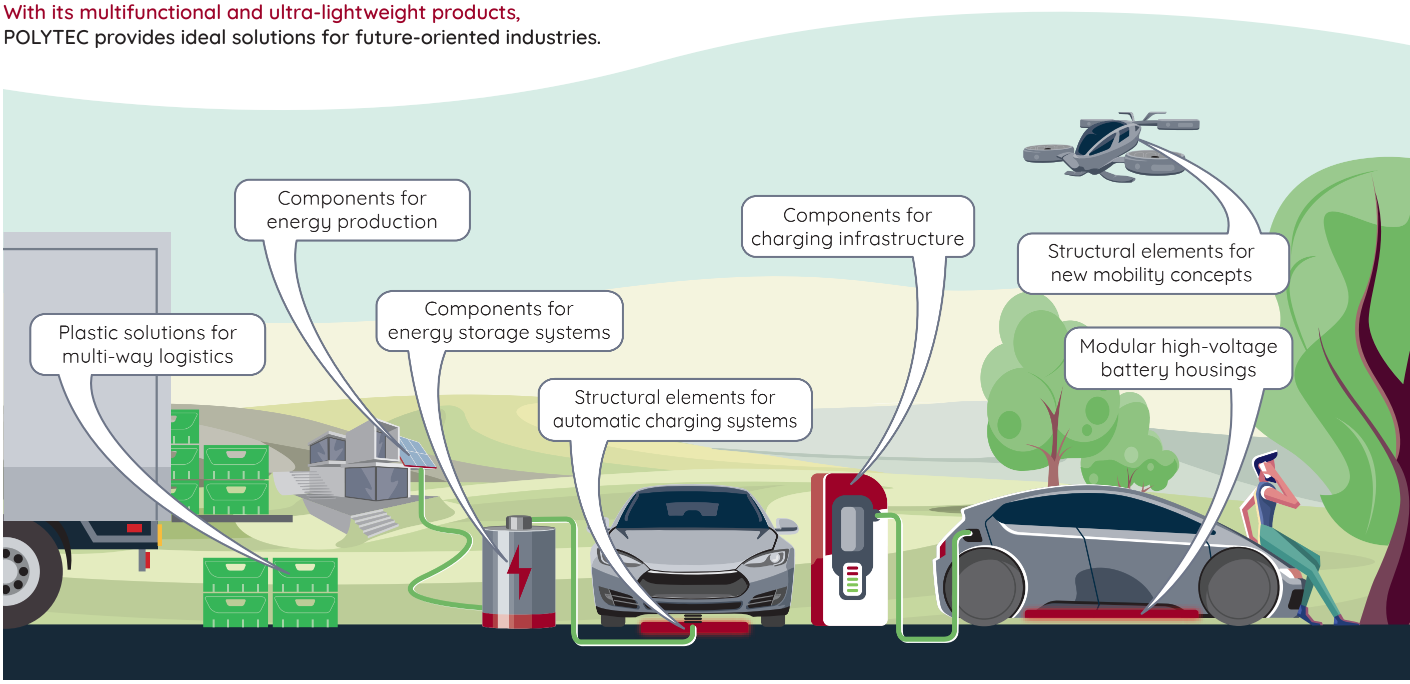
Entering this market segment requires substantial investments in product development, as well as a change in mindset within the group. By harmonising nearly all processes in the company, the different material, engineering and manufacturing competences of the entire group can be bundled, and new technology and production solutions can be developed for a changed market. At the same time, this also opens up the opportunity for POLYTEC to expand its product portfolio to segments outside the classic automotive industry. In particular, the company focuses on pilot projects surrounding charging infrastructure, energy storage, air taxis, autonomous vehicles and other green technologies.

Unprecedented complexity

While POLYTEC has a well-established position as a reliable industry partner in the market, the transformation of the group's core market – the automotive industry – still requires enormous efforts, not only in terms of cost pressure, which recently saw a massive increase due to disrupted supply chains and high inflation. The technological requirements for products in demand on the market are also growing continuously. Of course, POLYTEC can draw from its long-standing experience here. However, the combination of different technologies gives rise to unprecedented complexity.

Against this backdrop, the POLYTEC GROUP already launched internal programmes to keep the increased level of complexity manageable several years ago. Along with the above-mentioned process harmonisation they also included a comprehensive digitalisation offensive. The benefits of these measures became evident in the context of the market upheavals caused by Covid-19 and later by Russia's attack on Ukraine. Nevertheless, the challenges remain significant for POLYTEC. The company was recently faced with personnel, plant and material shortages

With its multifunctional and ultra-lightweight products,
POLYTEC provides ideal solutions for future-oriented industries.



related to some complex ramp-ups, which caused significant additional costs at two plants in particular. POLYTEC aims to decisively counter such developments in the future by implementing additional process optimisation measures.

Broad product and customer portfolio

With its POLYTEC SOLUTION FORCE sales offensive, POLYTEC aims to position its product and customer portfolio more broadly. The focus is placed on product groups and applications as well as user benefits rather than on materials and technologies. With this strategic orientation of its market communication, POLYTEC also specifically targets new customer groups. This approach also requires intensifying proactive product development. POLYTEC is ready to take this path and will continue to convince customers with versatile and innovative plastic solutions in the future. ■

"TECHNOLOGICAL AND MATERIAL DIVERSITY AS WELL AS PROACTIVE DEVELOPMENT WITH REGARD TO CURRENT AND FUTURE MARKET REQUIREMENTS FORM THE BASIS FOR FURTHER GROWTH OF THE POLYTEC GROUP."

MARKUS HUEMER, CEO/COO

THE SIX PRODUCT LINES OF THE POLYTEC SOLUTION FORCE

POLYTEC develops its markets along six Product Lines, for which the company designs ideal customer solutions based on extensive material, technology and manufacturing expertise. For further details about the POLYTEC GROUP's Product Lines please go to page 20 of this report.

1. SMART PLASTICS & NEW MOBILITY
2. TRUCK, BUS & AGRICULTURAL APPLICATIONS
3. PAINTED EXTERIOR & ACOUSTIC SOLUTIONS
4. POWERTRAIN SOLUTIONS
5. BATTERY APPLICATIONS
6. UNDERBODY SOLUTIONS

The highest conceivable level of customer orientation forms the core of the POLYTEC SOLUTION FORCE. Starting with a customer idea, POLYTEC provides almost any service required for the realisation of a product solution: from the technical concept, material development and toolmaking to industrialisation and life cycle assessment. In this way, products made by POLYTEC generate genuine and sustainable added value of the company's customers.

DESIGN & TECHNICAL CONCEPT

MATERIAL DEVELOPMENT

SIMULATION

ENGINEERING & PROTOTYPING

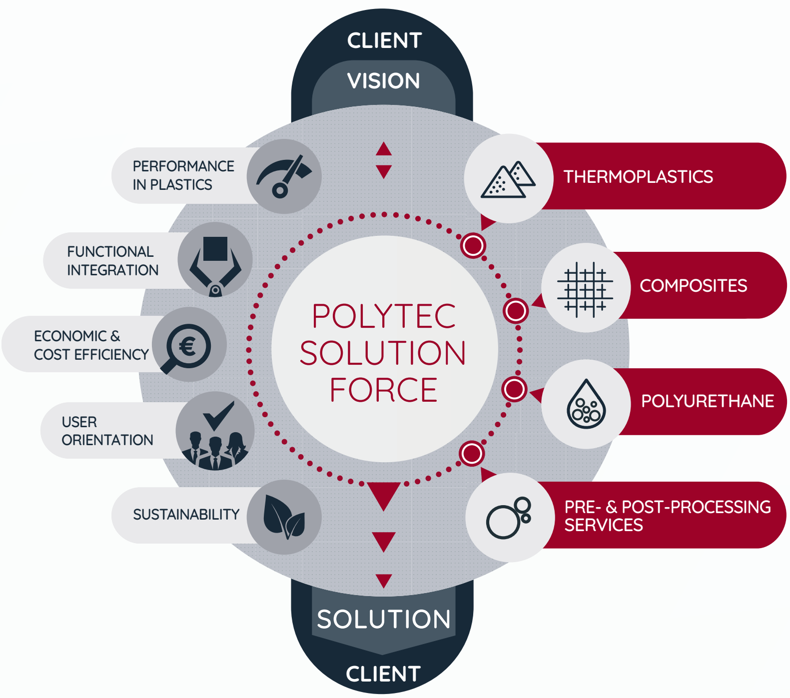
TOOLING

TESTING & VALIDATION

INDUSTRIALISATION

QUALITY MANAGEMENT

LIFE CYCLE ASSESSMENT



"... OUR INNOVATIVE PRODUCT SOLUTIONS ARE HIGHLY VALUED IN THE MARKET ..."

In conversation with the Board of Directors of the POLYTEC GROUP, Markus Huemer (CEO/COO), Peter Bernscher (Deputy Chairman of the Board/CCO) and Markus Mühlböck (CFO), about a difficult year marked by multiple challenges, including operational issues, cost increases and personnel bottlenecks, but also by another increase in revenue and strong order intake.

Mr Huemer, after the strong order intake of the previous years, the POLYTEC GROUP carried out many new production launches in 2023. However, this is not reflected in the results yet. Why?

Markus Huemer: Because we were faced with significant negative influences on many fronts: First and foremost, some series launches did not go as smoothly as expected and consequently led to noticeable operational upheavals. This primarily affected the plants in Lohne and Weierbach. At the same time, our existing business fell short of expectations despite volume increases, most notably in the areas of e-mobility and logistics. On top of that, we were confronted with cost increases, which – as in the past – we were only able to pass on with a delay, and only in part. Under these difficult conditions, we still managed to achieve an increase in revenue of roughly 6 percent; this was, however, below budget. Unfortunately EBIT turned negative as a result of the above-mentioned difficulties and amounted to just under EUR –7 million.

What were the main difficulties you encountered in 2023 – and is there an end in sight?

Markus Huemer: In addition to the fact that volume fell short of expectations, the main problem were the operational difficulties we had with some new production starts. Thanks to our successful order intake in the past years, we had an enormous number of new launches

"THANKS TO OUR SUCCESSFUL ORDER INTAKE IN THE PAST YEARS, WE HAD AN ENORMOUS NUMBER OF NEW LAUNCHES IN 2023, CHARACTERISED BY A CHANGING PRODUCT PORTFOLIO AND INCREASED TECHNOLOGICAL DEMANDS."

MARKUS HUEMER, CEO/COO

in 2023, characterised by a changing product portfolio and increased technological demands. In total, we had about 100 new projects, for which roughly 600 tools are used, but unfortunately some of them did not have the level of series maturity that would have been necessary for a smooth production start. The consequence was intensive "firefighting" to get the projects on track. Of course, this ties up resources and also causes significant additional expenses.

In part, this was also due to the conversion of our organisation to central functions, which we implemented in recent years. Although we succeeded in establishing group-wide standards this way, we may have overshot the target here and there. In addition, there was a bottleneck in plant capacity, as the delivery times for machines increased to up to 18 months in 2023. As a result, we were unable to implement necessary investments in time and our responsiveness was slowed significantly. Another problem was the lack of available employees, as it is becoming increasingly difficult to find suitable skilled workers. Consequently, we frequently have to use temporary workers, often at very short notice, which represents a major challenge, not only in organisational and technical terms, but also in economic terms.

And what does the situation in Lohne and Weierbach currently look like?

Markus Huemer: Of course we immediately took countermeasures at all levels. In Lohne, where only certain new products were affected by start-up difficulties, we are already on track. The variances have now been cut by half, and I expect the situation to stabilise further in the next few months. The product portfolio at the Weierbach plant has become significantly more fragmented and more complex following the main customer's strategic transformation. This impacts the central manufacturing process and, consequently, the entire plant. Here, we still have many challenges ahead of us.

But we also have to look at the proportions here: we are talking about two plants out of a total of 21 – at all other locations, things are stable by and large. Moreover, we have proven a hundred times over in the past that we know how to handle ramp-ups of series production. In 2023, there was simply a very unlucky coincidence of multiple factors.

The internal organisational measures of the past years were intended to make the POLYTEC GROUP more efficient overall and therefore more powerful. Is it foreseeable when they will have an impact on the results?

Markus Huemer: Given the experience of the past year, we will now make some adjustments and have already initiated appropriate measures. In particular, we have to validate whether we should scale back on the level of centralisation in order to become more powerful operationally. I am confident that we will already see improvements in our 2024 results.

In the recent past, disrupted supply chains and a sharp increase in raw material and energy prices caused massive problems in many industries. What does the situation currently look like for POLYTEC?

Markus Huemer: We have not seen any major disruptions of our supply chains for some time now, with the exception of the previously mentioned machinery. However, there are occasional insolvencies of suppliers. We are monitoring this situation very closely, of course. As far as prices are concerned, there is currently a downward trend for material and energy prices; prices for machinery are still high though.

In late 2023, you negotiated price adjustments with your customers in view of the massive cost increases. How did you manage to do that?

Peter Bernscher: We had already negotiated to pass on cost increases for materials, energy and purchased parts – which account for about half of our operating expenses – to our customers in the past years. However, the operational implementation was partially delayed due to systemic hurdles. That also happened in 2023. In the past, increases in our personnel, material and financing costs were not the subject of negotiations with customers in the automotive industry, not least due to their →

predictability. But now they are – because they have led to substantial additional costs, driven by strong inflation. After intense negotiations at the end of 2023, we will be compensated for significant portions of the costs in 2024. This not only helps us economically, but is ultimately also a confirmation of our good position in the industry and the acceptance among customers. Our innovative product solutions are consistently highly valued in the market.

What about the call-offs by your customers? Are they still volatile or have they become more consistent?

Peter Bernscher: Short-term volatility has declined significantly, but conversely the market has become more difficult to assess in its medium to long-term development and is likely to stagnate for the foreseeable future, at least in Europe. While European car production was up 12 percent in 2023, it is expected to decline by 4 percent next year and continue at this level in the following years, which is, by the way, still 20 percent below the level of 2019.

At the same time, we see major shifts between products and platforms: a German premium manufacturer, for example, will significantly reduce their volume of smaller series. Moreover, e-mobility is developing less dynamically than expected.

Nevertheless we are optimistic, as we managed to establish a good position in the supplier market over the past years for both vehicles with combustion engines and also electric vehicles. Wherever the journey may take us, we are on board and can compensate for reductions in one segment by growth in another. The good order intake of the past years has proven that impressively. On this basis, we continue to expect revenue growth in a stagnating market in the powertrain segment (incl. battery applications).

Which investment strategy do you pursue in view of growing difficulties in long-term forecasting and which effects does that have on your financing?

Markus Mühlböck: Our investment strategy is very prudent – as a matter of principle, we make major investments only in connection with concrete customer projects. In 2024, for example, we have extensive investments coming up in England because the production and service volume for two major customers is growing significantly. Here, two new assembly and sequencing centres will be built and the existing plant in Telford will be extended.

Our investments are usually financed in the long term, in line with the duration of the respective projects, but in some cases also from current cash flow and via sale-and-lease-back transactions. In the past years, our investment volume was lower than annual depreciation and amortisation; in 2024 it will be slightly higher at around EUR 40 million, thanks to the previously mentioned project in England.

In all of this, the topic of sustainability is also an important focus. We use new investments to become more future-proof, resource-conserving and energy-efficient.

The situation in the labour market remains tense. How are you dealing with that and which measures are you taking to recruit and retain highly qualified employees?

Peter Bernscher: We continuously work on positioning POLYTEC as an attractive employer in the labour market and are taking a whole bundle of initiatives to do so. In addition to employer branding, we also attach great importance to employee retention. The aim is to make POLYTEC interesting in the long term and to distinguish it from other employers. We are creating an environment in which people can develop – in terms of both their career and knowledge growth. We also offer attractive income opportunities. What is particularly important in all of this: the labour market is changing and we have to keep pace. Therefore, we specifically respond to the changed requirements and expectations that especially young, qualified people have – for example teleworking, part-time models, flexible working hours, etc. To get in contact with young talents at an early stage, we collaborate with universities on a project basis and are represented at job trade fairs of all kinds. At the same time, we focus on high-quality apprentice training so that we can also rely on qualified skilled workers.

Since 2020, you have pursued an adapted market development strategy with the POLYTEC SOLUTION FORCE, where you bundle the technological expertise of the entire group. This led to a record level of new orders in 2022. What about new orders in 2023?

Peter Bernscher: The order volume in 2023 was at a similarly high level as in 2022 and therefore very positive – even though the awarding of some important projects was postponed to the year 2024. Therefore, 2024 could be even better again. The POLYTEC SOLUTION FORCE is proving itself across the board – the principle is right.

Specifically, we were able to strengthen our market presence in the Agricultural segment with two new customers for exterior components in 2023. We also received major orders for spoilers and add-on component systems in the Painted Exteriors segment. In addition, we won two contracts in the area of thermal management for e-mobility. Here, we will supply tubing including valve technology for the cooling and heating cycles and are thus taking a leap into a completely new product segment. Likewise, we won a battery housing contract for a premium customer. Against the backdrop of the very positive incoming orders in the Painted Exteriors segment in England, we are currently expanding our local capacity significantly, as Markus Mühlböck mentioned before. We are aiming to expand our current service offer, above all for two premium customers, to include injection moulding, assembly and sequencing while at the same time significantly increasing the number of units produced. To this end, we will operate two new assembly and sequencing centres. At the same time, →

“WE WERE RECENTLY ABLE TO REFINANCE A LARGE PART OF OUR LIABILITIES IN THE LONG TERM AND SEE THIS AS A CONFIRMATION OF THE TRUST PLACED IN POLYTEC.”

MARKUS MÜHLBÖCK, CFO

"OUR ORDER VOLUME IN 2023 WAS AT A SIMILARLY HIGH LEVEL AS IN 2022 AND THEREFORE VERY POSITIVE. THIS SHOWS THAT THE POLYTEC SOLUTION FORCE IS PROVING ITSELF."

PETER BERNSCHER, DEPUTY CHAIRMAN OF THE BOARD/CCO

an expansion investment will be necessary at the Telford plant. Overall, this could help us to more than double our revenue in England in the future – depending on the success of the respective vehicle models of course.

You also intend to uncouple your services from the classic automotive industry to a greater extent with the POLYTEC SOLUTION FORCE. Is this plan working out and in which product segments do you see the greatest potential for POLYTEC in this context?

Peter Bernscher: In the Smart Plastics segment, which comprises all our non-automotive activities, orders are also developing positively. Our long-term objective, i.e., to generate 30 percent of our total revenue in this market segment, thus remains intact. Products for sustainable transport logistics, where we score with reusability and recyclability, are one focus area in this context. The second focus area – products for sustainable energy supply – encompasses components for storage systems, for e-mobility charging systems as well as for heat pumps. Not only was a blanket order for logistics containers for a key customer extended in 2023, but production volume is also expected to increase in 2024. In addition, we won a new order for the supply of reusable and recyclable plant trays. In the area of sustainable energy supply we developed a number of sophisticated products, whose success, however, depends on our customers'

market penetration. If and how we can also scale these products to other customers is therefore a question we will deal with intensively in 2024.

And what are the current focal points in innovation?

Peter Bernscher: The central focus areas are definitely different solutions around e-mobility, from battery housings to the underbody, where such diverse topics as aerodynamics, safety, lightweight construction or shielding from electromagnetic radiation play a role. In most cases, the aim is still to substitute metal solutions with plastic solutions. Take our car seat cushion frames, for example, where we can replace steel-wire solutions with pure plastic solutions. These are lighter and more efficient and allow for increased functional integration. The same applies to battery housings, which are currently made of metal in 85 percent of the cases. New materials and the integration of multiple functions are consistently the levers for significantly higher added value with a comparable product.

Chinese electric car manufacturers are currently stepping up their sales activities and production in Europe – threat or opportunity for the POLYTEC GROUP?

Peter Bernscher: I primarily see this as an opportunity to supply these OEMs as soon as they produce in Europe. China is the global market leader when it comes to e-mobility; in 2022, 60 percent of all hybrid and e-models worldwide were produced by Chinese manufacturers. In addition to the leading position in terms of units, China is also at eye level with its competitors technologically. It would be extremely attractive for us to supply European plants of Chinese producers. We have the suitable products and technologies as well as the production expertise to do so.

You are working intensively on the implementation and further development of your sustainability strategy. Which milestones did you achieve in 2023 and which areas will you focus on in 2024?

Markus Huemer: Expanding our photovoltaic capacities is one important focal point, which we will continue to pursue. At the same time, energy-saving initiatives are in place at all plants – our processes are very energy-intensive, which is why we are trying to reduce energy consumption for vapour generation, compressed air and heating wherever possible. By the way, we now cover a substantial part of our energy requirements with renewable energy.

The substitution of natural gas is another topic we are working on intensively. Here, there are multiple different technical solutions, also for the high-temperature segment. But we assume that a lot will happen here in terms of technology in the coming years. At any rate, we are closely monitoring the development and take initiatives in those areas in which we are investing anyway. In 2023, our gas consumption was already more than 30 percent lower than in 2018.

Peter Bernscher: At the same time, we are continuously working on making our products more sustainable through targeted innovation. We are focusing on minimising our carbon footprint, on increasing the share of recyclable raw materials in our portfolio and on enhancing the service and maintenance friendliness of our products. This is based on a life cycle assessment of every single product. In doing so, we meet a core requirement of our customers, who are particularly dedicated to reducing the carbon footprint and increasing the use of recyclates and renewable raw materials.

Will you remain true to your goal to make production completely carbon-neutral by 2035? What are the chances of achieving this goal?

Markus Huemer: Yes, this goal remains unchanged, and we continue to work hard to achieve it. However, in doing so, we are also dependent on the availability of renewable energies and an affordable substitution for natural gas.

Your share has continuously lost in value over the last few years. Why should investors nevertheless invest in our share?

Markus Mühlböck: Because it offers enormous potential. We have a future-oriented product portfolio, a good market position with high acceptance among customers and an unparalleled price-to-book ratio: our market capitalisation of EUR 75 million is offset by EUR 221 million of equity. Our non-current assets of EUR 242 million comprise almost exclusively physical assets in the form of buildings and machinery, and we have not capitalised any goodwill. We also receive signals from the market increasingly frequently that investors are recognising our potential. However, I certainly understand why the share price is what it is at present. After all, the market also expects certain results.

The interest rate landscape has changed significantly worldwide over the last two years. Which strategy do you pursue against this backdrop when it comes to (re-)financing?

Markus Mühlböck: We were recently able to refinance a large part of our non-current liabilities – this also confirms the trust in POLYTEC. After all, the framework conditions were not exactly easy – from the weak 2023 results to the subdued outlook for the industry overall. We are highly satisfied that we were able to negotiate acceptable refinancing terms and that we succeeded in winning even new banks for the consortium around our valued house bank. We opted for a variable interest rate, which allows us to benefit from the expected decrease in interest rates. In addition to the banks, the Huemer family as the main shareholder also contributed to the refinancing.

In closing, what is your outlook for 2024 and beyond?

Markus Huemer: From today's perspective, we expect planned revenues in the range of EUR 660 million to EUR 710 million and aim for an EBIT margin of roughly 2 to 3 percent. Overall, we look to the future with optimism. Because the market continues to value us very highly. ■

"BASED ON OUR BROAD KNOW-HOW IN PRODUCT DEVELOPMENT AND MANUFACTURING AS WELL AS THE HIGH LEVEL OF ACCEPTANCE AMONG OUR CUSTOMERS, WE CONTINUE TO STAND FOR INNOVATION AND TOP-CLASS PRODUCT QUALITY."

MARKUS HUEMER, CEO/COO

POLYTEC SOLUTIONS

PRODUCT LINES

POLYTEC develops and produces complex plastic solutions for a wide range of applications. Its portfolio comprises six technology-independent Product Lines which the company operates using a holistic approach based on innovative strength as well as technology and manufacturing expertise along the entire value chain. Over the past years, POLYTEC has successfully established itself as a competent development and production partner for companies from different industries.

This way to the POLYTEC SOLUTION FORCE video

https://www.polytec-group.com/en/solution-force

Reusable containers for food logistics
Functional, light, recyclable and sustainably produced

Components for people movers
Lightweight components for mobility solutions of the future (symbolic representation)

SMART PLASTICS & NEW MOBILITY

POLYTEC supports its customers in realising new product ideas throughout the entire creation process – from the concept phase through development to production and logistics. The company “thinks in plastics” and draws on its extensive material and technological expertise for different industries and applications – from high-quality transport containers for food to ultralight and high-strength components for sustainable mobility concepts and the related infrastructure.

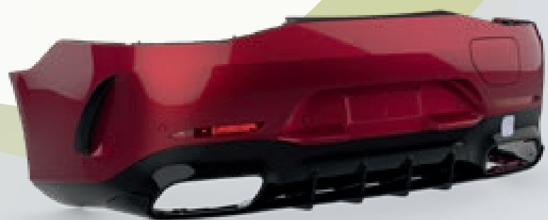
Air compressor housing
Noise-insulating and sound-absorbing properties for more comfort in the passenger cabin

3

PAINTED EXTERIOR & ACOUSTIC SOLUTIONS

POLYTEC also draws on its comprehensive material and technological expertise in the development and production of bumpers, decorative side elements, and aerodynamic and styling components. In this way, the company achieves top-class results for both smaller batches of full body kits and in large series production of spoilers, wings and aerodynamic components. In addition to optically appealing add-on components, this Product Line also comprises solutions that improve acoustic properties.

Modules for agricultural machinery
Comprehensive solutions for roofs, bonnets and side panels (symbolic representation)



Bumper systems
Development, production, painting and assembly from a single source

2

TRUCK, BUS & AGRICULTURAL APPLICATIONS

POLYTEC has long-standing experience in the development and production of components for commercial vehicles. These include exterior and aerodynamic parts as well as high-strength structural components. Innovative material combinations generally make POLYTEC products more efficient in production and – thanks to their reduced weight – more eco-compatible in the operation of vehicles.

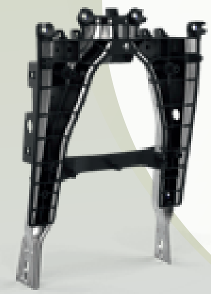
Component systems for trucks
A wide range of exterior cabin parts, aerodynamic packages and powertrain components (symbolic representation)

4

POWERTRAIN SOLUTIONS

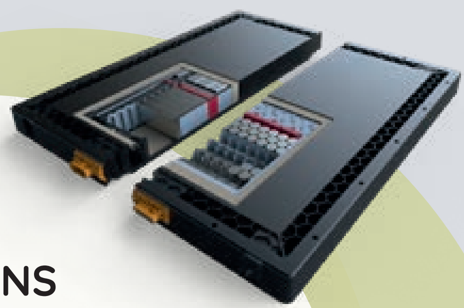
High precision and integrative design are particularly important in the powertrain components of a vehicle. POLYTEC's multifunctional and highly efficient solutions contribute to reducing material consumption, complexity and costs, and to achieving ideal results in terms of energy transmission, noise and heat generation, weight, stability and safety both in vehicles with combustion engines and with electric powertrains.

Gearbox lubrication pipe for the powertrain
Multifunctional, light and space-saving



Hybrid strut
Functionally integrated structural component combines highest strength with minimal weight

Battery housing for round or prismatic cells
Versatile complete solutions for e-mobility



5

BATTERY APPLICATIONS

POLYTEC provides complete solutions surrounding the battery in vehicles. The demanding requirements of such modules include efficient cooling, ventilation, fire and impact protection as well as shielding the passenger cabin from strong electromagnetic radiation. Once again, carefully considered combinations of different materials and complex designs are the key to success here. In the development of such components POLYTEC always ensures that they can be easily removed in order to enable efficient recycling.

High-voltage battery housing
Protection of the passenger cabin from high voltage, heat generation, electromagnetic radiation and fire hazard

ADDED VALUE MADE BY POLYTEC

PERFORMANCE IN PLASTICS
Based on its enormously broad technology portfolio and extensive expertise in lightweight design, POLYTEC permanently increases the performance of its products and continuously develops new application areas this way.

FUNCTIONAL INTEGRATION
POLYTEC takes advantage of the virtually unlimited freedom of design of plastics in the development and production of multifunctional components, which reduce the weight, complexity and costs of the end product.

COST EFFECTIVENESS AND EFFICIENCY
Thanks to its high level of technological independence, POLYTEC offers ideal solutions for efficient and economical development and production processes for projects of any type and dimension.

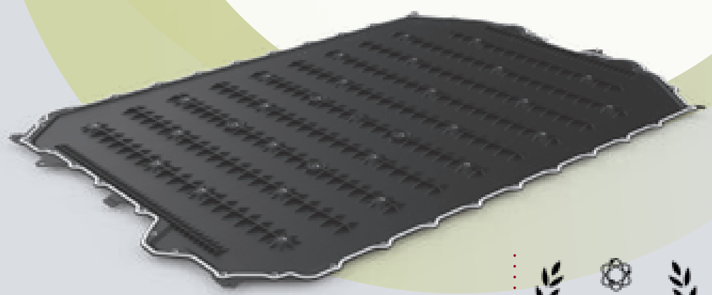
USER ORIENTATION
POLYTEC uses its experience in plastics processing in order to develop optimised solutions with significant benefits for the product user, independent of specific customer requirements.

SUSTAINABILITY
With its lightweight design solutions, POLYTEC makes a significant contribution to energy-efficient mobility, while at the same time engaging in environmentally friendly production and sustainable business operations.

Car seat cushion frame
Easier to recycle as metal elements are substituted by plastics

UNDERBODY SOLUTIONS

With their aerodynamic design and lower weight, POLYTEC underbody solutions help to reduce fuel consumption and contribute to an increased range of electric vehicles, and to enhanced driving comfort. Additionally required functional supports are integrated directly into the underbody module during production. This makes POLYTEC underbody solutions particularly efficient.

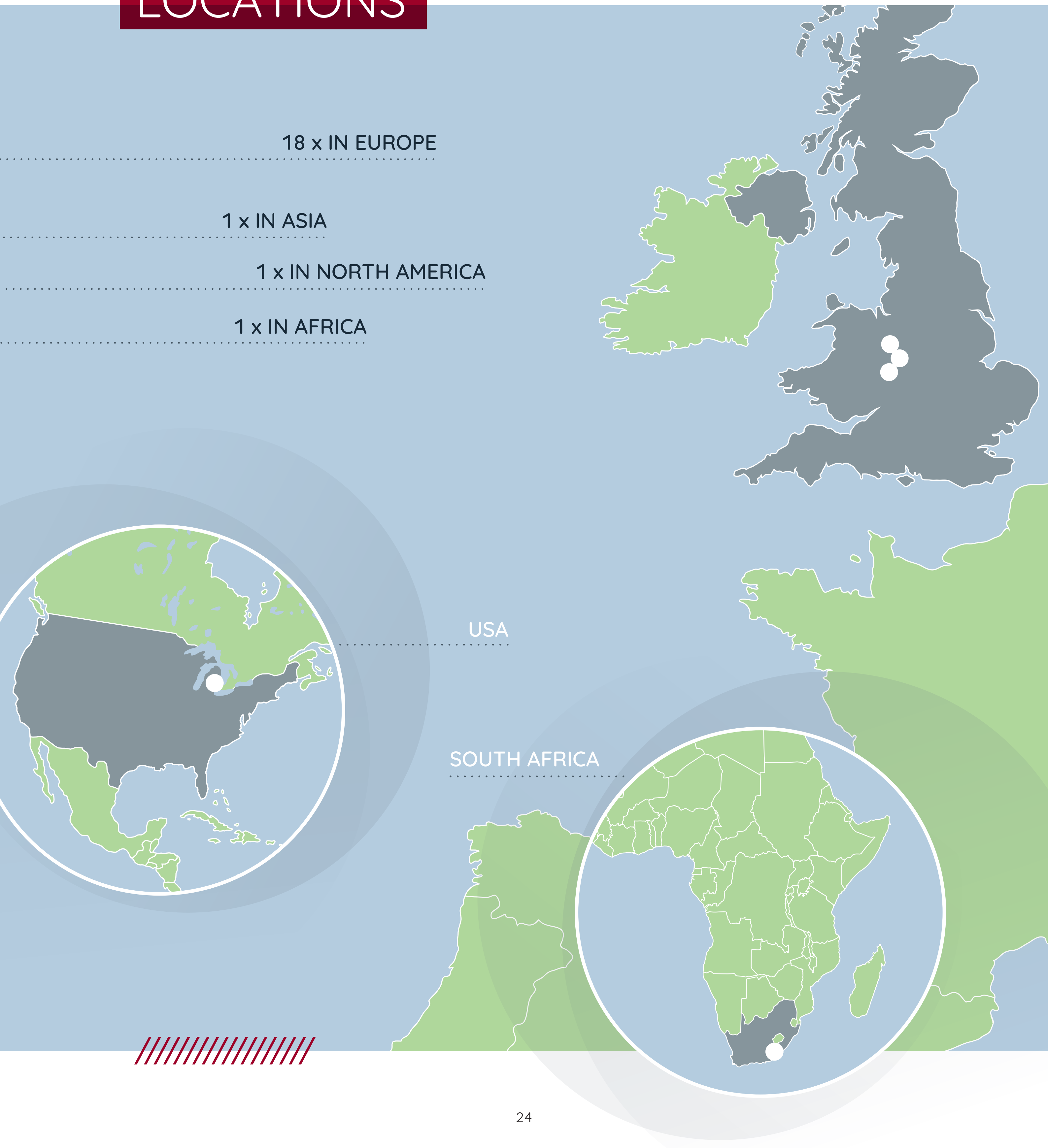


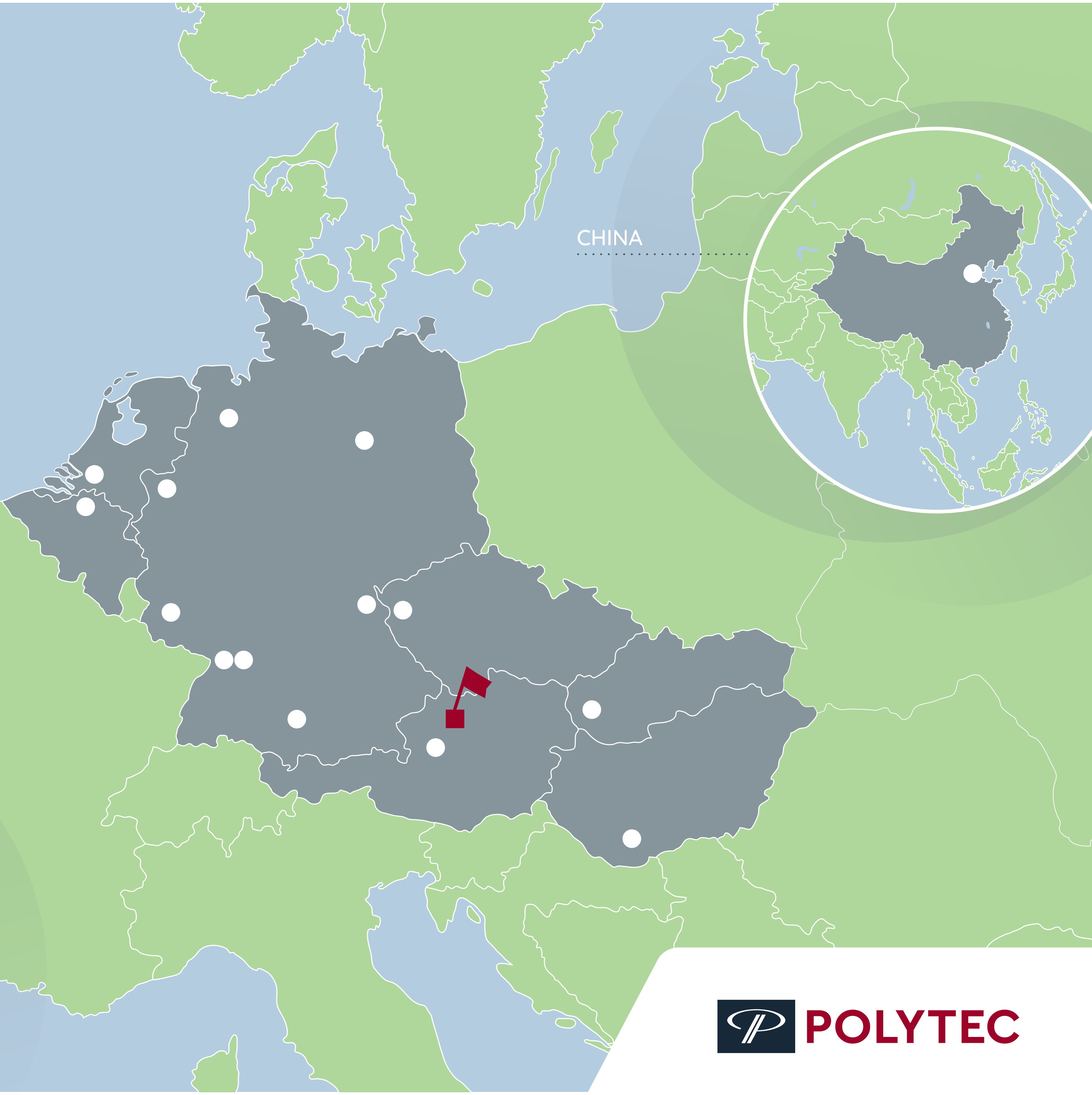
Underbody protection of electric vehicles
Complex multi-material component, series-produced

JEC WORLD INNOVATION AWARDS WINNERS 2023

The underride protection for the Audi Q8 e-tron was honoured with the JEC Innovation Award in 2023.

LOCATIONS


18 x IN EUROPE
1 x IN ASIA
1 x IN NORTH AMERICA
1 x IN AFRICA
USA
SOUTH AFRICA


CHINA

THE POLYTEC GROUP STRATEGY

CHANGE AND CONTINUITY

Since its foundation in 1986, POLYTEC has established an excellent position in the market for complex plastic solutions. The company stands for quality, innovative strength and reliability. Its long-time success is founded on three strategic cornerstones which play a decisive role in defining the direction of the POLYTEC GROUP.

The details of this fundamental strategic orientation have been repeatedly adapted to the changing requirements of the economic environment over the past years. The key cornerstones, however, remained unchanged. POLYTEC's customers as well as investors and other stakeholders equally value this combination of dynamic change and continuity.

The topic of sustainability has recently also gained importance for POLYTEC and is firmly anchored in each of the three strategic cornerstones today. Because POLYTEC is convinced that sustainable operations considering all ESG aspects are also essential for its economic success. Read more about the sustainability strategy of the POLYTEC GROUP starting on page 30.

CORNERSTONE 1

STRENGTHENING THE MARKET POSITION IN THE PLASTICS INDUSTRY

- **Comprehensive business understanding**
  ONE POLYTEC
- **Permanent process optimisation**
  POLYTEC PERFORMANCE & EXCELLENCE SYSTEM
- **Good place to work**

Based on a solid economic positioning, POLYTEC focuses on close and long-term collaboration with its customers that is founded on uncompromising quality and on-time delivery. At the same time, the group continuously strengthens its competitiveness based on a comprehensive business understanding in line with ONE POLYTEC, ongoing optimisation of all key processes as part of the POLYTEC PERFORMANCE & EXCELLENCE SYSTEM, and becoming even more attractive as an employer. In addition to organic growth, it also constantly reviews potential acquisition opportunities.

CORNERSTONE 2

DEVELOPING NEW TECHNOLOGIES AND APPLICATIONS

- **Permanent innovation as a success factor**
  reduction of complexity, and functional integration
- **Sustainability**
  key element in all business activities
- **Broad technological expertise and highest manufacturing efficiency**

POLYTEC considers permanent innovation a central success factor and therefore consciously promotes openness and curiosity in its corporate culture. In addition, the POLYTEC GROUP's broad technological expertise guarantees its customers optimal product solutions. The company always strives to enhance the scope of systems and modules, thus achieving complexity reduction and functional integration. At the same time, all business activities are geared to sustainability. With its "Go Neutral 2035" initiative, POLYTEC places a strategic focus on establishing fully carbon-neutral production by 2035. Additionally, the company aims to continuously increase effectiveness by advancing manufacturing technologies.

CORNERSTONE 3

FOCUSING ON CUSTOMER BENEFITS

- **Maximum customer satisfaction**
  taking into account economic and environmental framework conditions
- **Pooling skills for optimal product solutions**
  POLYTEC SOLUTION FORCE
- **Customer focus Europe**
  with selective international growth

Aiming for maximum customer satisfaction, the POLYTEC SOLUTION FORCE bundles the expertise of the entire group. In this way, the company can always offer its customers the best product solutions in economic and ecological terms. The integration of all business areas is intended to create the optimal customer experience. While focusing on customers in Europe, POLYTEC also accompanies them in their growth in strategically interesting growth regions if required.

GROWTH IN GREAT BRITAIN

STRONG MOMENTUM FOR POLYTEC UK

POLYTEC is building a new production plant covering an area of 2,600 square metres in Telford to process new orders.

POLYTEC's sales revenues and the number of employees in the United Kingdom are expected to more than double in the next four years. This growth was prompted by new orders from two British premium automotive manucturers, including orders for models of a new electric vehicle platform.

In early 2023, POLYTEC UK launched a remarkable investment programme. At the location in Telford, which was previously exclusively used as a painting plant, a new facility for the manufacture of injection-moulded parts will be built by mid-2025 and significantly increase value-added depth. POLYTEC already opened a new assembly and sequencing centre in the nearby town of Bridgnorth in mid-2023.

Strong positioning in the premium segment

After the most recent incoming orders, the well-filled order book of the British POLYTEC branch now also includes complex bumper systems and various exterior add-on components. The latter are intended for various new electric platforms, which will be produced starting in 2025. This once again shows that POLYTEC has long played a successful role in the e-mobility market with its lightweight solutions. Work already started on part of the order in autumn 2023.

Capacity expansion

The production space of POLYTEC UK needs to be significantly expanded to satisfy the new orders. Specifically, a new production plant including machinery and equipment will be built in Telford by mid-2025. Meanwhile, an assembly and sequencing centre has already started operations in a rented production hall in Bridgnorth, a town about 20 minutes away by car. Components for one of the two customers, which are delivered from the POLYTEC plant in Telford, are currently finished here. POLYTEC is looking for additional hall space for the sequencing of the other order volumes.

Teamwork across the group

POLYTEC UK draws on expert knowledge from the entire group in the planning and implementation of this comprehensive and complex expansion project. The close interconnection within the POLYTEC GROUP massively facilitates the exchange of knowledge and experience, making it a key success factor for the project. ■

"COLLABORATION AND NETWORKING ACROSS THE GROUP ARE ESSENTIAL TO THE SUCCESS OF THIS AMBITIOUS EXPANSION PROJECT."

PETER BERNSCHER, DEPUTY CHAIRMAN OF THE BOARD/CCO

POLYTEC UK set up an assembly and sequencing line in a new production hall in Bridgnorth in mid-2023.

POLYTEC Telford will be more than a painting plant in the future. Starting at the end of 2025, sophisticated exterior add-on components will be produced for two British premium manufacturers along with the new assembly and sequencing activities.

SUSTAINABILITY AT POLYTEC

ACTIVE SUSTAINABILITY MANAGEMENT. GENUINE RESPONSIBILITY.

GoNeutral 2035

Under the title “Go Neutral 2035”, the POLYTEC GROUP is pursuing a stringent and measureable decarbonisation path. It is an integral part of the corporate strategy, which covers environmental sustainability targets as well as social and governance aspects.

The plastics that POLYTEC works with are made from fossil resources. Their processing requires considerable amounts of resources and energy. For cost reasons alone, POLYTEC has made a point of using them carefully for many years. In addition, the awareness of the responsibility that POLYTEC has for maintaining a world worth living in for future generations is deeply rooted within the company. This fundamental approach is reflected in energy-efficient production technologies and processes, equipment, buildings and technical facilities of the group.

Viewed from a different perspective, plastic also holds great potential in terms of sustainability. Produced and used responsibly, it has clear advantages compared to other materials. It is versatile in application, light, durable and reusable. In vehicles, for example, components made by POLYTEC reduce the weight of the vehicle and consequently provide for lower energy consumption in operation. When it comes to recycling, POLYTEC demonstrates how the material of discarded logistics boxes and be reused efficiently at its location in Ebensee.

No future without sustainability

Aspects of sustainability have long also become central sales arguments in market development activities. More and more frequently, sustainability criteria and data play a key role when contracts are awarded. Not least because of that, forward-looking, environmentally conscious and prudent actions along the entire value chain are a fundamental part of POLYTEC's self-image as a future-oriented company. With its Code of Conduct, POLYTEC requires from its suppliers the same high standards for human and environmental rights and for ensuring fair competition that the company also sets for itself.

Integrated sustainability strategy

Since 2022, the POLYTEC GROUP's sustainability strategy has been a central part of the overarching corporate strategy and all processes and systems in the company. Its eight strategy fields address POLYTEC's main fields of action in terms of sustainability at all ESG levels (environmental, social and governance). Moreover, the POLYTEC GROUP has defined indicators and targets for all eight strategy fields. The Corporate Sustainability department is responsible for implementing measures

Continue on page 35

SUSTAINABILITY IN ENGINEERING

Sustainability is also gaining increasing importance in engineering. More and more customers require the use of recycled materials in production, for example. Given this change in demand, POLYTEC has integrated sustainability aspects into its development activities. Sustainability criteria are actively considered in product development based on carbon footprint analyses and checklists. In addition, POLYTEC has implemented a guideline for life cycle assessment, thus promoting transparency and comparability. Progress in the development of products with a reduced carbon footprint, a higher share of recyclable raw materials as well as service and maintenance friendliness is measured and checked using clearly defined KPIs.

STRATEGY FIELDS AND SDGs

In the 2023 financial year, the POLYTEC GROUP linked five of its sustainability strategy fields to the corresponding UN Sustainable Development Goals (SDGs). The SDGs define targets to secure a world worth living in for future generations through responsible business operations, not least against the backdrop of threatening risks caused by climate change. POLYTEC is deliberately focusing on those strategy fields where it can take measures going beyond compliance with legal regulations in its contributions to achieving the SDGs.

AFFORDABLE AND CLEAN ENERGY

POLYTEC is massively expanding its own photovoltaic electricity production at several locations in broad-based initiatives and is continuously increasing energy efficiency in production. With these measures, POLYTEC actively supports increasing the share of energy from renewable sources in the global energy mix and its contribution to global energy efficiency.

DECENT WORK AND ECONOMIC GROWTH

POLYTEC creates attractive workplaces for all its employees through a variety of personnel measures. A Code of Conduct, which is applicable across the group, sets the standards designed to contribute to a positive working environment. POLYTEC defines its principles for the creation of decent work in the supply chain in its Supplier Code of Conduct.

REDUCED INEQUALITIES

The POLYTEC Code of Conduct ensures that all employees of the company are treated equally, regardless of age, gender, disability, ethnicity, origin, religion, or economic or any other status, and have the same opportunities in the company. This applies in particular to the hiring process.

RESPONSIBLE CONSUMPTION AND PRODUCTION

In production, POLYTEC aims to reduce material scrap and to increasingly use recyclates. Designated recycling projects have been implemented to return materials to the production cycle with the objective to promote a change towards sustainable consumption and production patterns.

As part of health, safety and environment measures and comprehensive hazardous materials management, POLYTEC ensures, in compliance with applicable standards, that hazardous materials do not end up in the environment, where they can cause damage to people or nature. The company aims to significantly reduce its raw material consumption and further promote material recycling in the coming years.

PEACE, JUSTICE AND STRONG INSTITUTIONS

The Code of Conduct for employees sets out clear rules to prevent corruption. These rules are binding without exception. Violations or suspected violations of the Code can be reported anonymously via a whistleblower platform, which can also be used by third parties.

POLYTEC is currently working on expanding its sustainability reporting. This includes, among other things, the automation of data collection and digitalisation of internal reporting.

GO NEUTRAL 2035

POLYTEC'S PATHWAY TO DECARBONISATION

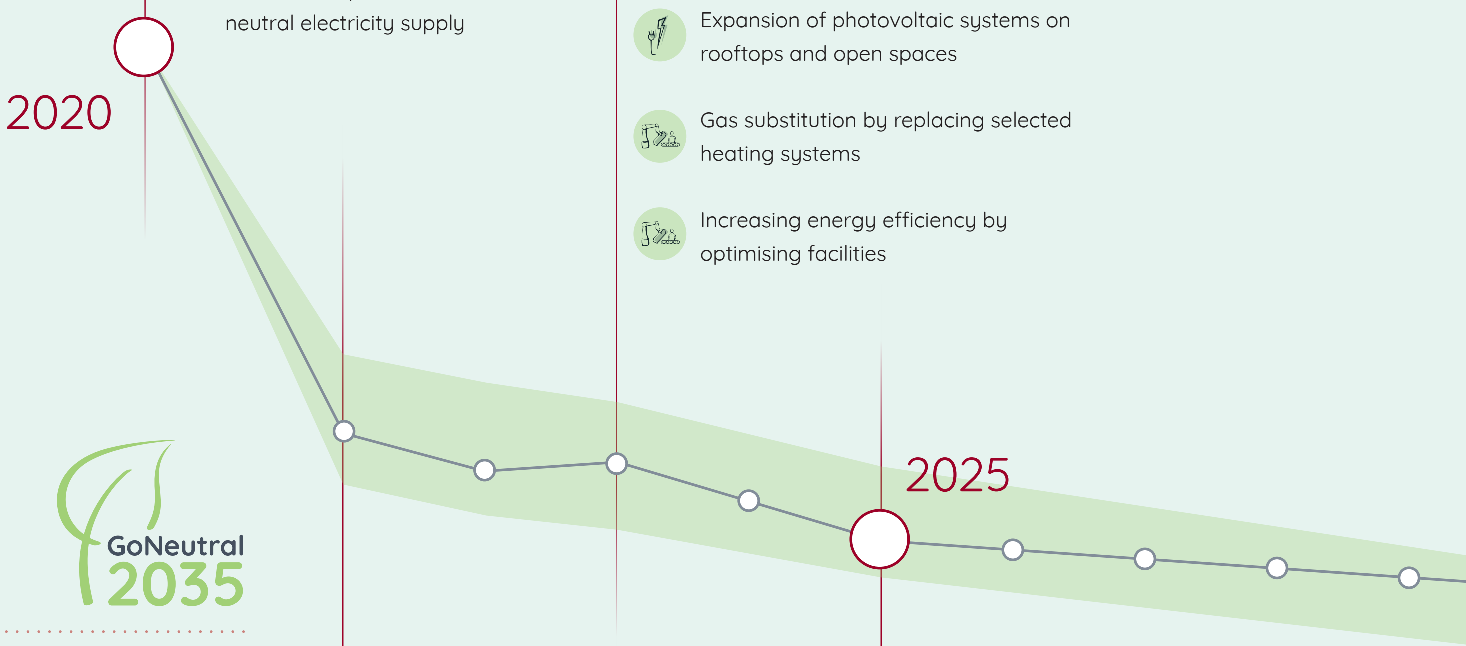
2020–2021
Conversion of the Austrian and German locations as well as the Roosendaal plant to carbon-neutral electricity supply

2023–2025
Intensification of human resources measures such as onboarding processes and the "Good Place to Work" initiative for employee retention

Expansion of photovoltaic systems on rooftops and open spaces

Gas substitution by replacing selected heating systems

Increasing energy efficiency by optimising facilities



GoNeutral 2035

2021–2023
Internal optimisation to reduce electricity and gas consumption (-5% and -15% respectively)

Human resources measures: Learning@POLYTEC, talent management programmes, POLYTEC Online Campus

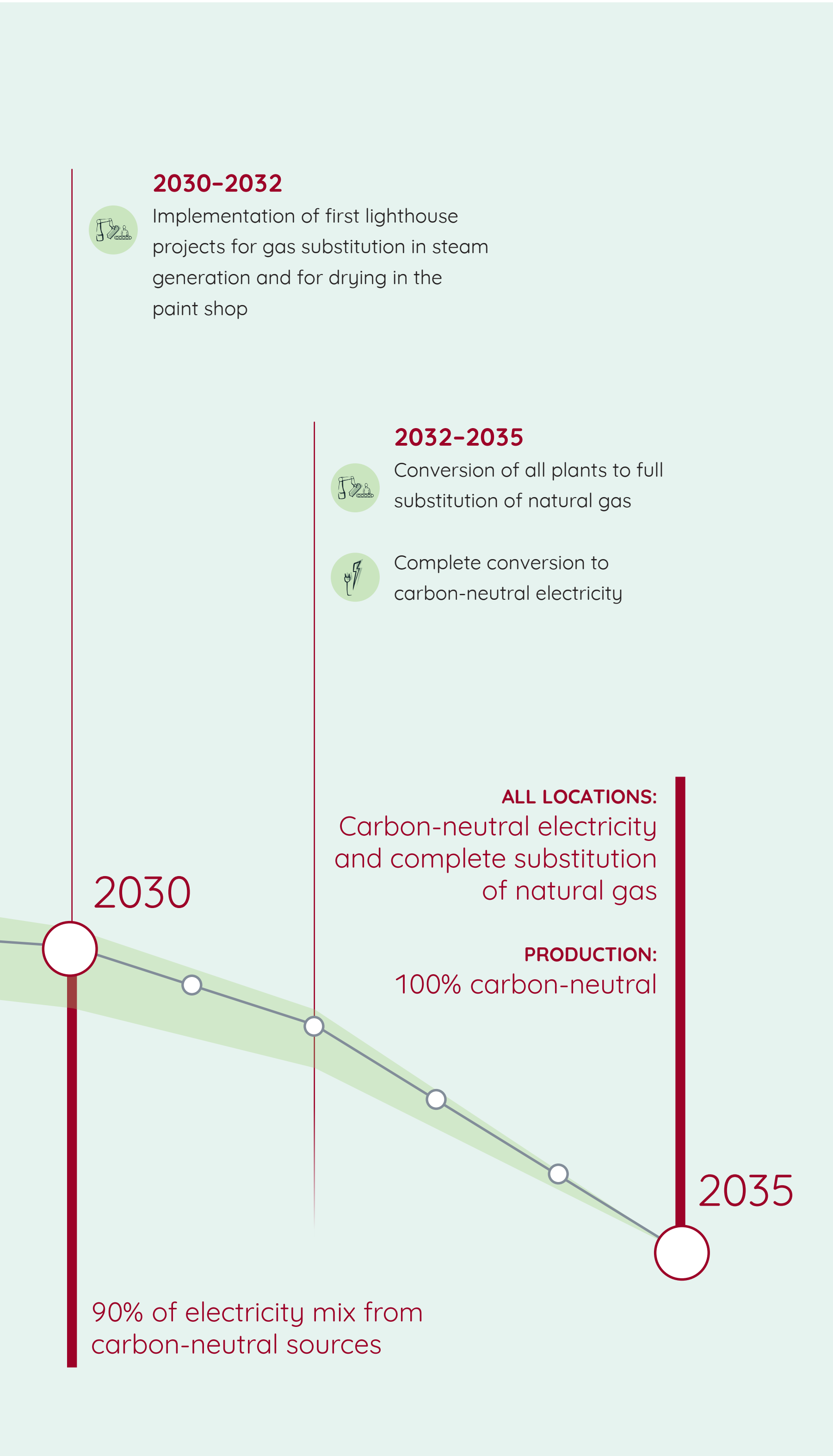
2025–2030
Conversion of all European plants to carbon-neutral electricity supply

Reduction of gas consumption by another 5% by optimising steam generation plants

Increasing the share of carbon-neutral electricity to at least 90% of the electricity mix

Prerequisites:
Securing and availability of carbon-neutral electricity, stable geopolitical and economic situation as well as availability of economical natural gas substitute

Due to changes in the calculation methods, adjustments were made to the previous year's figures.

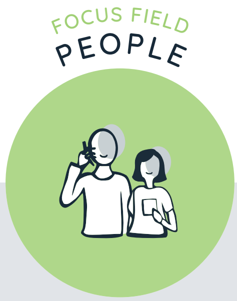


and reporting on achieved targets and KPIs (key performance indicators). A conscious effort was also made to integrate sustainability into the engineering activities of the POLYTEC GROUP to ensure that the company's sustainability targets are already taken into account to a significant extent in development projects.

Carbon neutrality as a central goal

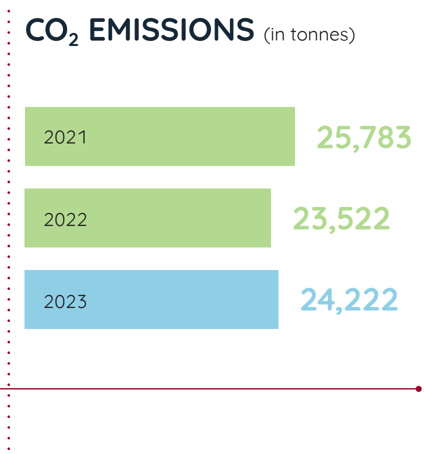
POLYTEC has defined achieving carbon neutrality in production by 2035 as one of the key overarching goals, and is concentrating on the three focus fields People, Energy and Production. In the focus fields Energy and Production, the group identified the main lever on the way to carbon neutrality, while the focus field People is particularly important insofar as skilled workers with the right mindset, know-how and

> "WE ARE COMMITTED TO IMPLEMENTING CONCRETE MEASURES TO ACHIEVE CARBON-NEUTRAL PRODUCTION BY 2035. IN DOING SO, WE FOCUS ON ACTIVE SUSTAINABILITY AND GENUINE RESPONSIBILITY, NOT GREENWASHING."
>
> MARKUS HUEMER, CEO/COO



commitment are indispensable for the implementation of the necessary measures. Specific milestones have to be passed along a decarbonisation path in the coming years until carbon neutrality is reached. However, intact supply chains and geopolitical stability are fundamental requirements to achieve this goal. If and to what extent such external factors can impact the POLYTEC GROUP's ambitious goals cannot be assessed at present.

In the 2023 financial year, the group's CO_2 emissions rose slightly. On the one hand, this increase is attributable to the improved order situation. Above all, however, a change in the energy mix at the British plants contributed to an increase in emissions. However, effective energy measures helped to significantly mitigate the increase.

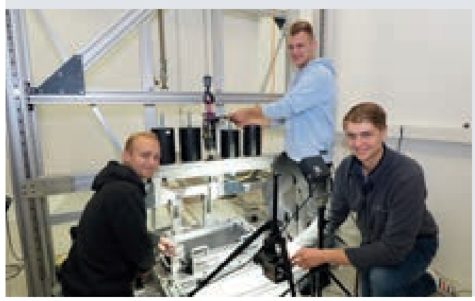


Focus field People

In the focus field People, initiatives that are steadily gaining importance in view of the current shortage of skilled labour have been running for several years. The objective is to position POLYTEC as an even more attractive employer. The key measures taken are employee retention, employee development and winning new employees. In the medium and long term, POLYTEC aims to strengthen its team's loyalty to the company, promote the health of its workforce and reduce employee turnover. These objectives will be implemented based on a number of measures in the areas of training and education, onboarding and offboarding, employee satisfaction and many more. POLYTEC also consciously promotes its employees' personal initiative and commitment.

Focus field Energy

In the focus field Energy POLYTEC pursues longer-term goals, as the conversion to energy from renewable sources is not yet possible everywhere at this stage. In Austria, Germany, the Netherlands and Belgium, production has already been switched to carbon-neutral electricity. At some locations, for example at the plant in South Africa, this is not yet possible due to a lack of supply.



RELIABLE JOBS WITH A FUTURE

In the second half of 2023, the POLYTEC GROUP revised its HR structures at workshops, through analyses and in open discussions. The overall objective of this comprehensive process was to position POLYTEC as a reliable, future-oriented and interesting employer in the labour market. To this end, a number of adjustments were made in terms of content and organisation. Meanwhile, POLYTEC has also initiated several concrete measures that will help increase employee satisfaction and efficiency among the existing workforce.

In this context, POLYTEC sees need for action above all in three strategic focus areas:

- **Retention & Recruiting**
- **Learning & Development**
- **HR-Tools & Reporting**

In addition to setting thematic priorities, POLYTEC also made structural adaptations to its HR management by combining the group's locations worldwide in the HR clusters Germany & China, Netherlands & South Africa, UK as well as Austria & Eastern Europe.

Overall, POLYTEC expects this measure to result in more organisational efficiency and a higher service level of its HR department. Ultimately, the main aim is to better meet the expectations of employees and managers.

FOCUS FIELD
ENERGY

PRIORITY ON GREEN ENERGY

In addition to its own production, POLYTEC also focuses on procuring electricity from renewable sources. The company is currently looking for energy producers to supply POLYTEC with green electricity in the long term based on power purchase agreements. Even today, the share of green electricity in the company already adds up to nearly 80 percent.

NEW PHOTOVOLTAIC SYSTEM IN LOHNE

In the first half of 2024, a new photovoltaic system is going online at POLYTEC. The 2,438 modules on the rooftop of the production hall at the site in Lower Saxony are designed for peak power of roughly 1,000 kilowatts. Overall, POLYTEC expects an annual output of 850 to 900 megawatt hours. The investment in the modules including eight inverters totalled approximately EUR 1 million. It is not only a measure on the POLYTEC GROUP's way to complete carbon neutrality by 2035, but will also increase the plant's economic performance in the long term as a result of the expected savings.

EXPANSION OF GREEN ENERGY PRODUCTION IN HÖRSCHING

At POLYTEC's Hörsching site, electricity from solar power has already been produced since the end of 2021. In 2023, the maximum power of the system was more than doubled, from previously around 500 to 1,100 kilowatt peak. This corresponds to emission savings of up to 510 tonnes of CO_2 equivalent per year. In early 2024, the new system on the rooftop of the logistics hall was commissioned. Overall, the entire system has since covered roughly 20 percent of the electricity required at the plant.

Nevertheless, the aim is to further increase the share of green energy in the POLYTEC GROUP's energy mix. Concrete targets have been set: POLYTEC aims for a full conversion to completely carbon-neutral energy supply by 2030 in Europe and by 2035 worldwide. The company's own power generation – for example through photovoltaic systems – will contribute to achieving this goal.

Focus field Production

POLYTEC has also defined long-term goals for the focus field Production. This field concentrates on the areas of energy, operating materials and reusable materials, where POLYTEC primarily strives for more efficient use. In addition, measures to reduce energy consumption and to substitute natural gas as well as the conversion to operating materials with better ecological compatibility are on the agenda. While not all of this is currently feasible due to technological and economic reasons, momentum should also build in this area in the years to come, as the supply of alternative materials and energy from renewable sources is increasing.

The concentration on these three focal fields does not mean that POLYTEC considers the other strategy fields to be less relevant. However, the company is convinced that the topics People, Energy and Production offer the best potential for changes in the interests of the environment, society and businesses in the short to medium term.

FOCUS FIELD
PRODUCTION

NEW NITROGEN PLANT IN LOHNE

At its production site in Lohne, POLYTEC installed a new nitrogen plant in 2023. This gas is used for melting and pressing plastics. With the new, highly efficient plant, energy consumption in Lohne will be reduced by approximately 770,000 kilowatt hours per year. In addition to significantly increasing energy efficiency, this measure also improves the nitrogen quality, which has a positive effect on the melt and, consequently, on product quality. The investment of approximately EUR 140,000 also pays off economically: the costs were amortised within only nine months.

CLIMATE-FRIENDLY HEAT

The consistent use of waste heat is one the most important measures the POLYTEC GROUP applies on its path to climate-neutral production. Most recently, new compressors, which are equipped with a heat recovery system, were installed at the German locations of Weierbach, Gochsheim and Wolmirstedt.

At the Wolmirstedt location, waste heat from cooling machines has been used efficiently for space heating for several years now. In rare cases where not enough waste heat is available from the injection moulding machines, an additional electrical heating system is switched on.

POLYTEC is currently reviewing the utilisation of heat pumps for the use of waste heat at lower temperature levels reached in the cooling of injection moulding machines as well as other tools and processes. In addition, biomass could increasingly be used for heat generation in the company in the future.

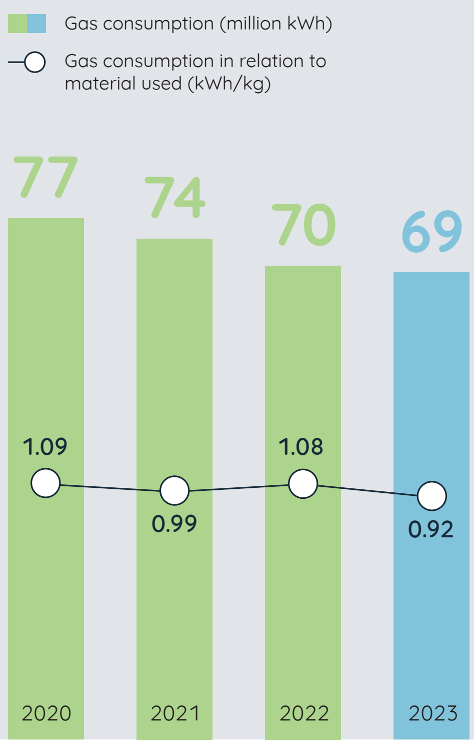
OPTIMISED PROCESSES REDUCE NATURAL GAS CONSUMPTION

Natural gas is not only used for space heating at POLYTEC. This fossil resource is also employed to provide process heat, for example for processing sheet moulding compound or in painting. In 2023, POLYTEC once again managed to significantly reduce its gas consumption. This was achieved through a number of measures, including avoiding heat loss at the consumers, optimising the operation of heat generators, lower flow temperatures, and temperature and pressure reduction during non-production times.

LED LIGHTING EVERYWHERE

Most of the POLYTEC GROUP's locations are equipped with LED lighting today. In 2023, additional halls, offices and outdoor lighting were upgraded with this energy-efficient technology. While lighting only accounts for a comparatively small share of total energy consumption in industrial production, approximately 440 MWh of electricity were saved as a result of the projects implemented in 2023 alone. This is equivalent the energy consumption of some 100 households.

REDUCED GAS CONSUMPTION



ACTIVE AT MANY LEVELS

In addition to the big lighthouse projects, POLYTEC also continuously takes smaller measures to increase energy efficiency in production. These include installing energy-saving compressors for the production of compressed air, optimising granulate dryers, and eliminating or insulating leaks in piping. Overall, POLYTEC also expects these individual initiatives to make a considerable contribution to increased efficiency in the use of the valuable resource energy.

SHARE & CORPORATE GOVERNANCE

POLYTEC

SHARE & INVESTOR RELATIONS

POLYTEC SHARE PRICE DEVELOPMENT

On 29 December, the last stock exchange trading day of the 2023 financial year, the POLYTEC share (ISIN: AT0000A00XX9) closed at EUR 3.505, down EUR 1.095 or 23.8% on the closing price of the previous year (EUR 4.600). The annual average closing price of the share amounted to EUR 4.46 (2022: EUR 6.03), and year-end market capitalisation totalled EUR 78.3 million (2022: EUR 102.7 million).

Source: Vienna Stock Exchange, price data indexed as per 30 December 2022

In the first two weeks of 2023, the POLYTEC share recorded an encouraging upward trend and reached EUR 5.28 on 18 January. This price should subsequently turn out to be the highest closing price for the entire 2023 trading year. After a volatile phase in parallel with the development of the ATX Total Return Index and an intermediate high of EUR 5.08 on 24 May, the share price declined continuously, posting its annual low on 8 December with a closing price of EUR 3.40. Ultimately, the share closed at EUR 3.51 at the end of the 2023 trading year.

Compared to 2022, the average daily trading volume of the POLYTEC share declined in 2023. During the 254 days of trading on the Vienna Stock Exchange, the average trading volume amounted to 37,484 shares per day (2022: 54,065 shares, both figures using double counting). The busiest trading day was 6 December 2023, when 306,222 POLYTEC shares were traded on the Vienna Stock Exchange (double counting).

The ATX-TR on the Vienna Stock Exchange gained 15.4%, from 6,597.09 to 7,615.92 points in 2023. The STOXX® Europe 600 Automobile & Parts (SXAP) closed at 627.85 points (2022: 527.23), up 19.1% on the level at the end of 2022.

POLYTEC share (AT0000A00XX9)	Unit	2023	Change	2022	2021	2020
Year-end closing price	EUR	3.51	-23.8%	4.60	6.87	7.51
Highest closing price during the year (on 18 January 2023)	EUR	5.28	-36.4%	8.30	12.56	8.93
Average closing price during the year	EUR	4.46	-26.1%	6.03	9.43	5.92
Lowest closing price during the year (on 8 December 2023)	EUR	3.40	-20.9%	4.30	6.65	3.21
Market capitalisation at year-end	EUR m	78.3	-23.8%	102.7	153.4	167.7
Vienna Stock Exchange money turnover (double counting)	EUR m	41.0	-53.5%	88.1	197.1	100.3
Vienna Stock Exchange share turnover (double counting)	Shares m	9.5	-31.0%	13.8	21.9	17.4
Share turnover (daily average, double counting)	Shares	37,484	-30.7%	54,065	86,439	68,925

Source: Vienna Stock Exchange

INVESTOR CONTACTS

In mid-July 2023, the Supervisory Board of POLYTEC Holding AG adopted resolutions regarding changes to the Board of Directors of the company. Markus Mühlböck was appointed Chief Financial Officer and took over the responsibilities for Finance and Investor Relations from CEO Markus Huemer. Markus Mühlböck has been with the POLYTEC GROUP since 2016. Most recently, he had already been responsible for the Finance area in his role as Senior Vice President Finance reporting to Markus Huemer.

Along with the support of contacts at banks and in the debt capital market, Markus Mühlböck also took over communication with institutional investors and analysts. Together with Investor Relations Manager Paul Rettenbacher, he continuously provided the shareholders of POLYTEC Holding AG with capital market information. The company held road shows at several European destinations (e.g., Zurich, Milan, Dornbirn and Innsbruck), lunch meetings and other events for investors during the second half of 2023. Moreover, the company participated in multiple important investor conferences, for example in Munich, Frankfurt, Zürs and Vienna, and reported on its current key figures and business development at each of these conferences. In addition, POLYTEC-IR engaged in regular and intensive dialogue with institutional investors, analysts, private investors as well as other interested capital market participants and finance media in countless video and audio conferences.

IN-PERSON ANNUAL GENERAL MEETING – LIKE IN THE PAST

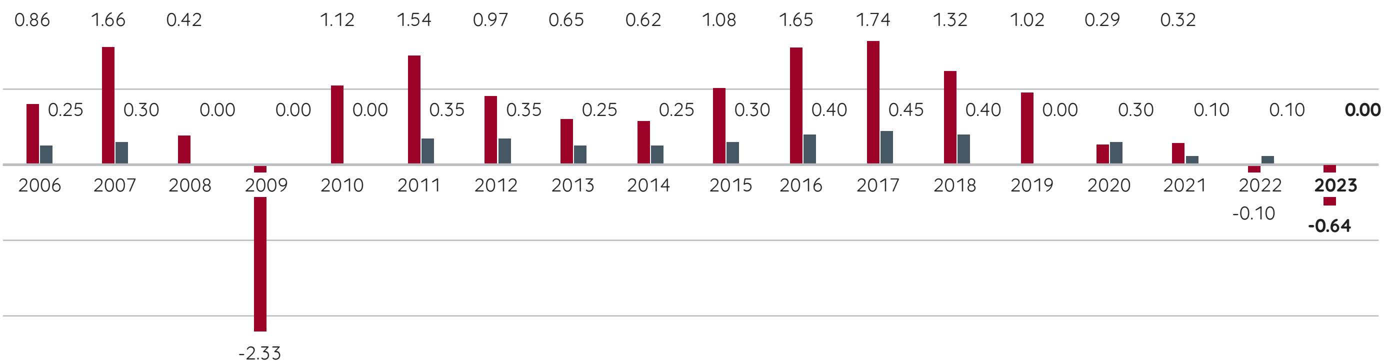
After the annual general meetings of 2020 to 2022, which were affected by the Covid pandemic, the event was held without any restrictions again in the 2023 financial year. 67 shareholders and shareholder representatives, who represented 36.6% of the share capital eligible to vote, attended the 23rd Ordinary Annual General Meeting of POLYTEC Holding AG, which took place on 9 June 2023 at the company's headquarters in Hörsching/Upper Austria. The voting results and other important documents related to the Annual General Meeting can be viewed in the Investor Relations, Annual General Meeting section of the company's website at www.polytec-group.com.

CFO Markus Mühlböck (left) with Investor Relations Manager Paul Rettenbacher

DIVIDEND POLICY

The POLYTEC GROUP's dividend policy is based on the profitability, strategic growth perspectives and capital requirements of the group. In the 2023 financial year, net profit of POLYTEC Holding AG amounted to EUR 186.8 million (2022: EUR 172.3 million). The Board of Directors and the Supervisory Board will propose to the 24th Ordinary Annual General Meeting to be held on 21 June 2024 not to pay out a dividend and to carry forward the profit in its entirety.

CHRONOLOGY OF EARNINGS AND DIVIDEND PER SHARE SINCE THE IPO



Earnings per share in EUR
Dividend per share in EUR

POLYTEC share (AT0000A00XX9)	Unit	2023	Change	2022	2021	2020
Earnings per share	EUR	-0.64	n. a.	-0.10	0.32	0.29
Proposed dividend per share	EUR	0.00	n. a.	0.10	0.10	0.30
Payout ratio	%	0.00	n. a.	n. a.	31.30	103.40
Dividend yield on the basis of the average closing price during the year	%	0.00	n. a.	1.70	1.10	5.10

CFO Markus Mühlböck speaking to investors at the "Eigenkapitalforum" ("Equity Forum") of Deutsche Börse in Frankfurt, November 2023

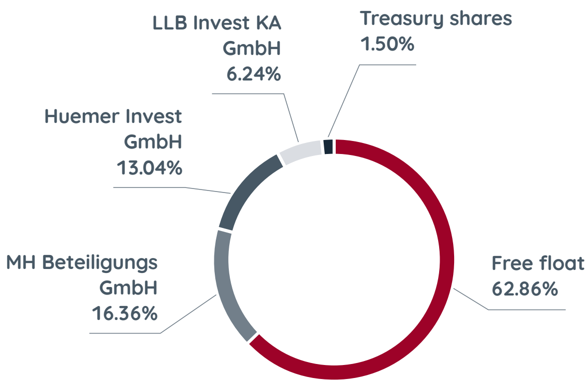
SHAREHOLDER STRUCTURE

At the balance sheet date on 31 December 2023, the share capital of POLYTEC Holding AG amounted to EUR 22.3 million divided into 22,329,585 shares of a nominal value of EUR 1.00 each. No other types of shares existed. All shares were admitted to trading in the prime market segment of the Vienna Stock Exchange.

POLYTEC Holding AG received one voting rights notification from shareholders pursuant to Section 130 of the Austrian Stock Exchange Act 2018. In addition, the company was informed tree times about managers' transactions in accordance with Article 19 MAR, which related to the 2023 financial year. A detailed presentation as well as other information regarding capital, share, voting and control rights (e.g., "Treasury Shares" and "Authorised Capital") can be found in the disclosures under item 7 of the group management report.

Two shareholders each owned more than 10.0% of the share capital of POLYTEC Holding AG on the 31 December 2023 balance sheet date: MH Beteiligungs GmbH held 16.36% and Huemer Invest GmbH held 13.04%. Apart from the aforementioned, the Board of Directors knew of no shareholders with an interest in excess of 10.0% of share capital on the balance sheet date. No shareholder has special control rights. As of 31 December 2023, POLYTEC Holding AG held 334,041 treasury shares or approximately 1.5% in share capital. The free float amounted to 62.86% of share capital.

On the basis of the 22,329,585 issued shares, the shareholder structure of POLYTEC Holding AG had the following form as of 31 December 2023:



The current composition of the shareholder structure can be viewed in the Investor Relations, Share section of the Group's website www.polytec-group.com.

RESEARCH COVERAGE

The support of the POLYTEC GROUP by national and international investment banks is an important element in its comprehensive investor relations activities and plays a significant role in the visibility of the POLYTEC share within the investor community.

The following financial institutions published regular reports on the POLYTEC GROUP and the recommendations during the 2023 financial year. The recommendations and price targets at the editorial closing date of this report mid of April 2024 are shown in the following table:

Institute	Recommendation	Latest price target
BAADER Helvea Equity Research, Munich (Peter Rothenaicher)	Buy	EUR 7.00
ERSTE Group Research, Vienna (Michael Marschallinger)	Hold	EUR 4.70
M.M.Warburg Research, Hamburg (Marc-René Tonn)	Hold	EUR 4.50
Raiffeisen Research, Vienna (Markus Remis)	Buy	EUR 5.00
Average price target		EUR 5.30

The current recommendations and price targets can be viewed in the Investor Relations, Share, Share Price and Research section of the Group's website www.polytec-group.com.

Presentation by CEO/COO Markus Huemer at a lunch meeting in Vienna, December 2023

CORPORATE GOVERNANCE

1. COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

The key elements in an active corporate governance culture consist of a high degree of transparency for all stakeholders and a long-term and sustainable increase in corporate value. Their realisation necessitates efficient teamwork between the company's governing bodies, the protection of shareholders' interests and open corporate communications.

Since its IPO, POLYTEC Holding AG has committed itself to compliance with the Austrian Corporate Governance Code in its respective current form. The information and statements provided in this report pursuant to § 243c and 267b of the Austrian Commercial Code (UGB) are based on this edition. The complete text of the Austrian Commercial Code can be accessed from the website of the Austrian Working Committee for Corporate Governance www.corporate-governance.

During the 2023 financial year, POLYTEC Holding AG complied with all the compulsory L-Rules ("Legal Requirements") and all the C-Rules ("Comply or Explain") contained in the Austrian Corporate Governance Code with the exception of the C-Rules 53, 54, 62 and 83. In accordance with the guidelines for the classification of the independence of the Supervisory Board set out in Appendix 1 of the Code, four members of the Supervisory Board declared that they were not independent. Of these, three members did so owing to the length of their Board membership. In this sense, contrary to C-Rule 53 the majority of the members of the Supervisory Board elected by the Annual General Meeting are not independent. Moreover, due to the aforementioned change, the criteria of C-Rule 54 ceased to be fulfilled in the 2023 financial year, as the Supervisory Board no longer includes two independent members, who in addition do not hold more than a 10% interest in the company. According to C-Rule 62, the company should allow the regular evaluation of adherence to the C-Rules of the code by an external institution at least every three years and to date this has not taken place. In addition, C-Rule 83 states that on the basis of the documentation presented, the auditor should adjudge risk management functionality and report its findings to the Board of Directors. The company justifies the failure to implement these two rules with the related high costs but is nonetheless convinced that adherence to the C-Rules and the required transparency are secured through internal audits and measures. The Corporate Governance Report for the 2023 financial year is publicly available via the POLYTEC Holding AG's corporate website www.polytec-group.com, which is entered in the Austrian Company Register.

2. POLYTEC HOLDING AG GOVERNING BODIES

BOARD OF DIRECTORS

ORGANISATION AND WORKING METHODS

In accordance with the Articles of Association, the Board of Directors of POLYTEC Holding AG consists of one, two, three, four or five members. The Supervisory Board appoints the members of the Board of Directors. The Board of Directors manages the company in accordance with the relevant laws, the Articles of Association and the internal rules of procedure, which are subject to Supervisory Board approval. In addition to other items, the internal rules of procedure regulate the collaboration and distribution of responsibilities amongst the members of the Board of Directors, as well as business transactions requiring approval. The distribution of competences amongst the Board members is specified in the descriptions of their individual functions.

The members of the Board of Directors are in constant, close contact with each other in order to exchange information, adjudge corporate progress and take any necessary decisions in a timely manner. As a rule, the POLYTEC Holding AG Board of Directors holds meetings every two weeks in order to discuss current POLYTEC GROUP development. At least once a quarter, the Board of

Directors provides the Supervisory Board with regular, comprehensive and prompt assessments of the course of business that incorporate the risk situation, risk management and the status of the company within the context of future group development. The Chairman of the Supervisory Board is informed immediately of significant events and is in regular contact with the Chairman of the Board of Directors. Ongoing discussions are also held regarding strategy, business trends and company risk management. When developing and implementing corporate strategy, the Board of Directors takes into account sustainability aspects and the associated opportunities and risks in relation to the environment, social issues and corporate governance.

All of the serving members of the Board of Directors in the 2022 financial year were granted a discharge with the required majority at the 23rd Annual General Meeting held on 9 June 2023.

CHANGES TO THE POLYTEC HOLDING AG BOARD OF DIRECTORS

At its extraordinary meeting on 17 July 2023, the Supervisory Board of POLYTEC Holding AG passed resolutions on changes to the Board of Directors. Heiko Gabbert, previously COO, has been dismissed from the Board with effect from 17 July 2023. He joined the company in 2005 and was appointed as a member of the Board in 2018. In numerous functions, he has made a significant contribution to the success of the POLYTEC GROUP and helped shape the company. Markus Mühlböck has been appointed Chief Financial Officer. He has been with the company since 2016 and most recently held operational responsibility for finance as Senior Vice President Finance under CEO Markus Huemer. With the handover of the financial agendas to Markus Mühlböck, Markus Huemer, previously CEO/CFO, has taken over the area of responsibility for Operations and Sustainability. Before taking over as CEO, he was responsible for COO agendas between 2014 and 2018. In addition, Peter Bernscher, CCO, was appointed Deputy Chairman of the Board of Directors on 17 July 2023.

MEMBERS OF THE POLYTEC HOLDING AG BOARD OF DIRECTORS

Markus Huemer (CEO/COO)

- Born: 1981
- Chairman of the Board of Directors
- Date of initial appointment: 1 January 2014
- End of current term of office: 31 December 2026
- Areas of responsibility: corporate strategy, investment management, legal affairs, IT, corporate communications, operations, sustainability, project management, operational excellence
- Supervisory Board mandates: GlobeAir AG

Peter Bernscher (CCO)

- Born: 1968
- Deputy Chairman of the Board of Directors
- Date of initial appointment: 1 August 2018
- End of current term of office: 31 December 2026
- Areas of responsibility: sales, engineering, marketing, purchasing, human resources
- Supervisory Board mandates: none

Markus Mühlböck (CFO)

- Born: 1986
- Member of the Board of Directors
- Date of initial appointment: 17 July 2023
- End of current term of office: 31 December 2026
- Areas of responsibility: finance, controlling, treasury, accounting, investor relations
- Supervisory Board mandates: none

SUPERVISORY BOARD

ORGANISATION AND WORKING METHODS

The Supervisory Board advises the Board of Directors with regard to its strategic planning and projects. It has the task of monitoring the Board of Directors' management of the company. The laws and regulations that apply to listed companies in Austria and in particular, the Austrian Stock Corporation Act and the Austrian Stock Exchange Act, govern the Supervisory Board's scope of activities. In addition, the Supervisory Board is obliged to comply with the rules of the Austrian Corporate Governance Code. As far as internal company regulations are concerned, the Articles of Association and the rules of internal procedure are of primary importance. In accordance with the POLYTEC Holding AG Articles of Association, the Supervisory Board consists of at least three and no more than six members, elected by the Annual General Meeting. The members of the Supervisory Board are obliged to conduct an annual self-assessment of their activities.

All five serving members of the Supervisory Board in the 2022 financial year were granted a discharge with the required majority at the 23rd Annual General Meeting on 9 June 2023.

MEMBERS OF THE POLYTEC HOLDING AG SUPERVISORY BOARD

Friedrich Huemer

- Born: 1957
- Chairman of the Supervisory Board
- Year of initial appointment: 2021
- End of current term of office: Annual General Meeting regarding the 2024 financial year
- Other Supervisory Board mandates: none
- Not independent

Fred Duswald

- Born: 1967
- Deputy Chairman of the Supervisory Board
- Year of initial appointment: 2006
- End of current term of office: Annual General Meeting regarding the 2024 financial year
- Other Supervisory Board mandates: none
- Not independent

Manfred Trauth

- Born: 1948
- Member of the Supervisory Board
- Year of initial appointment: 2007
- End of current term of office: Annual General Meeting regarding the 2024 financial year
- Other Supervisory Board mandates: none
- Not independent

Viktoria Kickinger

- Born: 1952
- Member of the Supervisory Board
- Year of initial appointment: 2006
- End of current term of office: Annual General Meeting regarding the 2024 financial year
- Other Supervisory Board mandates: none
- Not independent

Reinhard Schwendtbauer

- Born: 1972
- Member of the Supervisory Board
- Year of initial appointment: 2010
- End of current term of office: Annual General Meeting regarding the 2024 financial year
- Other Supervisory Board mandates: none
- Independent

INDEPENDENCE OF THE SUPERVISORY BOARD

Members of the Supervisory Board are deemed to be independent if they have no business or personal relationships with the company or its Board of Directors that could result in a material conflict of interest and thus influence the members' conduct. Pursuant to C-Rule 53, the majority of the members of the Supervisory Board elected by the Annual General Meeting must be independent.

In assessing the independence of a member of the Supervisory Board, the Supervisory Board is guided by the following guidelines, which correspond to those contained in the Annex to the Austrian Corporate Governance Code in the version of January 2023:

- The Supervisory Board member shall not have been a member of the Board of Directors or a senior executive of the company or a company subsidiary in the past five years.

- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or a subsidiary of the company to an extent that is significant for the Supervisory Board member. This shall also apply to business relationships with companies in which the Supervisory Board member has a significant economic interest, but not to the exercise of board functions within the group. The approval of individual transactions by the Supervisory Board pursuant to L-Rule 48 does not automatically lead to qualification as not independent.

- The Supervisory Board member shall not have been an auditor of the company, or a participant in, or employee of, the auditing company in the last three years.

- The Supervisory Board member shall not be a member of the management board of another company in which a member of the Board of Directors of the company is a supervisory board member.

- The Supervisory Board member shall not be a member of the Supervisory Board for longer than 15 years. This shall not apply to Supervisory Board members who are shareholders with an entrepreneurial interest or represent the interests of such a shareholder.

- The Supervisory Board member shall not be a close relative (direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece, nephew) of a member of the Board of Directors, or of persons who hold one of the positions described above.

The members of the Supervisory Board are committed to the criteria of independence according to C-Rule 53. The Chairman of the Supervisory Board declares himself to be not independent due to his function as the Chairman of the Board of Directors of POLYTEC Holding AG until 31 December 2018 and his relationship to the Chairman of the company's Board of Directors. Fred Duswald, Manfred Trauth and Viktoria Kickinger also declare themselves to be not independent owing to the duration of their Supervisory Board membership. Accordingly, the criteria of C-Rule 54 are no longer fulfilled in the 2023 finance year, as only Reinhard Schwendtbauer, who is not a shareholder of the company with an interest of more than 10%, is appointed as an independent member. However, owing to the high level of expertise of the Supervisory Board members, the principles of good corporate governance are not impaired.

BUSINESS TRANSACTIONS OF THE SUPERVISORY BOARD MEMBERS REQUIRING PRIOR APPROVAL

In the 2023 financial year, no members of the Supervisory Board concluded transactions subject to approval pursuant to L-Rule 48. The lease of office space in Hörsching by Huemer Invest GmbH and the leasing of a photovoltaic system on the roof of the plant in Hörsching by HI Solar GmbH, both of which are related companies of the Chairman of the Supervisory Board, were and are used at arm's length conditions.

Otherwise, during the 2023 financial year, the company did not enter into any significant transactions with related parties pursuant to § 95a of the Austrian Stock Corporation Act.

SUPERVISORY BOARD COMMITTEES

In accordance with the Austrian Stock Corporation Act, the POLYTEC Holding AG Supervisory Board has established an audit committee, which carries out the scheduled controlling and monitoring functions. The chairperson of the audit committee disposes over the appropriate knowledge and practical experience with regard to financing, accounting and reporting (financial expert). Apart from the supervision of accounting and the auditing process for both the financial statements and the consolidated financial statements, the proposal for the distribution of profits, and audit planning, in particular the effectiveness of the internal control and risk management systems was monitored. Moreover, consultations were held regarding the strategic focal points of the audits and the procedures of the committee in the light of new legal stipulations. Last, but not least, the committee is required to examine the Corporate Governance Report and reporting with regard to Austrian sustainability and diversity improvement legislation.

During the 2023 financial year, the audit committee convened twice, whereby at both these meetings the (group) auditor was present. During the same period the Supervisory Board held a total of four ordinary and two extraordinary meetings.

In addition to the mandatory audit committee, a nomination committee has been established at the company, which also performs the tasks of the remuneration committee. In particular, the nomination committee is responsible for the negotiation, content, conclusion, implementation, and if necessary, termination of employment contracts with members of the Board of Directors, and in doing so observes the relevant rules of the Austrian Corporate Governance Code. It prepares the annual draft of the remuneration report for the members of the Board of Directors and reviews the remuneration policy of the company at least every fourth financial year. No Supervisory Board member was absent from more than half of the meetings. The majority of committee members do not meet the criteria for independence under C-Rule 53.

The areas of responsibility of the individual Supervisory Board members in the respective committees are shown in the following table:

COMPOSITION OF THE COMMITTEES

Comittees	Chairman	Members
Audit committee	Reinhard Schwendtbauer	Viktoria Kickinger, Fred Duswald
Nomination committee	Friedrich Huemer	Viktoria Kickinger, Fred Duswald

3. OTHER INFORMATION

REMUNERATION OF THE SUPERVISORY BOARD AND THE BOARD OF DIRECTORS

Following the entry into force of the 2019 Austrian Stock Corporation Act Amendment Act in the 2020 financial year, the Supervisory Board and the Board of Directors established a new remuneration policy, which was adopted by the necessary majority at the 20th Annual General Meeting on 7 August 2020. The remuneration policy must be submitted to the Annual General Meeting for a vote in accordance with sections 78b (1) and 98a of the Austrian Stock Corporation Act (AktG) at least every fourth financial year. The revised remuneration policy will therefore be put to the vote at the 24th Annual General Meeting on 21 June 2024.

Reporting of the remuneration of the Supervisory Board and the Board of Directors in the 2023 financial year takes place in the Remuneration Report prepared in accordance with § 78c and § 98a Austrian Stock Corporation Act (AktG). The Remuneration Report with first be presented to the 24th Annual General Meeting of POLYTEC Holding AG for approval and will subsequently be available for perusal in the Investor Relations section of the company website www.polytec-group.com.

CODE OF CONDUCT AND COMPLIANCE

For the POLYTEC GROUP conduct in accordance with the law and strict ethical standards represents a matter of course. However, compliance in this connection means far more than merely the implementation of current rules and regulations. In fact, compliance is a matter of corporate culture. Therefore, the acceptance of responsibility and actions in accordance with ethical principles have been integrated into the POLYTEC GROUP's corporate values and mission statement in unequivocal form, and tabulated in the Code of Conduct, which can be accessed via the group's website.

As a listed corporation POLYTEC Holding AG is obliged to fulfil the complete range of stipulations regarding adherence to capital market legislation. In order to prevent insider dealings, employees and other persons acting on behalf of POLYTEC Holding AG are informed continually of the ban on the misuse of insider information and internal guidelines have been issued for the transfer of information within the company. Adherence to the latter is monitored and suitable organisational measures have been taken in order to prohibit the improper use or passing on of insider information. The related tasks constitute a major element within the company's compliance organisation. During the year under report, the members of the Supervisory Board and the Board of Directors received comprehensive information regarding compliance activities at regular intervals.

In addition to capital market compliance content, the POLYTEC GROUP holds regular coaching regarding data protection, anti-corruption and anti-trust law. The awareness levels of employees are raised with respect to issues of data protection, competition and anti-trust law relevance, as well as correct conduct when dealing with data, gifts and invitations. The aim is to protect both employees and the group against infringements of the law and to offer practice-related support during the application of the relevant regulations. No breaches of compliance were determined during the period under review.

DIVERSITY AND THE ADVANCEMENT OF WOMEN

The POLYTEC GROUP now has a workforce of around 3,900 on four continents. As a result of this internationality, diversity, respect, equality of opportunity and the integration of employees from differing cultures represent integral elements within corporate culture. Any form of personal discrimination whether due to origin, gender, skin colour, age, religion, sexual orientation or handicap is strictly rejected. The employees of the POLYTEC GROUP are regularly trained on these requirements as part of the Code of Conduct.

During recruitment for vacant positions, a focus is placed on a performance orientation, knowledge, skills, equal opportunity and treatment. New team members are selected primarily on the basis of the best possible qualifications and experience, which the candidates can then contribute to the POLYTEC GROUP.

When electing members of the Supervisory Board, the Annual General Meeting has to account for requirements relating to professional and personal qualifications, as well as the balanced specialist composition of the board. Furthermore, diversity aspects have to be taken into reasonable account with regard to the representation of all genders, age structure and internationality. Newly elected Supervisory Board members must inform themselves appropriately regarding the structure and activities of the company and their tasks and responsibilities.

The POLYTEC Holding AG Supervisory Board has had a female member for over seventeen years, who during the 2023 financial year occupied one of the five Supervisory Board positions. This corresponded with a share of female membership of 20%. L-Rule 52 is thus fulfilled, as at present the POLYTEC Holding Supervisory Board does not consist of at least six persons.

In the 2023 financial year a woman was not represented on the POLYTEC Holding AG Board of Directors.

On the 31 December 2023, women accounted for some 48.6% (2022: 50.0%) of the POLYTEC Holding AG workforce. On the same balance sheet date, at the POLYTEC GROUP's companies women held around 12.2% of the managerial posts (2022: 11.1%) bearing long-term personnel responsibility. On 31 December 2023, the quota of female employees in the POLYTEC GROUP (excluding leasing personnel) amounted to 26.0% (2022: 24.6%).

AUDITOR

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz was recommended by the Supervisory Board as the auditor of POLYTEC Holding AG's financial statements and consolidated financial statements for the 2023 financial year. This proposal was approved with the necessary majority at the 23rd Ordinary Annual General Meeting held on 9 June 2023. In 2023, total expenses for auditing purposes amounted to EUR 308 k (2022: EUR 273 k). A more detailed breakdown of these expenses into the single fields of activity is available in the notes to the consolidated financial statements.

Hörsching, 5 April 2024

The Board of Directors of POLYTEC Holding AG

Markus Huemer
Chairman of the Board of Directors – CEO/COO

Peter Bernscher
Deputy Chairman of the Board of Directors – CCO

Markus Mühlböck
Member of the Board of Directors – CFO

CHANGES AFTER THE REPORTING DATE

As part of the refinancing of significant promissory note loans of POLYTEC Holding AG in the past financial year, Huemer Invest GmbH, a company affiliated with the Chairman of the Supervisory Board, Mr. Friedrich Huemer, reached an agreement with Raiffeisenlandesbank Oberösterreich at the beginning of 2024 to acquire the fixed assets of POLYTEC Immobilien GmbH, essentially consisting of the plant or property in Hörsching, to a purchase price of at least EUR 20 million. The conclusion of the purchase and assignment agreement for the acquisition of the shares in POLYTEC Immobilien GmbH at an enterprise value of EUR 21 million by Huemer Immobilien GmbH will take place in April 2024. A total of EUR 20 million was paid to the POLYTEC GROUP in January 2024 to pre-finance the purchase price.

REPORT OF THE SUPERVISORY BOARD

OF POLYTEC HOLDING AG FOR THE 2023 FINANCIAL YEAR

Dear Shareholders,

stin the year under review, the POLYTEC Holding AG Supervisory Board performed the duties incumbent upon it by law, the Articles of Association and the rules of procedure, was involved in fundamental decisions at an early stage and advised the Board of Directors. In the past financial year, as part of the ongoing reporting to the Chairman of the Supervisory Board, as well as in all meetings, on the basis of detailed reports the Board of Directors of POLYTEC Holding AG regularly informed the Supervisory Board and its committees about the business and financial situation, the course of business and the position of the company including its group affiliates.

Individual areas were dealt with in depth in the committees established by the Supervisory Board, which in turn reported to the full Supervisory Board on their activities. The Supervisory Board was thus constantly in a position to review the management of the company in a well-founded manner and support the Board of Directors in fundamental decisions. The Supervisory Board carried out the tasks required of it by law and the Articles of Association in compliance with the Austrian Corporate Governance Code in its current version.

The Supervisory Board held a total of four ordinary and two extraordinary meetings in the year under report, during which individual members also participated by videoconference on a case-by-case basis.

FULFILMENT OF DUTIES

In addition to the current issues emanating from the monitoring of the Board of Directors and the development of the company, the Supervisory Board focused on the economic impact of the ongoing upheavals in the automotive industry towards e-mobility, in the 2023 financial year.

The Board of Director's reporting also focused on the high requirements resulting from technologically demanding new orders with a noticeable impact on the net assets and results of operations of individual plants and the cost increases, which were mainly due to inflation. Other key topics of the meeting were updates on the sustainability strategy and new due diligence obligations with regard to the supply chains of the POLYTEC Group, the refinancing of major promissory note loans and the change in the Board of Directors of POLYTEC Holding AG in the middle of the year.

AUSTRIAN CORPORATE GOVERNANCE CODE

During the 2023 financial year, the committees created in accordance with the Austrian Corporate Governance Code (ÖCGK) (Audit and Nomination Committees) convened as required. The meetings focused mainly on the discussion of the ongoing OePR review and the adoption of resolutions regarding significant business transactions and measures.

The POLYTEC Holding AG Supervisory Board, which consists of a total of five capital representatives, is committed to compliance with the ÖCGK. Four out of five members of the Supervisory Board are not independent according to the definitions of the ÖCGK. With the exception of four deviations, which are presented in the consolidated corporate governance report, all of the ÖCGK C-Rules are complied with.

REMUNERATION POLICY AND REPORT

Following the entry into force of the 2019 Austrian Stock Corporation Act Amendment Act, in the 2020 financial year, the Supervisory Board and the Board of Directors of POLYTEC Holding AG established a new remuneration policy, which was adopted by the necessary majority at the 20th Annual General Meeting on 7 August 2020.

The remuneration policy must be submitted to the Annual General Meeting for a vote in accordance with sections 78b (1) and 98a of the Austrian Stock Corporation Act (AktG) at least every fourth financial year. The revised remuneration policy will be put to a vote at the 24th Annual General Meeting on 21 June 2024.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The auditor appointed for the 2023 financial year, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, audited the annual financial statements and the management report, the consolidated financial statements including the POLYTEC Holding AG group management report and both the consolidated non-financial report and the consolidated corporate governance report for the 2023 financial year. The auditor issued an unqualified audit opinion for both the separate financial statements and the consolidated financial statements of POLYTEC Holding AG for 2023.

On the basis of this audit, in addition to the explanation of particularly important audit matters, amongst other matters it was confirmed that the annual financial statements and the consolidated financial statements comply with the statutory provisions and give a true and fair view of the net assets and financial position as at 31 December 2023, as well as of the earnings for the financial year ending on this date.

In accordance with the auditor's assessment, the annual financial statements have been drawn up in accordance with the stipulations of Austrian company law and the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as applied in the EU (IFRS) and the additional requirements pursuant to § 245a UGB (Austrian Commercial Code).

In its meeting on 11 April 2024, the audit committee of the Supervisory Board dealt in detail with the annual financial statements including the management report, the consolidated financial statements together with the group management report including the non-financial statement and the audit reports of the auditor and discussed the results of the audit with the auditor.

Based on its examination, the audit committee endorsed the auditor's findings. The audit committee of the Supervisory Board reported to the Supervisory Board in accordance with § 92 Austrian Stock Corporation Act (AktG) on the results of the audit and the effects upon the financial reporting, as well as on the additional reporting of the auditor in accordance with Art. 11 of Regulation (EU) No. 537/2014 (Statutory Audit Regulation).

The Supervisory Board took note of and approved the annual financial statements together with the management report and the consolidated financial statements including the consolidated non-financial report and concurs with the results of the audit of the annual financial statements and the consolidated financial statements.

The Supervisory Board approves the annual financial statements for 2023, which are thus adopted in accordance with § 96 (4) Austrian Stock Corporation Act (AktG). The Supervisory Board agreed with the recommendation of the audit committee and will propose to the Annual General Meeting that KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, be appointed as auditors for the 2024 financial year.

The Supervisory Board agrees with the Board of Directors to propose to the Annual General Meeting that no dividend to be paid for the 2023 financial year.

Despite the unsatisfactory business development in the 2023 financial year, on behalf of the Supervisory Board, I would like to thank the Board of Directors and all POLYTEC GROUP employees for their performance and tireless commitment. I would also like to thank the shareholders and customers of the POLYTEC GROUP for the trust they have placed in us.

Hörsching, in April 2024

Friedrich Huemer
Chairman of the Supervisory Board

FINANCIALS 2023

POLYTEC

GROUP MANAGEMENT REPORT

BUSINESS DEVELOPMENT AND ECONOMIC SITUATION

1. AUTOMOTIVE INDUSTRY DEVELOPMENT IN 2023

REGISTRATIONS OF NEW CARS IN THE MAJOR INTERNATIONAL MARKETS

in units	2023	Share	2022	Share	Change	2021
China	25,798,000	47.7%	23,240,500	48.1%	11.0%	21,122,900
USA	15,457,400	28.6%	13,734,200	28.5%	12.5%	14,947,000
Europa (EU, EFTA and UK)	12,847,500	23.7%	11,294,500	23.4%	13.8%	11,774,800
Total three major markets	**54,102,900**	**100%**	**48,269,200**	**100%**	**12.1%**	**47,844,700**
Other selected countries						
India	4,101,700		3,792,400		8.2%	3,082,400
Japan	3,992,700		3,448,300		15.8%	3,675,700
Brazil	2,180,200		1,960,500		11.2%	1,977,100
Mexiko	1,360,100		1,084,600		25.4%	-

In 2023, the global automotive markets once again recorded significant growth. Overall, new registrations amounted to 86.4 million passenger cars, an increase of around 9% compared to 2022. In the three main markets of the automotive industry, China, the USA and Europe (EU, EFTA and UK), the number of newly registered passenger cars rose by as much as 12.1%.

When assessing these data, however, it must be considered that relatively few vehicles were sold worldwide in the reference year 2022. The significantly higher sales figures – especially in Europe (EU, EFTA and UK) and the USA – are therefore less due to increased demand than to higher production figures after the previous years, which were marked by supply bottlenecks. Overall, the business setting for the automotive industry remained challenging once again in 2023: geopolitical uncertainties as well as high energy and consumer prices led to subdued aggregate demand and moderate economic growth, especially in Europe.

China breaks new records

With 25.8 million new registrations or an increase of 11.0%, China reported a new registration record in 2023: Never had more cars been sold in China within a year. As a result, the Chinese passenger car market bucked the general trend of declining macroeconomic momentum. In December 2023, growth was 24.0% with 2.8 million passenger cars sold, marking another record: There were never ever so many new vehicles registered in China in just one month. However, the growth in China was mainly in the volume segment, in which European premium manufacturers play only a subordinate role. The situation in the electric segment is different. Here, German manufacturers were able to increase their sales in China by around 49% in 2023, growing twice as fast as the overall market.

Robust growth in the USA

Meanwhile, the U.S. market for light vehicles (passenger cars and light duty trucks) also developed positively. Specifically, sales figures rose by 12.4% year-on-year, with a total of almost 15.5 million vehicles sold. However, new registrations were still around 9% below the level of the pre-crisis year 2019.

REGISTRATIONS OF NEW CARS IN EUROPE (EU, EFTA AND UK)

in units	2023	Share	2022	Share	Change	2021
Germany	2,844,600	22.1%	2,651,400	23.5%	7.3%	2,622,100
United Kingdom	1,903,100	14.8%	1,614,100	14.3%	17.9%	1,647,200
France	1,774,700	13.8%	1,529,000	13.5%	16.1%	1,659,000
Italy	1,565,300	12.2%	1,316,900	11.7%	18.9%	1,458,000
Spain	949,400	7.4%	813,400	7.2%	16.7%	859,500
Other European countries	3,810,400	29.7%	3,369,700	29.8%	13.1%	3,529,000
EUROPA (EU, EFTA and UK)	**12,847,500**	**100%**	**11,294,500**	**100%**	**13.8%**	**11,774,800**

Muted recovery in Europe

In Europe (EU, EFTA and UK), 12.9 million new cars were registered in 2023, 13.8% more than in the previous year. However, the market was still around 19% below the pre-crisis level in 2019, which indicates a significantly slower recovery of the European car market after the coronavirus pandemic compared to other sales regions. Specifically, the change in new registrations in the most important European countries was as follows: Italy +18.9%, United Kingdom +17.9%, Spain 16.7%, France +16.1% and Germany +7.3%.

In December 2023, only 1.0 million new vehicles were registered in Europe (EU, EFTA and UK), 3.8% fewer than in the same month last year. The weak German market was the main reason for the decline. Significantly fewer cars were sold here than in December 2022, particularly in the electric segment, where special effects from the significant reduction or cancellation of the environmental bonus for BEVs and PHEVs at the turn of the year had an impact. As a result, new registrations in Germany fell by 23.0% in December. December sales developed significantly better in the four other major individual European markets of France (+14.5%), Spain (+10.6%), the United Kingdom (+9.8%) and Italy (+5.9%).

India claims fourth place

Compared to other major sales markets, India recorded slightly lower growth of 8.2%. Nevertheless, the subcontinent was once again able to maintain its fourth place among the world's largest sales markets. A total of 4.1 million new passenger cars were registered in 2023.

Dynamic development in Japan

Meanwhile, the Japanese passenger car market developed particularly dynamically. In the course of 2023, new registrations rose by 15.8% to around 4.0 million.

Positive trend in Brazil and Mexico

In Brazil, sales of light vehicles rose to almost 2.2 million in the course of 2023. This is 11.2% more than in 2022. Growth was even more pronounced in the Mexican market. With around 1.4 million units sold, new registrations achieved an impressive increase of 25.4%.

Russia no longer on the radar

As a result of Russia's war of aggression against Ukraine and economic sanctions against Russia, reliable data is no longer available. However, as was the case in 2022, new registrations are expected to decline significantly in 2023.

REGISTRATIONS OF NEW CARS IN EUROPE (EU, EFTA AND UK) BY DRIVE TECHNOLOGY

in units	2023	Share	2022	Share	Change	2021
Petrol-driven cars	4,586,300	35.7%	4,142,300	36.7%	10.7%	4,738,800
Diesel-driven cars	1,533,800	11.9%	1,638,000	14.5%	-6.4%	2,074,100
Hybrid electric vehicles (HEV)	3,397,400	26.5%	2,647,900	23.4%	28.3%	2,433,000
Battery electric vehicles (BEV)	2,019,400	15.7%	1,574,600	13.9%	28.2%	1,217,900
Plug-in hybrid electric cars (PHEV)	989,900	7.7%	1,014,400	9.0%	-2.4%	1,042,000
Other alternatively powered vehicles (APV)	320,700	2.5%	277,300	2.5%	15.7%	269,800
EUROPA (EU, EFTA and UK)	**12,847,500**	**100%**	**11,294,500**	**100%**	**13.8%**	**11,775,600**

Another strong growth in electric cars in Europe

With a share of 15.7% of all newly registered passenger cars, more battery electric vehicles (BEVs) were registered in Europe (EU, EFTA and UK) in 2023 for the first time than those with diesel engines (11.9%). Behind petrol-driven cars (35.7%) and hybrid-electric cars (26.5%), BEVs ranked third among new registrations in this market. Overall, for the first time, more new passenger cars with (partially) electric drive technologies were sold in 2023 than vehicles with conventional combustion engines. This is not least due to a significant decline of 6.4% in new registrations of diesel cars.

Overall, the development shows that the trend towards more electric mobility in Europe is likely to continue, even though sales of new battery electric cars fell in December 2023 for the first time since the outbreak of the corona pandemic in Europe in April 2020. Specifically, the decline was 25.4% to 205,980 units. This decline is due to comparatively high sales of BEVs in December 2022 as well as a significant decline in Germany (-47.6%), the largest market for this drive technology. Nevertheless, the total volume of newly registered BEVs for the full year exceeded the 2 million unit mark, an increase of 28.2% compared to 2022.

Growth of hybrid electric cars was similarly dynamic in 2023. Specifically, this segment recorded an increase of 28.3% to 3.4 million units. New registrations of petrol cars still rose by 10.7% to 4.6 million units, while sales of diesel vehicles (-6.4% to 1.5 million units) and plug-in hybrid electric cars (-2.4% to 1.0 million units) recorded significant declines. This was mainly due to significantly lower registrations in two key European markets: 51.5% fewer vehicles of this type were sold in Germany and 28.2% fewer diesel vehicles were sold in France compared to the previous year.

China remains the undisputed number 1

Around 10 million purely electrically powered passenger cars and light commercial vehicles were sold worldwide in 2023. Compared to 2022, this corresponds to growth of around 29%. With a market share of around 57% or 5.1 million vehicles, China once again took first place in terms of new registrations in this vehicle segment, even though growth in China (around 21%) lagged behind that of Europe (EU, EFTA and UK; +28%) and the USA (+50%). Meanwhile, China has also recently massively increased its production capacities. In 2023, four Chinese OEMs were among the world's six largest manufacturers of electric vehicles: BYD, SAIC, Geely and GAC.

REGISTRATIONS OF NEW COMMERCIAL VEHICLES IN EUROPE (EU, EFTA AND UK)

in units	2023	Share	2022	Share	Change	2021
Light commercial vehicles <3.5 t	1,872,500	81.5%	1,620,300	81.7%	15.6%	1,982,000
Medium commercial vehicles >3.5 t to <16 t	67,600	2.9%	54,900	2.8%	23.1%	63,300
Heathy commercial vehicles >16 t	317,200	13.8%	275,800	13.9%	15.0%	279,200
Medium heavy buses & coaches >3.5 t	39,900	1.8%	32,600	1.6%	22.4%	35,800
EUROPA (EU, EFTA and UK)	**2,297,200**	**100%**	**1,983,600**	**100%**	**15.8%**	**2,360,300**

New registrations of commercial vehicles reach 2021 level
With a total of 2.3 million units, new commercial vehicles were sold in Europe (EU, EFTA and UK) in 2023, 15.8% more than in 2022. After the significant decline in the previous year, new registrations thus almost returned to the level of 2021. Sales of medium commercial vehicles and buses in particular increased significantly year-on-year at +23.1% and +22.4% respectively, but both categories were at a low level.

Light commercial vehicles: E-mobility begins to move
The European market recorded a significant increase in new registrations of light commercial vehicles (+15.6%) to close under 1.9 million units. The share of diesel vehicles was 1.6 million units or 83.5%, a decrease of 2.7 percentage points compared to the previous year. At the same time, all-electric light commercial vehicles gained traction and contributed to a shift in market dynamics. Sales increased by 47.2% in 2023, increasing the market share from 6.0% in 2022 to 7.7% now.

Up 16.3% for medium and heavy commercial vehicles
New registrations of medium and heavy commercial vehicles in Europe increased by 16.3% in 2023 to a total of 411,652 units. Germany led the way with 94,820 units sold, a significant increase of 24.4%. Other major European markets also recorded double-digit growth, including Spain (+22.3%), Italy (+11.4% and France +11.3%). The European market for medium and heavy-duty vehicles was once again dominated by diesel vehicles with a share of 95.4% of all new registrations, whereas the share of purely electrically powered vehicles in this class was only 1.9%, in 2022, it was still 1.1%.

Strong growth in electric buses
Driven by tourism revived after the Covid-19 pandemic, bus and coaches' sales increased significantly. In the main European tourism destinations, growth in 2023 was a remarkable 22.3%, reaching a total of 39,944 units. The development of registrations of electric buses was particularly remarkable. In Europe, a total of 7,242 new all-electric buses were registered in 2023, 47.4% more than in 2022. They thus achieved a market share of 18.1%. Despite the increasing popularity of alternatively powered buses, the share of diesel-driven vehicles in this category remained high at 63.4%.

Sources: German Automotive Industry Association (VDA), the European Automobile Manufacturers Association (ACEA), "Automobilwoche", S&P Global, and Raiffeisen Research

2. GROUP BUSINESS DEVELOPMENT AND STATUS

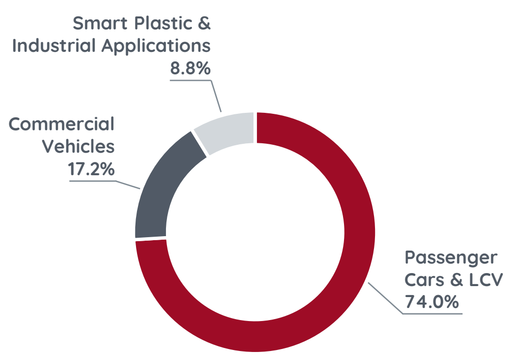
SALES REVENUES

Consolidated sales revenues of the POLYTEC GROUP amounted to EUR 636.0 million in the 2023 financial year, up 5.8% or EUR 34.6 million on the previous year (EUR 601.4 million).

At the beginning of the 2023 financial year, the management of the POLYTEC GROUP still assumed a higher sales target in its outlook for the full year. The market recovery and numerous new project ramp-ups also led to significantly higher sales figures in the first half of the year compared to the same period of the previous year. In contrast, short-term reductions in call-off volumes occurred in the third quarter. Due to the slowdown in sales growth, the originally expressed sales expectation was withdrawn.

SALES REVENUES BY MARKET AREA

in EUR m	2023	Share	2022	2021
Passenger Cars & Light Commercial Vehicles	470.6	74.0%	443.8	390.2
Commercial Vehicles	109.5	17.2%	99.6	92.4
Smart Plastic & Industrial Applications	55.9	8.8%	58.0	73.3
POLYTEC GROUP	**636.0**	**100%**	**601.4**	**555.9**



In the Passenger Cars & Light Commercial Vehicles market area, sales revenue increased by 6.0% or EUR 26.8 million to EUR 470.6 million in the 2023 financial year (previous year: EUR 443.8 million). At 74.0%, the share of the market area with the highest turnover for the POLYTEC GROUP remained at the high level of the previous year (73.8%).

Sales revenue in the Commercial Vehicles market area increased by 9.9% or EUR 9.9 million to EUR 109.5 million compared to the 2022 financial year and has thus been back in the triple-digit range since 2020. The Commercial Vehicles market area's share of total Group sales rose from 16.6% to 17.2%.

Sales in the Smart Plastic & Industrial Applications market area declined slightly by 3.6% or EUR 2.1 million from EUR 58.0 million to EUR 55.9 million in the 2023 financial year. As in the previous year, call-offs from a key customer remained below expectations during 2023. The growth in other customers in this market area was not able to compensate for the decline. The share of the Smart Plastic & Industrial Applications market area in the POLYTEC GROUP's consolidated sales revenues was 0.8 percentage points lower at 8.8% (previous year: 9.6%).

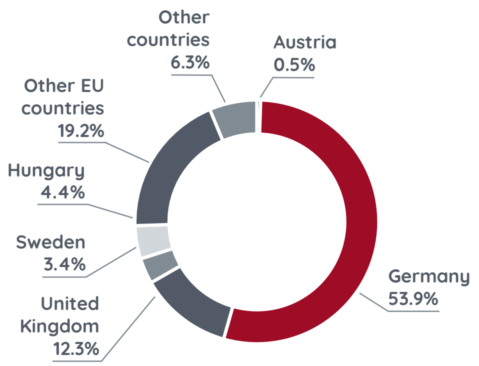
SALES REVENUES BY CATEGORY

in EUR m	2023	Share	2022	2021
Parts and other sales revenues	550.8	86.6%	517.1	489.7
Tooling and other engineering sales revenues	85.2	13.4%	84.3	66.2
POLYTEC GROUP	**636.0**	**100%**	**601.4**	**555.9**

Compared to the previous year, the POLYTEC GROUP recorded an increase of 6.5% or EUR 33.7 million to EUR 550.8 million in serial production. At EUR 85.2 million, tooling and other engineering sales revenues were on a par with the previous year's high level, as a result of the increased order intake.

SALES REVENUES BY REGION

in EUR m	2023	Share	2022	2021
Austria	3.1	0.5%	4.2	36.7
Germany	343.0	53.9%	350.8	319.4
United Kingdom	78.3	12.3%	68.0	45.7
Sweden	21.6	3.4%	20.1	23.3
Hungary	27.8	4.4%	25.5	24.1
Other EU countries	122.2	19.2%	93.2	78.0
Other countries	39.9	6.3%	39.6	28.7
POLYTEC GROUP	**636.0**	**100.0%**	**601.4**	**555.9**



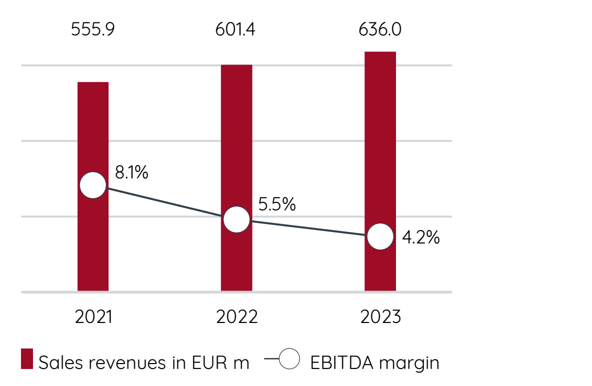
The breakdown of sales by region is determined on the basis of customer locations. In Germany, sales decreased slightly by 2.2% or EUR 7.8 million compared to the previous year, but at EUR 343.0 million or 53.9% it was the country with the highest turnover for the POLYTEC GROUP. The other EU countries and the United Kingdom recorded the most significant increases compared to the previous year.

EARNINGS DEVELOPMENT

GROUP EARNINGS FIGURES

	Unit	2023	Change	2022	2021
Sales revenues	EUR m	636.0	5.8%	601.4	555.9
EBITDA	EUR m	26.6	-19.8%	33.2	44.8
EBITDA margin (EBITDA/sales revenues)	%	4.2%	-1.3%-pts.	5.5%	8.1%
EBIT	EUR m	-6.7	N/A	0.7	12.3
EBIT margin (EBIT/sales revenues)	%	-1.1%	-1.2%-pts.	0.1%	2.2%
Earning after tax	EUR m	-14.1	N/A	-2.2	7.0
Average capital employed	EUR m	312.5	-4.2%	326.3	330.7
ROCE before tax (EBIT/average capital employed)	%	-2.2%	-2.4%-pts.	0.2%	3.7%
Earnings per share	EUR	-0.64	N/A	-0.10	0.32
Dividend per share (proposal to the AGM)	EUR	0.00	-100.0%	0.10	0.10

SALES REVENUES AND EBITDA MARGIN DEVELOPMENT



MATERIAL EXPENSES

In line with the development of production volumes, material costs were significantly higher in the first half of the year than in the second half of the year. The POLYTEC GROUP's material expenses totalled EUR 337.6 million in the 2023 financial year, on a par with the high level of the previous year (EUR 334.4 million). The material ratio (material expenses/sales revenues) was 53.1%, a decrease of 2.5 percentage points compared to the previous year (55.6%).

PERSONNEL EXPENSES

In the 2023 financial year, the personnel expenses of the POLYTEC GROUP increased significantly by 15.0% or EUR 28.5 million from EUR 189.7 million to EUR 218.2 million as a result of the higher number of employees and the wage increases in accordance with the collective bargaining agreement. The personnel ratio (personnel expenses/sales revenues) rose by 2.8 percentage points to 34.3% (previous year: 31.5%), despite higher sales.

EBITDA

POLYTEC GROUP EBITDA in the 2023 financial year amounted to EUR 26.6 million (2022: EUR 33.2 million). The EBITDA margin decreased by 1.3 percentage points year-on-year, from 5.5% to 4.2%.

The successful order acquisitions of previous years led to an aggregation of new ramp-ups in the course of the 2023 financial year, especially at two plants. These, together with the delays in the delivery of urgently needed new production facilities, weighed on operational efficiency.

The measures introduced during the summer to improve operational efficiency had a positive impact, but significant further costs due to additional shifts, increased headcount and other special expenses had a negative effect on the Group's earnings position throughout the 2023 financial year.

AMORTISATION AND DEPRECIATION

Amortisation and depreciation of EUR 33.4 million were slightly above the previous year's level (EUR 32.5).

EBIT

The EBIT of the POLYTEC GROUP amounted to minus EUR 6.7 million in the 2023 financial year (previous year: EUR 0.7 million) and was thus in negative territory for the first time since the "Lehman year" of 2009. The EBIT margin declined by 1.2 percentage points year-on-year, from 0.1% to minus 1.1%. The fact that achieving a positive operating result for the entire 2023 financial year is a challenge was repeatedly pointed out by the management of the POLYTEC GROUP in the quarterly reports during the year.

FINANCIAL AND GROUP RESULT

The POLYTEC GROUP's financial result totalled minus EUR 9.1 million (previous year: minus EUR 3.1 million), the increase being a result of higher interest rates. Earnings after tax amounted to minus EUR 14.1 million (previous year: minus EUR 2.2 million). Earnings per share amounted to minus EUR 0.64 (previous year: minus EUR 0.10). The Management Board and Supervisory Board of POLYTEC Holding AG will propose to the Annual General Meeting that no dividend be paid for the 2023 financial year.

ASSETS AND FINANCIAL STATUS

INVESTMENTS

in EUR m	2023	Change	2022	2021
Investments in fixed assets	22.4	-6.8%	24.0	36.0

In 2023, investments in fixed assets decreased by 6.8% or EUR 1.6 million to EUR 22.4 million compared to the previous year, which was well below the level of depreciation.

KEY GROUP BALANCE SHEET AND FINANCIAL FIGURES

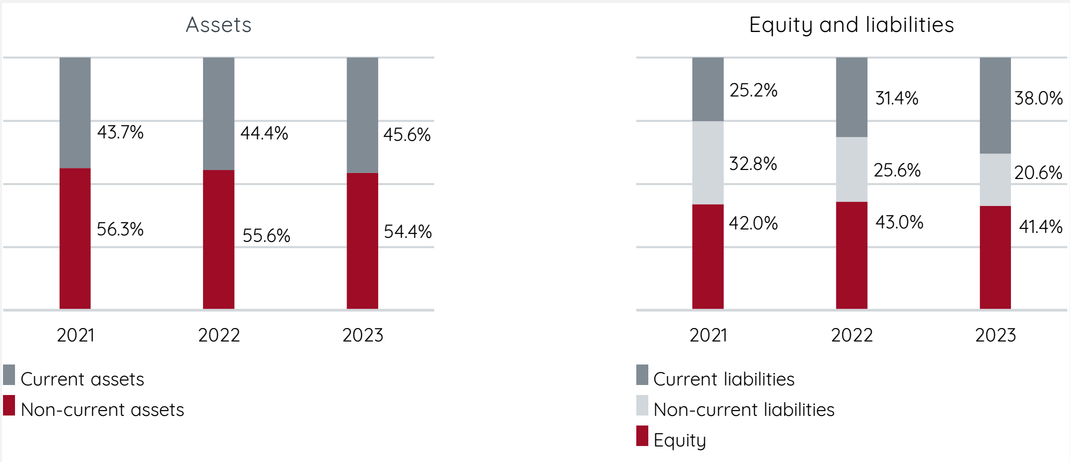
in EUR m	31.12. 2023	Change	31.12. 2022	31.12. 2021
Equity	220.5	-7.0%	237.1	238.9
Equity ratio (equity/ total assets) in %	41.4%	-1.6%-pts.	43.0%	42.0%
Balance sheet total	533.0	-3.3%	551.2	568.5
Net working capital[1]	64.0	19.3%	53.6	65.4
Net working capital/ sales revenues in %	10.1%	1.2%-pts.	8.9%	11.8%

[1] Net working capital = current non-financial assets minus current non-financial liabilities

The Group's balance sheet total amounted to EUR 533.0 million as at 31 December 2023, a decrease of EUR 18.2 million or 3.3% compared to the previous year's balance sheet date. The equity ratio was 41.4% as of the 2023 balance sheet date, 1.6 percentage points lower than in the previous year, and has been at a solid level for many years.

Net working capital increased by EUR 10.4 million or 19.3% to EUR 64.0 million compared to the 2022 balance sheet date. This was mainly due to the increase in revenues from contracts with customers and inventories.

BALANCE SHEET STRUCTURE OF THE POLYTEC GROUP



	Unit	31.12.2023	Change	31.12.2022	31.12.2021
Net debt (+)/assets (-)	EUR m	79.5	33.1%	59.8	79.6
Net debt (+)/assets (-)/EBITDA	Years	2.98	65.6%	1.80	1.78
Gearing (net debt (+)/assets (-)/equity)	-	0.36	44.0%	0.25	0.33

Net debt increased by 33.1% or EUR 19.8 million to EUR 79.5 million compared to the balance sheet date of 31 December 2022. While net debt remained at the previous year's level, current and non-current contract assets decreased significantly, resulting in the increase in net debt.

The notional debt repayment period grew from 1,80 to 2.98 years. The gearing ratio increased from 0.25 to 0.36 compared to the end of 2022.

CASH FLOW

in EUR m	2023	2022	2021
Cash flow from operating activities	33.4	33.7	25.4
Cash flow from investing activities	-21.1	-21.4	-25.0
Cash flow from financing activities	-17.7	-26.8	-21.0
Change in cash and cash equivalents	-5.3	-14.6	-20.5
Closing balance of cash and cash equivalents	49.6	55.1	69.7

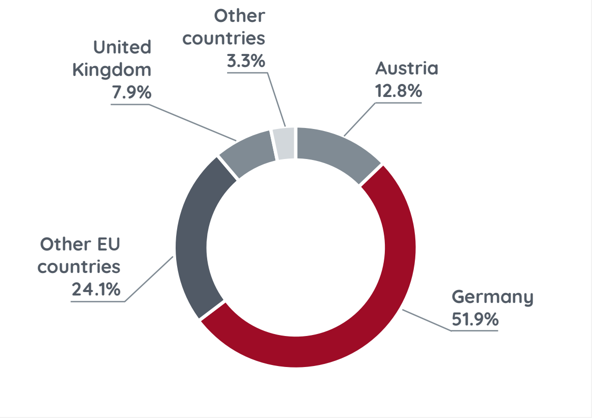
In the 2023 financial year, cash flow from operating activities decreased only marginally from EUR 33.7 million to EUR 33.4 million. Cash flow from financing activities amounted to minus EUR 17.7 million (previous year: minus EUR 26.8 million). The decrease was mainly due to the lower balance of borrowing and repayment compared to the previous year and amounted to minus EUR 8.7 million (minus EUR 14.9 million)

On the 31 December 2023 balance sheet date, the POLYTEC GROUP disposed over cash and cash equivalents of EUR 49.6 million. As a result of proactive cash flow management, payment flows could be flexibly adjusted and optimised to meet both internal and external requirements at any time.

EMPLOYEES

The average number of employees (including leasing personnel, in full time equivalents - FTE) of the POLYTEC GROUP and their geographic spread in the last three years were as shown below:

in FTE	2023	Share	2022	2021
Austria	496	12.8%	463	479
Germany	2,015	51.9%	1,825	1,763
Other EU countries	938	24.1%	846	925
United Kingdom	306	7.9%	277	314
Other countries	129	3.3%	125	104
POLYTEC GROUP	**3,884**	**100%**	**3,536**	**3,585**
Sales revenues per employee in EUR k	163.7		170.1	155.1



Due to a high number of new project ramp-ups, average group workforce numbers (including leasing personnel) increased by 348 people (FTE) or 9.8% year-on-year, from 3,536 to 3,884. The average leasing personnel quota totalled 15.3% (previous year: 10.8%). At EUR 163.7 k, revenue per employee (including leasing personnel) was below the previous year's level (EUR 170.1 k).

As at 31 December 2023, the POLYTEC GROUP employed 3,835 people (FTE including leasing personnel). The number of employees was thus 9.3% or 325 higher than in the previous year (3,510 employees).

3. REPORT ON PROBABLE GROUP DEVELOPMENT AND RISKS

OUTLOOK FOR THE DEVELOPMENT OF THE AUTOMOTIVE INDUSTRY

Even though inflation, which has risen sharply because of the war in Ukraine, has fallen significantly in recent months, high inflation is likely to remain a dominant issue in 2024 and have a negative impact on the development of the global economy. Many consumers remain cautious in their consumer behaviour. This has a particular impact on the automotive industry. Demand for new cars was already low in 2023 compared to the years before the corona pandemic. Rather, the increase in sales in 2023 was due to the upheavals in supply chains in previous years.

The reasons behind the lack of demand can be found above all in the sluggish economic development. In Europe in particular, economic growth is likely to pick up only slowly in the coming years. On the production side, repeated terrorist attacks on cargo ships in the Red Sea again caused supply problems. Around 20% of world trade passes through the Suez Canal on this shipping route. Car manufacturers such as Tesla, Volvo or Suzuki had to temporarily stop their production in Europe at the beginning of 2024 due to a lack of deliveries. Further developments in this conflict are uncertain at the time of writing this report.

According to S&P Global, global demand for passenger cars is expected to be around 88.6 million units in 2024. This represents an increase of around 3% compared to 2023. By 2027, growth should be in a similar range or lose momentum slightly. The outlook for China (+4.4%) looks somewhat better, while the authors of the study forecast growth of only 2.2% for the USA and 2.3% for Europe.

Meanwhile, the electric segment is likely to face particular challenges. Here, experts expect a noticeable decline in growth. One of the reasons for this is the high acquisition costs of electric cars. Some manufacturers, including Tesla, Volkswagen and BYD, therefore lowered their list prices in winter 2023 and spring 2024 and announced additional discounts and incentives. Some industry insiders see this as a very dangerous development that could lead to a negative price spiral.

Another determining factor for the slowdown in momentum in the electric segment is the expiry of the government premium for electric cars in Germany at the beginning of 2024. In total, the German government withdrew a promotional volume of EUR 270 million from the market, which is likely to have a negative impact on the purchasing mood of German fleet managers and consumers. Germany's goal of putting 15 million fully electric cars on the road by 2030 is therefore unlikely to be achievable. Analysts assume a maximum of 10 million vehicles.

Against this backdrop, many companies in the industry see themselves under pressure. At the end of 2023, a major German automotive group announced a massive savings program with a volume of around EUR 1 billion for 2024 alone. In addition to personnel costs, massive savings in production and materials are also to be made here. Meanwhile, the situation among suppliers is also tense, with well-known companies already announcing massive job cuts. The reasons for this are mainly to be found in failures related to the timely transformation towards e-mobility, but also in increasing price pressure.

Sources: German Automotive Industry Association (VDA), „Automobil-woche“ and S&P Global

OUTLOOK FOR THE GROUP‘S EARNINGS DEVELOPMENT

From today's perspective, the management of POLYTEC Holding AG expects planned consolidated sales revenues in the range of EUR 660 million to EUR 710 million for the 2024 financial year and is targeting an EBIT margin of around 2% to 3%.

The rising sales trend will be strengthened by the ramp-up of new projects, which are a consequence of the high order intakes of previous years.

In the 2024 financial year, the POLYTEC GROUP expects passenger car production figures for Europe to be roughly at the previous year's level. While the production of heavy commercial vehicles is expected to decline slightly, the call-off figures are expected to rise in the Smart Plastic & Industrial Applications market area.

However, the achievement of this outlook is subject to uncertainty. The automotive industry continues to be characterised by a volatile market environment, uncertain demand, and the general transformation towards e-mobility.

The earnings situation of the POLYTEC GROUP in the 2024 financial year will be negatively impacted by the high level of wage and material costs, which have already been taken into account in the outlook. Measures introduced in the previous year to increase operational efficiency, especially for two plants, are already showing improvements. However, their full implementation may still take time. Overall, an improvement in earnings is expected in the first quarter of 2024 after an EBIT of minus EUR 7 million in the second half of 2023.

In the medium-term, the POLYTEC GROUP considers itself to be in an extremely solid strategic position with regard to its ability to transform the changes in the automotive sector into increasing economic success for itself. The high volume of new orders received in recent financial years indicates that with its product portfolio, particularly in the area of e-mobility, but also outside the automotive sector, the POLYTEC GROUP possesses an excellent market standing and can face the future with confidence.

4. RISK REPORTING AND FINANCIAL INSTRUMENTS

Within the scope of its business activities, the POLYTEC GROUP is subject to a variety of risks, which relate directly to entrepreneurial transactions. Risk management is therefore an integral part of POLYTEC's strategy and all of its business processes.

The upheavals in the automotive industry towards e-mobility are in full swing. The price war and market displacement are becoming increasingly noticeable and pose significant challenges for European companies in particular in the medium and long term.

Although the availability of materials has improved, production disruptions and irregular customer call-offs can occur again at any time in connection with uncertain geopolitical conditions.

Even if inflation rates are declining again, the still high interest rate level represents a massive financial burden for companies and private individuals. Low or even declining consumer behaviour represents a great deal of uncertainty for a number of industries – including the automotive industry.

Climate change and other environmental pressures pose an increasing global threat in a wide variety of areas. Accordingly, companies are particularly faced with the challenge of improving their energy and resource efficiency. The pursuit of these goals is also becoming increasingly important in the automotive supply industry.

It is also unclear how the supply of fossil fuels for energy production in Europe can be secured in the medium and long term, in particular due to the decline in supplies from Russia, and how timely alternative energy sources will be available under economic conditions.

The risks associated with the war in Ukraine and the current unrest in the Middle East and their possible geopolitical consequences are difficult to assess in the medium term.

At present, it is thus impossible to fully assess how significant the influence of the aforementioned risks and uncertainties will be upon the sales and earnings development of the POLYTEC GROUP in the future and whether any further risks and uncertainties will arise. Whatever the case, the management is monitoring developments closely and has initiated numerous measures to keep the financial impact upon the POLYTEC GROUP to a minimum.

With regard to detailed risk reporting, reference is made to the explanations in item G. 2 of the notes to the consolidated financial statements, in order to avoid textual redundancies.

5. RESEARCH AND DEVELOPMENT REPORT

In the 2023 financial year, the POLYTEC GROUP spent around EUR 620 k on research and development activities (previous year: EUR 553 k).

The development of new products and applications, primarily for the automotive industry, constitutes one of the POLYTEC GROUP's key competences. As a strategic cornerstone, it is an integral part of the group's foundations and over the past decades has made a major contribution to its success. Moreover, the requirements of the group's long-term customers represent the constant focal point of the numerous and labour-intensive, new and further developments.

The POLYTEC GROUP endeavours to impress its customers proactively at any early stage with innovative applications and technology combinations, as well as complete product and manufacturing concepts, which are also aimed at strengthening group competitiveness. In this connection, the group does not think in terms of technologies, but rather solutions and thus convinces during the engineering phase with an imposing depth of value added that extends from material production and concept development to simulation. POLYTEC's engineering staff develop and plan innovative solutions in a diversity of plastic technology areas on the basis of comprehensive experience and profound specialist knowledge.

In combination with the latest production know-how, an enormous diversity of materials and processes ranging from injection moulding and various fibre composites to polyurethane applications enables the POLYTEC GROUP to supply its customers with tailor-made solutions that offer top quality at an attractive price-performance ratio. Apart from the integration of an increasing number of functions in plastic parts and the ongoing expansion of the possibilities for the substitution of metals, the development of new materials and processes aimed at making plastic parts still lighter and more stable represents one of the POLYTEC GROUP's core activities.

The experience gathered by POLYTEC during the manufacture of highly complex vehicle parts and systems can also be utilised in the Smart Plastic & Industrial Applications area. Not merely development, material and production know-how is involved in this connection, but also logistics, product complexity and operational excellence. Above all, this makes POLYTEC's capabilities interesting for customers seeking solutions for products subject to stringent demands regarding surfaces or strict technological requirements, as well as multi-stage production processes and complex logistical problems. In this connection, the POLYTEC GROUP possesses both the necessary competence and the required resources.

The topic of e-mobility offers clear-cut opportunities for the POLYTEC GROUP and in recent years, its development engineers have placed a special focus on the question as to which components in an e-vehicle can be manufactured from lightweight materials. This is because in view of the heavy batteries required for the drive system, e-powered vehicles should weigh as little as possible in every other regard.

In many cases, plastic components such as vehicle underbodies, battery boxes and acoustic solutions meet this demand for lightness to perfection. Conversely, the trend towards e-mobility also confronts POLYTEC with fresh challenges, as the components for e-vehicles partly require utterly different solutions to those needed by vehicles with conventional drive systems. In e-vehicles the focus is no longer on engine noise attenuation, but rather the minimisation of exterior and road noise. Therefore, concepts have to be newly evolved and developed.

6. KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE ACCOUNTING PROCESS

The Board of Directors is responsible for implementing an appropriate internal control and risk management system for the accounting process and financial reporting. Suitable organisational measures and controls ensure that all the relevant legal requirements necessary for complete, correct, timely and orderly entries in the books and other records are met.

The entire process, from procurement to payment, is subject to strict regulations and group-wide valid guidelines that are intended to prevent any related risks such as CEO fraud scenarios. These measures and rules include, among others, the separation of functions, signature directives and signatory powers for payment authorisations on an exclusively collective basis that are restricted to a small number of employees, as well as system-supported checks by the software employed.

The most important management control instrument is the planning and reporting system, which has been implemented across the group. In particular, this includes medium-term planning with a three-year horizon, annual budget planning and monthly reporting. The promptly issued monthly financial reports, which are drawn up by POLYTEC GROUP Financial Services, show the current development of all group companies. The content of these reports has been standardised throughout the group and apart from an income statement and balance sheet, also contains the main extrapolated key indicators and a deviation analysis.

The Board of Directors is constantly kept up to speed regarding all relevant issues and risks by means of the uniform, group-wide financial reporting system and ad hoc reports on major events. At its meetings, which are held at least once a quarter, the Supervisory Board is informed about current business developments, operative planning and medium-term group strategy. In special cases the Supervisory Board is also provided with direct and immediate information. Among other topics, the audit committee meetings consider the internal control and risk management.

During its twice-yearly meetings, amongst other matters the Audit Committee assesses the effectiveness of the internal control and risk management systems.

7. DISCLOSURES REGARDING CAPITAL, SHARE, VOTING AND CONTROL RIGHTS, AND ANY RELATED OBLIGATIONS PURSUANT TO § 243A OF THE AUSTRIAN COMMERCIAL CODE

As at the balance sheet date of 31 December 2023, the share capital of POLYTEC Holding AG remained unchanged at EUR 22.3 million divided into 22,329,585 bearer shares with a nominal value of EUR 1.00 each. The group has no other types of shares. All shares have been admitted to trading in the prime market segment of the Vienna Stock Exchange.

As at the balance sheet date of 31 December 2023, two stockholders held an interest of more than 10.0% of the share capital of POLYTEC Holding AG. The stockholders in question were MH Beteiligungs GmbH with 16.36% and Huemer Invest GmbH with 13.04%. In addition, the Board of Directors was not aware of any shareholders owning more than 10.0% of the share capital, as at the balance sheet date. No stockholder disposed any special rights of control.

VOTING RIGHT NOTIFICATIONS – STOCKHOLDER STRUCTURE

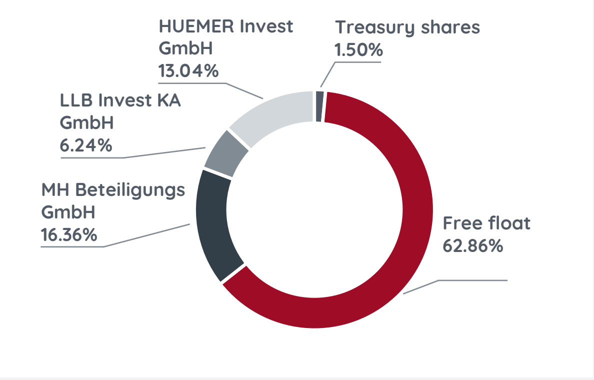
POLYTEC Holding AG received one voting right notification from shareholders pursuant to § 130 of the 2018 Austrian Stock Exchange Act (BörseG), which related to the financial year 2023.

The following table shows the voting rights of the legal entity subject to a reporting obligation following the transaction:

Personage required to provide notification	Address/State	Date	Reason	Absolute voting rights	Relative voting rights
LLB Invest Kapitalanlagegesellschaft m.b.H.	Vienna/Austria	23.08.2023	Purchase	1,392,578	6.24%

Every change in material participations about which POLYTEC Holding AG was informed after the 2023 balance sheet date can be called up from the Investor Relations, News – Major Holdings section of the company's website www.polytec-group.com.

As at 31 December 2023, on the basis of the 22,329,585 issued shares, the shareholder structure of POLYTEC Holding AG had the following form:



The current composition of the stockholder structure can be called up from the Investor Relations, Share section of the company's website www.polytec-group.com.

MANAGERS‘ TRANSACTIONS

During the 2023 financial year, POLYTEC Holding AG was informed three times of managers' transactions in accordance with Article 19 MAR and published the required notifications on these events in due time. The transactions are shown in the table below:

Person obligated to report	Position	Date	Transaction	Share volume	Price per share in EUR
MH Beteiligungs GmbH	Markus Huemer, Chairman of the Board	10.08.2023	Purchase	80,000	4.370
Markus Mühlböck	Member of the Board	10.08.2023	Purchase	2,829	4.370
Peter Bernscher	Deputy Chairman of the Board	11.08.2023	Purchase	8,120	4.355

Apart from these three events, during the 2023 financial year POLYTEC Holding AG received no further reports regarding managers' transactions from persons discharging managerial responsibilities within POLYTEC Holding AG or from persons (natural or legal) closely associated with them.

An overview of managers' transactions, including those that took place after the balance sheet date can be called up from the website of the Vienna Stock Exchange www.wienerborse.at

TREASURY SHARES

During the 2023 financial year, the company did not purchase or sell any treasury shares. On the balance sheet date of 31 December 2023, POLYTEC Holding AG thus held an unchanged total of 334,041 treasury shares, which represented a holding of roughly 1.5% of share capital. The stock market value of these shares on the balance sheet date amounted to around EUR 1.2 million (previous year: EUR 1.5 million) and their acquisition value to approximately EUR 1.9 million. The authorisation of the Board of Directors to purchase treasury shares, which is based on a resolution passed by the 23rd Annual General Meeting on 9 June 2023, remains valid until 8 December 2025.

AUTHORISED CAPITAL

Pursuant to a resolution of the 22nd Annual General Meeting on 1 July 2022, authorised capital (§ 169 of the Austrian Stock Corporation Act) was approved. Following the consent of the Supervisory Board, the Board of Directors is authorised to increase share capital by up to a nominal amount of EUR 6,698,875.00 through the issue of new shares at a minimum issue price of EUR 1.00 each for a maximum period of three years from the date of entry in the commercial register, i.e. until 10 August 2025. The issue of new shares may also be carried out with the exclusion of shareholders' subscription rights if the share capital is increased in return for a contribution in kind of companies, operations, part operations or participations in one or several companies.

OTHER INFORMATION

No indemnification agreements exist between the company and the members of the Board of Directors in the eventuality of a change in control. Equally, there are no indemnification agreements for the Supervisory Board members and employees or any other major agreements which would be affected by a change in control or a public takeover bid. There are no provisions in the Articles of Association that go beyond the statutory provisions for the appointment of members of the Board of Directors and the Supervisory Board, or are intended for amending the Articles of Association. The POLYTEC Holding AG website is entered in the company register under www.polytec-group.com

8. NON FINANCIAL DECLARATION PURSUANT TO § 267A OF THE AUSTRIAN COMMERCIAL CODE

Non-financial declaration pursuant to § 267 a of the Austrian Commercial Code (UGB) and reporting with regard to the Austrian Sustainability and Diversity Improvement Act (NaDiVeG). In accordance with the EU Taxonomy Regulation and the supplementary, delegated legal statutes, POLYTEC discloses the share of taxonomy-eligible and taxonomy-aligned group-wide revenues, investments (capital expenses, CapEx) and operating expenses (OpEx) for the financial year 2023. Furthermore, explanations regarding the Minimum Social Safeguards and Do-No-Significant-Harm criteria are provided.

BUSINESS MODEL

Founded in 1986, the POLYTEC GROUP is a leading developer and manufacturer of high-quality plastic components and has some 3,900 employees on four continents. The Austria-based company now offers its customers more than 37 years of experience and know-how, not only as a complete supplier in the injection moulding field, but also a specialist for fibre-reinforced plastics and a producer of original accessories made from plastic.

POLYTEC numbers globally renowned marques from the car and commercial vehicle industry among its customers and is also increasingly supplying markets outside this sector. In both cases, the most important criteria for success consist of innovative technologies, resource-protective processing methods, perfect quality and absolute punctuality of delivery in combination with competitive prices. In the automotive and non-automotive fields, POLYTEC provides outstanding value added depth in every segment. This entails design and project development, the production of tooling and semis for fibre composites, component simulation and examination, as well as numerous plastics processing technologies. Furthermore, POLYTEC convinces through excellent performance with regard to downstream processes such as painting, assembly and just-in-time or just-in-sequence delivery.

MATERIALITY

POLYTEC GROUP stakeholders are personages or groups that have a justified interest in the development of the enterprise. The prompt recognition of their concerns and expectations leads to important findings in connection with opportunities and risks. This information plays a significant role in the action of the POLYTEC GROUP's management.

The following external and internal stakeholders have been identified as being of relevance to group activities:

CUSTOMERS
- OEMs
- Tier 1 suppliers
- Industrial Applications clients

EMPLOYEES
- Members of the Board of Directors, CEOs and executive managers
- Blue- & white-collar employees (incl. leasing pers.)
- Employee representatives
- Recruitment market applicants

SUPPLIERS
- Suppliers of raw materials, materials, energy, etc.
- Subcontractors, suppliers for production (e.g. tooling)
- Plant and machinery manufacturers
- Services suppliers and consultants (maintenance, IT, legal matters, further education bodies)

PUBLIC SECTOR
- Legislators on a European Union, Republic of Austria, federal province and district level
- Agencies and authorities (especially for anti-trust and competition law, commerce, labour inspection, finance and taxation, financial market supervision)

CAPITAL MARKET
- Investors - the founding family Huemer
- Investors - institutional and private
- Debt capital markets
- Stock exchanges, banks and insurance companies, auditors, credit protection associations
- Analysts, proxy advisors and rating agencies
- Financial market media

OTHER STAKEHOLDERS
- Members of the Supervisory Board
- Media (specialist and social)
- NGOs (environmental, social), consumer protection
- Politicians, branch associations, trades unions, other interest group representatives
- Competitors and other market participants
- Universities, research bodies and schools
- Neighbours

IDENTIFIED MATERIAL ISSUES

A list of pertinent issues was drawn up on the basis of the POLYTEC GROUP's corporate strategy (relevance from a group perspective) taking into consideration the interests and expectations of internal and external stakeholders identified from ongoing communications. This list was then supplemented with the topics pinpointed by means of a benchmark analysis of selected competitors, customers and suppliers with the result that the following themes were defined and prioritised according to their materiality:

- Long-term economic success and value increase
- Customer advantages and satisfaction
- Enhanced cost efficiency and value added generation
- Production of top-quality, innovative plastic products
- A consistent dividend policy
- Compliance
- Work safety and occupational health protection
- Employee advancement
- Optimisation and digitalisation of company processes
- Climate and environmental protection measures (e.g. emission minimisation)
- Efficient energy use
- Resource conservation through the efficient use of raw and other materials
- Waste avoidance and reduction

Information regarding these topics is contained in this and other sections of the Management Report.

RISK REPORTING

In the course of its business activities, the POLYTEC GROUP is exposed to a large number of risks that are inextricably linked to its business activities. For the POLYTEC GROUP, risk management is an integral part of the strategy and all business processes. The extensive certifications required for an automotive supplier (e.g. IATF 16949:2016 and ISO 14001:2015) already specify corresponding regulations, compliance with which is also monitored by external audits. In accordance with the organisation of the POLYTEC GROUP, risks are managed and monitored in a decentralised and market-oriented manner, especially in the context of ongoing business processes. However, the management of financial risks is mainly carried out by the Group headquarters.

With regard to detailed risk reporting, reference is made to the explanations in Section G. 2 of the notes to the consolidated financial statements in order to avoid textual redundancies.

THE POLYTEC GROUP MISSION STATEMENT

The POLYTEC GROUP mission statement consists of the sections "Corporate Aim", "Mission" and "Identity". Whilst the first two of these have been formulated in a more general and sectorally unrestricted manner and thus reflect the long-term orientation of POLYTEC with greater clarity, the "Identity" section has been more broadly defined.

In addition to POLYTEC's tried and tested corporate values, "Identity" now includes the group's self-image in respect of topics such as sustainability, employees, cooperation, customer orientation and efficiency. This means that the principles and philosophy of the POLYTEC SOLUTION FORCE, ONE POLYTEC and POLYTEC PERFORMANCE & EXCELLENCE SYSTEM, which represent the key excellence initiatives of recent years, are also included in this fundamental document.

POLYTEC – THE MISSION STATEMENT

CORPORATE AIM
WE TRANSFORM VISIONS INTO PLASTIC SOLUTIONS

MISSION
With carefully considered plastic solutions, we create sustainable human benefits while simultaneously conserving valuable resources.

IDENTITY
POLYTEC is the specialist for innovative and complex plastic solutions.

1. **We think sustainably and have a long-term focus.**
   We actively assume our social and environmental responsibilities and make a positive contribution. We are a listed company with the founder as a strong core shareholder. We act in a future-oriented and targeted manner.

2. **We give our employees the opportunity to realise their potential.**
   We participate in design with passion and by giving meaning to both content and people, our activities at POLYTEC create added value.

3. **In the spirit of the POLYTEC SOLUTION FORCE, we pool our capabilities in order to find optimum solutions for our customers.**
   Every single employee is important in this regard.

4. **We work together as ONE POLYTEC.**
   We think in terms of a joint, cross-location company.

5. **During our day-to-day activities, we are guided by the principles of the POLYTEC PERFORMANCE & EXCELLENCE SYSTEM.**

We act with courage, professionalism and pragmatism.

POLYTEC – THE STRATEGY

Objective 1: A strengthening of the market position in the plastics industry

- A comprehensive business understanding
- Continual process optimisation
- A good place to work

On the foundation of a solid economic position, POLYTEC focuses on close and long-term cooperation with its customers based on uncompromising quality and reliable delivery. At the same time, the group consolidates its competitiveness through a comprehensive business understanding in the sense of ONE POLYTEC, the continual optimisation of all essential processes within the framework of the POLYTEC PERFORMANCE & EXCELLENCE SYSTEM and the enhancement of its attractiveness as an employer. In addition to organic growth, it also constantly examines potential acquisition opportunities.

Objective 2: Developing new technologies and applications

- Permanent innovation
- Sustainability
- Extensive technological competence in tandem with maximum production efficiency

POLYTEC sees permanent innovation as a key factor in success and therefore explicitly defines openness and inquisitiveness as corporate values. Thanks to its extensive technological competence, the group is able to guarantee its customers optimum product solutions. Moreover, it strives constantly to increase the scope of its systems and modules. Within this context reduced complexity, functional integration and a sustainable orientation in all corporate activities are of equal importance. The company also seeks to continually raise efficiency through the further development of production technologies.

Objective 3: A focus on customer advantages

- Maximum customer satisfaction
- The pooling of competences for optimum product solutions
- A European customer focus

With an eye to achieving the aim of maximum customer satisfaction and in order to be permanently able to offer the best product solutions from both an economic and ecological perspective, POLYTEC pools the competences of the entire group within the framework of the POLYTEC SOLUTION FORCE. This linkage of every business area is intended to provide an optimum customer experience. The focus is on customers in Europe, but if required POLYTEC also provides them with support should they expand into strategically interesting growth regions.

CODE OF CONDUCT, HUMAN RIGHTS, COMPLIANCE, FAIR COMPETITION

With regard to the Code of Conduct, respect for human rights and compliance, as well as corruption and fair competition, we refer to the newly formulated statements in the section on disclosure under the EU Taxonomy Regulation in this part of the report.

SUSTAINABILITY IS OF GROWING IMPORTANCE AND IS BEING INTENSIFIED

In addition to the geopolitical uncertainties in Ukraine and the Middle East, climate change was one of the most significant socio-political and media topics in 2023. Moreover, the topics of “Environment – Social – Governance” (ESG) also continued to gain importance in communications with investors and banks. Today, fund management companies, insurance companies and banks focus increasingly upon sustainability criteria in their business activities and either employ their own ESG analysts, who approach companies directly with relevant questions, or buy in the expertise of external analysts and rating agencies. In 2023, POLYTEC received a growing number of enquiries from institutional investors as to which ESG rating agencies cover the company's stocks and what their current ratings are.

Simultaneously, 2023 also witnessed an upturn in the number of contacts made by such agencies, which invite a prompt response to extensive questionnaires, or the input of data onto elaborately designed online platforms. Even though the provision of these analysis portals is labour-intensive, the evaluations and ratings that they generate represent an increasingly significant factor for listed stock corporations with regard to their ESG perception on the financial markets.

POLYTEC is aware that it is analysed by ESG rating agencies on behalf of fund companies either regularly or when quired. However, the group does not always learn the results of these analyses, as they are not published automatically. Since the rating agencies usually only give consent to the disclosure of their identity and the publication of the assessment results against payment of fees and time-consuming release modes, only anonymised information can be provided here at the editorial deadline of this report at the end of March 2024:

- Independent French sustainability analyst: ESG rating improved: 2020: 40 - 2021: 59 (the higher the better)
- Globally known ESG solutions provider: ESG rating improved: 2021: 32 - 2022: 31 - 2023: 35 (the higher the better)
- Globally active ESG analysis company: ESG rating raised from 28 to 31 (the higher the better)
- Major sustainability analyst: ESG risk status "Low risk" improved from 15.7 to 13.8 (the lower the better)

CLIMATE RISIKS

Due to the increasing global vulnerability to climate change and other environmental pressures, companies are faced with the challenge of both improving their energy and resource efficiency and limiting their energy consumption. The pursuit of these goals is also becoming increasingly important in the automotive supply industry.

The European Commission has responded to this situation with the "European Green Deal", which incorporates a series of measures in the areas of financial market regulation, energy supply, transport, trade, industry, agriculture and forestry. The aim is to achieve the goal of a drastic reduction in CO_2 emissions within the European Union.

The "European Green Deal" has resulted in a slackening of demand for combustion engines and depending upon the customer, a significant decline in sales of related products is anticipated in the medium-term. At the same time, a shift towards e-mobility is expected.

The POLYTEC GROUP was able to counter the dwindling demand for combustion engines with new, substitute products. Moreover, the opportunities arising from the market shifts have already been exploited, new orders have been concluded and specific development projects initiated. The POLYTEC GROUP therefore considers itself to be well positioned for the future.

Companies are faced with the difficult task of both improving their energy and resource efficiency while limiting their energy consumption. In 2021, the POLYTEC GROUP concluded its first green financing in order to fund an extremely modern machine park and a plastics recycling plant at the Ebensee, Austria, location. This project demonstrates that ecological and economic requirements can be ideally combined.

Both the additional costs arising from investments in climate-friendly technologies and those emanating from energy price increases constitute economic risks for the POLYTEC GROUP. The POLYTEC GROUP counters these dangers as described under item b. Procurement market risk.

Under the Taxonomy Regulation, specific do-no-significant-harm criteria have been set for six environmental objectives. The one for the environmental goal "Climate Change Adaptation" represents the implementation of a climate risk and vulnerability analysis. Potential risks in this context are part of the materiality analysis in preparation for CSRD reporting in 2024. In the 2023 financial year, the POLYTEC GROUP analysed potential risks resulting from resource scarcity and climate change.

ENVIRONMENTAL PROTECTION

As an automotive industry supplier, the POLYTEC GROUP provides key solutions for the optimisation of new vehicle generations. Moreover, owing to its innovative capacity and flexibility, in the course of its more than 30-year existence POLYTEC has established an excellent reputation in the automotive sector. By means of comprehensive research and development work, POLYTEC makes a significant contribution to the ongoing improvement of the products of its customers, which ultimately has a positive effect upon the environment. For example, the dead weight of vehicles is lightened through material substitution and as compared to steel, for some components weight savings of up to 60% are possible. This lowers fuel consumption markedly and leads to a transitive cut in CO_2 emissions.

Systematic, ecological impact analyses represent a permanent feature of POLYTEC's product development processes and are carried out by the group's specialists in close coordination with its customers. In combination with perfect quality and absolute punctuality of delivery, continual optimisation successes in areas such as weight reduction, material substitution and savings, noise abatement, etc. constitute POLYTEC's main strengths and are greatly valued by its clientele.

However, POLYTEC does more than constantly upgrade the products and services supplied to its customers, as on the basis of a coordinated environmental, quality and lean management system, all of the group's internal production processes are analysed and improved regularly with the aim of cutting in-house material and energy use. Plastics processing demands large quantities of resources and hence the careful employment of production materials constitutes both an ecological and an economic necessity.

Individual, in-group production phases are therefore continually optimised with a view to saving energy and reducing raw material consumption, and process water and various cleaning solutions are virtually always utilised in closed cycles. Moreover, as far as the use of paints is concerned, POLYTEC fulfils stringent indoor and waste air standards, which serve the protection of employees and the environment to an equal extent.

The bulk of the parts, top-quality component modules and multifunctional plastics systems designed by POLYTEC are manufactured in accordance with certificated development and production processes. All of the POLYTEC GROUP's locations are now certified according to the IATF 16949 quality management and the ISO 14001 environmental management standards. In addition, the vast majority of group production plants possess certification pursuant to the internationally recognised ISO 50001 energy management standard, and furthermore also meet numerous special customer standards. These are facts that clearly underline the long-term commitment and successes in the environmental protection field to which POLYTEC can refer.

Within the scope of the POLYTEC GROUP's digitalisation offensive, software for the improved control of specific customer requirements in connection with IATF 16949 has been implemented and tested successfully at the Hörsching location. The software, which enables special customer demands to be met through the systematic allocation of processes and responsible personnel, will now be rolled out and made available to all other POLYTEC GROUP locations. The currency of the data is ensured by regular questioning via customer portals and a related check on any changes in client needs.

„GO NEUTRAL 2035“ - SUSTAINABILITY STRATEGY FLESHED OUT

As a company that employs plastics as its basic material, apart from energy consumption POLYTEC's use of other resources has a significant environmental impact. Against this background, POLYTEC takes authentic measures to conserve raw materials and energy, and therewith makes its contribution to climate and environmental protection.

Accordingly, during the 2023 financial year, the POLYTEC GROUP further substantiated its sustainability strategy. Under the heading "Go Neutral 2035", the company intends to convert its production entirely to CO_2 neutrality within the next eleven years.

The POLYTEC GROUP's sustainability strategy consists of eight strategic areas, which in the course of analyses and workshops, led by a specialist department for sustainability, were extrapolated from group activities and deal with POLYTEC's most important fields of action in relation to questions of sustainability on all ESG levels.

The POLYTEC GROUP has defined relevant key figures for each of the eight strategy strategic areas, as well as target values for the period up to 2035. In order to achieve these objectives, the sustainability strategy has been incorporated into POLYTEC's existing processes and systems, and a new specialist department for sustainability created, which reports directly to the Board of Directors. In addition, sustainability has also been integrated into the engineering activities of the POLYTEC GROUP with the result that the company's sustainability goals are already taken into full account during every development project.

In order to attain its overriding goal, namely CO_2-neutral production by 2035, in the coming years POLYTEC will focus on three of the eight strategic areas, namely People, Energy and Production. In the Energy and Production focal point areas the group has identified the critical levers on the path to CO_2 neutrality and in addition the People focus area is seen as being of particular importance because specialists with the correct mindset, know-how and commitment are essential for the implementation of the measures required. Consequently, POLYTEC has drawn up a roadmap for these three focus areas, which contains specific milestones that are to be passed en route to the achievement of full CO_2 neutrality in 2035.

STRATEGIC OBJECTIVES

Environmental and climate protection forms an essential and increasingly important part of POLYTEC's business processes. The intention is that the resultant, diverse measures be implemented continually during the coming years as part of POLYTEC's environment and energy management. The main items in POLYTEC's environmental strategy determined in the course of this process are:

1. Resource conservation: With this strategic objective, POLYTEC wishes to place a greater emphasis upon a holistic approach with the intention of ensuring that the group considers the protective use of all raw materials and intensified recycling throughout the entire production process in order to secure the conservation and optimum employment of the resources available. This also incorporates the consumption of both natural resources such as water and the savings achieved by POLYTEC through the lightweight design or the functional integration of its components. In addition, the group is cutting its raw material usage still further by the increased use of regranulate, modern dosing systems, improved reject ratios and the modified chemical composition of materials. Furthermore, wherever possible process-related sprue is ground directly at the machine and fed back into the process. Some locations have central plants in which rejects from production are recycled and the recovered materials reused. This not only reduces raw material consumption, but also shortens transport routes and thus CO_2 emissions.

In spite of the economical handling of raw materials, the creation of waste cannot be prevented entirely. Therefore, the best possible separation of unavoidable waste is all the more important, as is its transfer to useful recycling whenever this is feasible. POLYTEC supports its personnel during correct waste classification by means of a uniform colour coding system. This not only reduces residual waste, but also the cost of its disposal.

2. Enhanced energy efficiency: A particularly important resource and thus cost factor for the POLYTEC GROUP is formed by energy. Therefore, the pursuit of maximum energy efficiency is not only worthwhile from an ecological perspective, but also an economic standpoint. In recent years, differing projects have resulted in the optimisation of important energy consumers across various locations and hence the achievement of sizeable savings.

In order to further raise its energy efficiency, POLYTEC invests continuously in the modernisation of its plants. Among the numerous measures taken are the thermal optimisation of pipelines, machines and buildings, the purchase of modern and powerful condensing boilers, a comprehensive switch to LED lighting and the implementation of energy management systems that identify main consumers and potential savings. Internal energy cycles have also played a significant role in POLYTEC GROUP's steadily reduced energy consumption in recent years. For example, at several locations highly efficient heat recovery systems are in use, with the help of which waste heat from process plants is used for other areas such as the heating of buildings.

3. Reduced environmental emissions: In order to take even greater account of the concept of sustainability, POLYTEC already adopted the reduction of environmental emissions as a strategic goal some years ago. Environmental protection now plays a central role within the production process in order to achieve the continual reduction of harmful emissions.

Accordingly, in 2020 the volumes of CO_2 (Scope 1 and Scope 2) emitted by the POLYTEC GROUP were for the first time the object of broadly based logging and evaluation. The statistics thus gathered led to emission reduction initiatives, the results of which are measured. In addition, the group is expanding its current programmes for waste prevention and a reduction in substances that constitute a health and environmental hazard.

Following successful testing, the various pilot projects launched over the years at POLYTEC GROUP plants in connection with these focal points have been and will be implemented successively at other group locations. POLYTEC is well aware of its responsibilities as an industrial enterprise and via the aforementioned measures continually and systematically initiates further steps aimed at making its production processes more sustainable and resource protective.

ENERGY AND ENVIRONMENTAL TARGETS

The group's objectives with regard to energy pursue the following inter-plant goals:

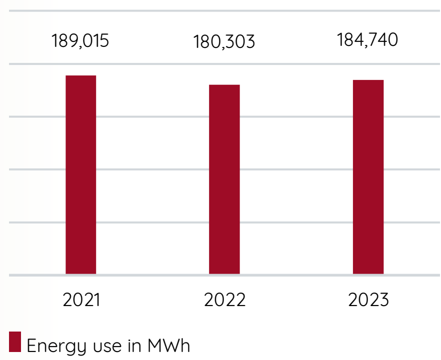
Target definition	Operational target by target year	Key figure	Basis
Strategic goal: resource conservation			
Reduce raw material consumption	Reduce key figure by 3%-pts. by 2026 (baseline 2021)	%	Total amount of waste at the location / total amount of material used
Promote material recycling	Increase the rate of material recycling by 8%-pts. by 2026 (baseline 2021)	%	Amount of waste for material recycling (excluding thermal recycling) / total waste volume
Strategic goal: increase energy efficiency			
Reduce energy consumption	Implement gas-saving projects amounting to 14,700 MWh by 2025 (baseline 2021: -20%)	kWh/a	Annual savings of implemented gas-saving projects (observation period one year)
	Reduction of externally purchased electricity by 8,700 MWh by 2025 (baseline 2021: -8%)	kWh/a	Annual savings of implemented electricity savings projects (period under consideration one year)
	20% reduction in the electricity base load during non-production periods by 2025	kW	Optimised power load during production-free time/ power load before optimising
Energy monitoring	Full implementation level according to roadmap by 2025	%	Plants equipped with monitoring / Number of all plants
Strategic goal: environmental emission minimisation			
Reduction in CO_2 emissions	CO_2-neutral production by 2035	t	CO_2 emissions Scope 1 and 2 absolute
Life cycle assessment (LCA)	50% of all projects by 2026	%	LCA projects/all projects

Key figures

The key figures shown include the plants of all the fully consolidated companies within the POLYTEC GROUP.

Energy use

in MWh	2023	Share	2022	2021
Electricity	110,553	59.9%	105,406	109,565
Natural gas	68,742	37.2%	69,645	73,796
Heating oil	449	0.2%	845	397
Heating	1,156	0.6%	883	1,991
Others	3,840	2.1%	3,524	3,266
POLYTEC GROUP	**184,740**	**100%**	**180,303**	**189,015**

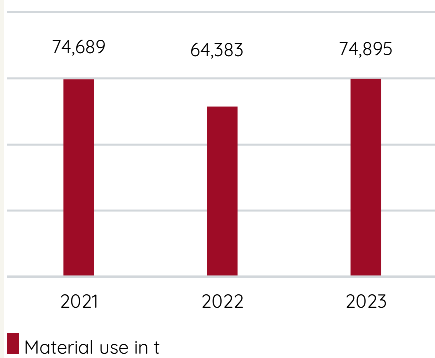


As part of the preparations for the completely new reporting of ESG data from the 2024 financial year, the definitions and allocations of energy use have been adjusted. Adjustments to the previous year's figures were made.

Group-wide energy consumption increased by around 2.5% or 4,437 MWh to 184,740 MWh in the 2023 financial year (previous year adjusted: 180,303 MWh). In relation to total sales revenues, which increased by 5.8% compared to the previous year, the ratio decreased by around 0.9 percentage points from 30.0% to 29.1%.

Material use

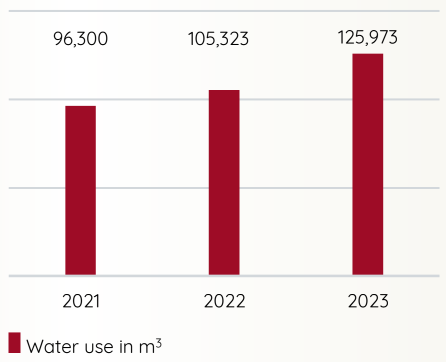
in t	2023	Share	2022	2021
PP – polypropylene	24,985	33.4%	22,957	33,775
PA – polyamide	7,932	10.6%	6,758	7,101
ABS – acrylnitrile butadiene styrene	334	0.4%	294	458
PUR – polyurethane	2,583	3.4%	2,285	2,576
Glass fibres	8,161	10.9%	6,763	6,303
Resins	4,388	5.9%	3,680	3,794
Paints	955	1.3%	902	440
SMC – sheet moulding compounds	17,580	23.5%	15,888	15,284
Others	7,978	10.6%	4,856	4,958
POLYTEC GROUP	**74,895**	**100%**	**64,383**	**74,689**



In the 2023 financial year, Group-wide material use increased by around 16.3% or 10,512 tonnes, from 64,383 tonnes to 74,895 tonnes, compared to the previous year. In relation to sales revenues, the ratio rose from 10.7% to 11.8%.

Water use

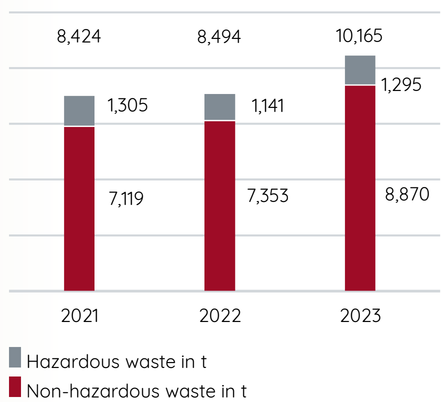
in m³	2023	Share	2022	2021
Used water (non-hazardous, municipal disposal)	85,283	67.7%	73,420	77,453
Evaporated water	33,814	26.8%	19,511	18,746
Used water (disposed of as hazardous waste)	6,876	5.5%	12,392	101
POLYTEC GROUP	**125,973**	**100%**	**105,323**	**96,300**



67.7% of the water used in the 2023 financial year, with a total volume of 125,973 m^3 (previous year: 105,323 m^3), was classified as non-hazardous and delivered to the long-established municipal wastewater treatment system. Around 26.8% of the total amount of water evaporated during the production processes. In relation with sales revenues, the ratio of total water use was 19.8% (previous year: 17.5%).

Waste volumes

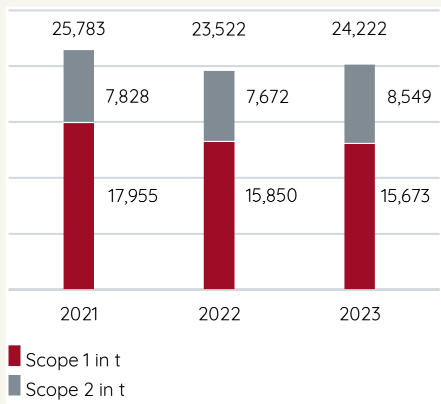
in t	2023	Share	2022	2021
Non-hazardous waste	8,870	87.3%	7,353	7,119
Hazardous waste	1,295	12.7%	1,141	1,305
POLYTEC GROUP	**10,165**	**100%**	**8,494**	**8,424**



In the 2023 financial year, the total waste generated by the POLYTEC GROUP increased significantly from 8,494 t to 10,165 t. In terms of sales revenues, the ratio rose by 0.2 percentage points from 1.4% to 1.6%. The volume of hazardous waste also increased from 1,141 t to 1,295 t.

CO_2 emissions

in t	2023	Share	2022	2021
Scope 1	15,673	64.7%	15,850	17,955
Scope 2	8,549	35.3%	7,672	7,828
POLYTEC GROUP	**24,222**	**100%**	**23,522**	**25,783**



From the 2023 financial year onwards, the POLYTEC GROUP will break down CO_2 emissions into Scope 1 and Scope 2 for the first time and has also listed the figures for the previous year and those for 2021 for comparison.

In 2023, greenhouse gas emissions in CO_2 equivalents totalled 24,222 tonnes (previous year adjusted: 23,522 tonnes). The slight increase of 3.0% or 700 tonnes was mainly due to the increased order situation and a change in the energy mix of the British plants. In addition, changes in the calculation methods led to adjustments to the previous year's figures.

As part of the "Go Neutral 2035" decarbonisation roadmap, the CO_2 balance of the POLYTEC GROUP will be gradually improved in the coming years.

EMPLOYEES

In addition to a challenging market environment, competition for the best employees is becoming increasingly fierce. In this situation, POLYTEC has secured a solid position in the hotly contested labour market by means of multifaceted offers for personal development and an attractive working environment.

POLYTEC is diverse and open

Owing to the internationality of the POLYTEC GROUP, diversity, respect, equality of opportunity and the integration of employees from differing cultures represent integral elements within corporate culture. Any form of personal discrimination whether due to origin, gender, skin colour, age, religion, sexual orientation or disability is strictly rejected. During recruitment for vacant positions, a focus is placed on a performance orientation, knowledge, skills, and equal opportunity and treatment. Applicants are selected on the basis of the best possible qualifications and the experience that they can contribute to the POLYTEC GROUP as new team members.

Reduce the shortage of skilled workers, increase competences and intensify internal training programmes

In order to keep existing employees and attract new, qualified personnel, a reference to the past is simply insufficient. For this reason, in 2021 the POLYTEC GROUP defined a roadmap for its Human Resources development with very specific objectives for the period up to 2030. Fluctuation and shortages of skilled workers are to be reduced, and staff competence, retention and productivity are to be boosted. An essential element in this roadmap is the expansion of the training offers within the group for which, with its diverse training programmes, the POLYTEC Academy is responsible.

MORE than right at POLYTEC

For the implementation of the roadmap, a distinctive, likeable and at the same time self-confident labour market image is essential. With its new employer-branding concept, the POLYTEC GROUP allocates pride of place to its employees and places them in the spotlight. As employee testimonials, for interested candidates they increase the visibility of the group's strengths. Furthermore, for internal communications, the group has improved the design of the popular and informative employee magazine "POLYTEC Insights".

POLYTEC Academy

In recent years, a highly effective training programme has been established under the POLYTEC Academy umbrella, which offers basic and further training for all POLYTEC GROUP company levels. The three central aims of the programme are to strengthen qualifications and competences, counteract the shortage of skilled workers and encourage long-term employee loyalty to the company. In order to be able to successfully achieve these objectives, the POLYTEC GROUP prepares targeted and needs-oriented training programmes in close cooperation with the management, Human Resources and the Board of Directors. External educational institutions such as the LIMAK Austrian Business School in Linz, Austria are also commissioned to design and implement selected training courses.

Most of the POLYTEC Academy's training courses take place within the company itself. They include holistic content on a wide range of topics – from leadership to technical know-how to talent management. In the 2023 financial year, numerous training programs were organized for dozens of employees from different areas and levels of the Group as part of the POLYTEC Academy. The comprehensive teaching content is also conveyed via the company's internal digital platforms. This is where the enormous strength of the POLYTEC GROUP's digitalization offensive unfolded.

POLYTEC Leadership Academy

The POLYTEC Leadership Academy, which has been in existence since 2015 , is a programme that on the one hand deals with the teaching of leadership skills, but on the other is also intended to facilitate targeted networking among the managers within the POLYTEC GROUP. This strengthens cohesion and promotes a willingness to openly exchange experiences, which extends beyond the training programme itself. In the spirit of ONE POLYTEC, the Leadership Academy consolidates group-wide coopera¬tion and thus creates the foundations for the success of the POLYTEC SOLUTION FORCE. With its diverse range of basic and further training programmes, the POLYTEC GROUP is not only making itself fit for the future within its market, but also clearly expresses the esteem in which it holds its employees, who constitute its most important resource.

KEY EMPLOYEES INDICATORS

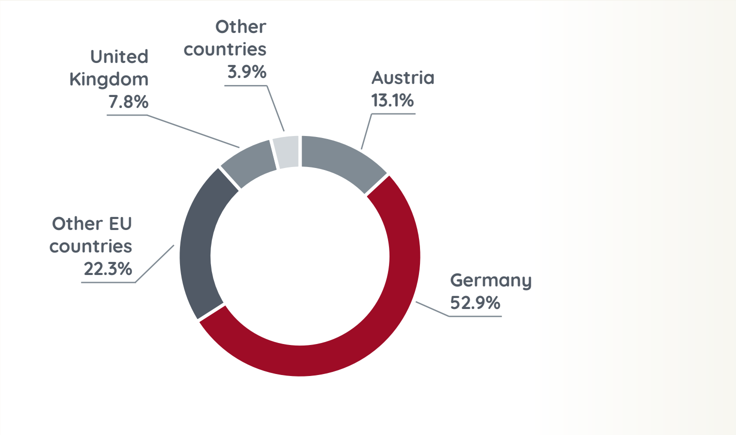
Employees excluding leasing personnel	Unit	2023	2022	2021
Key indicators by geography (as at 31.12.)				
Austria	FTE	440	425	434
Germany	FTE	1,777	1,699	1,610
Other EU countries	FTE	749	708	740
United Kingdom	FTE	262	245	244
Other countries	FTE	131	114	116
POLYTEC GROUP	**FTE**	**3,359**	**3,191**	**3,144**
Gender (as at 31.12.)				
Men	%	74.0	75.4	75.6
Women	%	26.0	24.6	24.4
Age (as at 31.12.)				
<30 years	%	17.5	14.8	15.2
30 to 50 years	%	46.8	47.8	48.2
>50 years	%	35.7	37.4	36.6
Fluctuation rate (annual average)	%	18.7	16.8	14.3
Work safety (annual figures)				
Work accidents subject to reporting	Nr.	93	94	77
Average accident-related sick leave	Days	8.5	19.5	19.8
Fatal work accidents	Nr.	0	0	0

The key figures shown in the table above refer to employees excluding leasing personnel. If the leasing personnel (476 FTE; previous year: 319 FTE, leasing personnel ratio: 12.4%, prior year: 9.1%) are added, as at the 2023 balance sheet date the POLYTEC GROUP employed a total of 3,835 people. As compared to the previous year's reporting date (3,510 FTE), the number of employees increased by 325 or 9.3%.

As at 31 December 2023, women accounted for 26.0% of all employees in the POLYTEC GROUP (excluding leasing personnel), an increase of 1.4 percentage points compared to the previous year (24.6%).

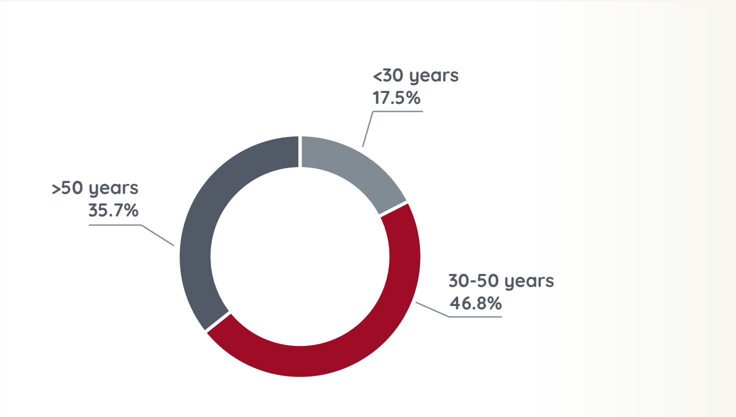
At POLYTEC Holding AG, the proportion of women at the balance sheet date 2023 was 48.6% (previous year: 50.0%). On the same day, 12.2% (previous year: 11.1%) of the companies of the POLYTEC GROUP were female executives with permanent personnel responsibility.

GEOGRAPHIC STRUCTURE AS AT 31 DECEMBER 2023



The group fluctuation rate is calculated by dividing the number of leavers (terminations of employment by employees and employers, agreed settlements by mutual consent and the expiry of fixed-term employment contracts) with the average total POLYTEC GROUP workforce. In 2023, the average fluctuation rate within the POLYTEC GROUP was around 18.7%, which was 1.9 percentage points higher than the same figure for the preceding year.

AGE STRUCTURE AS AT 31 DECEMBER 2023



As far as age structure is concerned, around half of the group workforce is in the 30 - 50 age group.

The number of reportable occupational accidents in the POLYTEC GROUP in 2023 was 93 and thus on a par with the previous year (94 occupational accidents), with the average lost time more than halving from 19.5 days to 8.5 days. As a result, the severity of accidents has decreased significantly.

In order to prevent occupational accidents, POLYTEC focuses on raising awareness regarding the topics of Health, Safety & Environment (HSE) and the stipulations governing personal protective equipment (PPE). For example, contributions on safety topics are regularly presented to employees via POLYTEC Information TV and training initiatives are implemented. Numerous technical optimisation measures such as improved exhaust air extraction systems to protect the respiratory tract, upgraded workplace lighting to protect the eyes and many more besides have served to enhance general workplace safety throughout the group.

DISCLOSURE PURSUANT TO THE EU TAXONOMY REGULATION

In order to achieve the climate and energy targets defined by the European Union for 2050 and thus realise the goals of the European Green Deal, it is most important that financial flows are channelled into sustainable projects and investments. However, until recently, the term sustainability was barely regulated by legislation and was thus burdened with a certain degree of uncertainty. Indeed, by and large there was no concrete definition of when an activity could be considered to be sustainable. For this reason, the EU Taxonomy Regulation came into force in June 2020. It is intended to create clarity and at the same time encourage companies to make their economic activities more environment- and climate-friendly.

At the heart of the Taxonomy Regulation there are six environmental objectives:

- Climate Change Mitigation
- Climate Change Adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Prevention and reduction of environmental pollution
- Protection and restoration of biodiversity and ecosystems

Last year, all companies subject to the non-financial reporting requirement reported their share of taxonomy-eligible and taxonomy-aligned economic activities. Specifically, the taxonomy-eligible and taxonomy-aligned sales, investment and operating expenses were reported. For this reason, POLYTEC also published the taxonomy-aligned proportion of the three performance indicators turnover, CapEx and OpEx for the first time last year, in accordance with Article 8 of the Taxonomy Regulation, as well. POLYTEC published the respective taxonomy-eligible, investment and operating expenses for the first time in 2022, the year in which the Taxonomy Regulation was implemented.

The step towards alignment is linked to compliance with specific parameters. For example, an economic activity is only taxonomy-aligned and therefore environmentally sustainable if it makes a substantial contribution to one of the EU's six environmental objectives. In addition, this economic activity must not significantly impair any of the other objectives and must be carried out in compliance with predefined minimum social safeguards.

Within the scope of the definition of economic activities, POLYTEC focuses on the environmental objective of climate protection and thus, in accordance with Article 9 (a) of Regulation (EU) 2020/852, on the first objective of the regulation, whereby double counting could also be avoided. The technical assessment criteria defined for this purpose specify, among other things, the conditions under which an economic activity makes a substantial contribution to climate protection and also does not cause any significant impairment of one of the other five environmental objectives.

MINIMUM SOCIAL SAFEGUARDS

Article 18 of the EU Taxonomy Regulation requires compliance with so-called minimum social safeguards. This minimum protection ensures that key regulations, such as the OECD Guidelines for Multinational Enterprises or the United Nations Guiding Principles on Business and Human Rights, are complied with. Specifically, the four core topics of respect for human rights, combating corruption and bribery, taxation and fair competition were formulated as part of the minimum social safeguards.

In 2015, the POLYTEC GROUP launched ONE POLYTEC, a strategic initiative aimed at promoting group-wide cooperation and making the group's complexity more utilizable and controllable. The technical and operational basis for this was created by a broad-based digitalization offensive focusing on technological competence and market development. Almost all of the company's processes were initially simplified, standardized and then made centrally controllable with the help of digital solutions. In addition to the digitalization of technology and finance-related agendas, the initiative not only included the digitalization and automated management of all employee-related topics such as occupational safety, time recording and the general protection of employee rights, but also the introduction of learning management systems for the optimization and tracking of training and further education. In order to counteract the risks of bribery and corruption and ensure free and fair competition with our customers and competitors, risks have been identified, the main financially relevant processes have been digitalized and standardized as part of a closed internal control system. In addition, employees' awareness of compliance with competition law requirements is heightened and tracked through the publication of corresponding guidelines. POLYTEC has implemented the following measures and processes to ensure compliance with these human rights due diligence obligations and the implementation of the above objectives.

COMPLIANCE WITH HUMAN RIGHTS

The ongoing group-wide risk analyses do not reveal any relevant industry-, company- or product-specific risks that would appear to have a negative impact on compliance with the minimum standards. The implemented systems enable violations in the areas of working hours and occupational safety as well as training and education to be tracked on an ongoing basis and remedial action to be taken as required. At locations outside Europe, particularly in China and South Africa, the locally applicable legal provisions are monitored by trained, qualified personnel. At the beginning of 2024, a risk management guideline was put into force with the involvement of the supervisory bodies, which will also further promote the anchoring of due diligence obligations to comply with minimum standards in the Group's corporate and sustainable risk strategy.

In order to fulfil the necessary due diligence obligations and avoid negative effects, in 2017 the POLYTEC GROUP, in cooperation with its supervisory bodies, installed a comprehensive Code of Conduct as a binding internal set of rules and the basis for the group's business activities, which is continuously developed and most recently published in a revised version at the beginning of 2024. Among other things, it contains regulations for the protection of employees with regard to equal treatment and non-discrimination, the protection of employees with regard to human and employee rights, health and safety as well as equal treatment and non-discrimination. The Code of Conduct, which is also published on the POLYTEC homepage, defines the POLYTEC GROUP's mission statement and forms the basis of its corporate culture. It is stored centrally in the group-wide information management system and is assigned to all employees via the learning management system as part of the onboarding process.

A Code of Conduct for Suppliers and corresponding processes for supplier selection and evaluation have been implemented as part of audits and supplier self-assessments to ensure the careful selection of suppliers. New suppliers must undertake to comply with the Supplier Code of Conduct and the minimum social standards listed in detail in accordance with internationally recognized agreements before the contract becomes clear or an order is placed. The POLYTEC Code of Conduct also stipulates that suppliers must comply with POLYTEC safety standards as well as the sustainable and social procurement of raw materials. As a basic prerequisite, the POLYTEC GROUP expects its suppliers to be aware of and fully comply with the applicable relevant laws and regulations. As part of the German Supply Chain Due Diligence Act, which came into force for the POLYTEC GROUP's German locations on 1 January 2024, a continuous digital process is currently being implemented with the aid of an external tool for the group-wide certification of all suppliers. It can be assumed that this will further sharpen and optimize the ecologically and socially sustainable procurement strategy.

Since 2017, employees have been able to submit reports and demand remedial action at any time in the event of any grievances, complaints and violations as well as mere suspicion of a violation via an email address stored in the Code of Conduct and/or by submitting a report to the Group Legal Department. In 2020, on the basis of the EU Whistleblower Directive, an internal whistleblowing portal was installed, which due to a technical modification will also enable external stakeholders and interest groups to submit corresponding reports via the POLYTEC GROUP homepage from 1 January 2024.

In the 2020 financial year, the POLYTEC GROUP's training management was digitalized and the POLYTEC Learning Management System (LMS) was introduced. As a result, as part of the onboarding process, employees can be assigned corresponding guidelines and training courses in a closed system, and their acknowledgement can be monitored, documented and tracked. In addition, employees are regularly trained on topics such as occupational safety, cybercrime, etc. in the LMS. Certification is carried out regularly by completing corresponding examination questions. Further training content and certifications are continuously integrated throughout the Group. In addition, regular training courses on workplace-related and safety-relevant instructions or special certifications are documented and tracked.

Since 2020, the LMS has been successively introduced in Germany, Austria and the Netherlands by means of a further HR SAP tool - the ESS/MSS program - with others to follow. This ensures the centralized, audit-proof administration of POLYTEC employees' time bookings and absences and thus consistent compliance with and tracking of the applicable working time laws.

CORRUPTION AND FAIR COMPETITION

In order to minimize the risk of bribery and corruption as far as possible, since 2015 the internal control system has been further advanced by ensuring the dual control principle through the group-wide digitalization offensive. The POLYTEC Group now has automated systems for the approval of purchase requisitions and value-dependent system-based release authorizations for payment instructions. The conclusion of development projects and sales contracts is also subject to a standardized approval process through the installation of the POLYTEC development process (PEP) and the sales guidelines for the approval of offers and contract review, so that the greatest possible transparency in the conclusion of projects and contracts and fair competition are ensured. Cash transactions are not possible and all payment approvals are carried out by the authorized parties to whom rights have been assigned in accordance with the approval strategy.

With regard to the anti-corruption guidelines published in the Group in February 2022, the Group Compliance Committee, which was set up specifically for this purpose, is responsible for reviewing and monitoring local inquiries and reporting to the Management Board. Periodic risk assessments and anti-corruption training for employees serve to prevent corruption and monitor compliance issues. In this context, increased commitment on the part of the Management Board promotes the monitoring of events that entail a certain risk of corruption and bribery.

Due to the prohibition of the misuse of insider information and market manipulation, the POLYTEC compliance guideline serves to safeguard these principles and to avert damages and penalties for the POLYTEC GROUP and its employees. Insider lists are kept and potential insiders are continuously trained in the LMS by completing appropriate compliance training courses; their timely completion is digitally documented and training courses are regularly followed up for re-completion.

TAXATION

Within the scope of taxation, the POLYTEC GROUP always acts in accordance with the locally applicable tax requirements, in compliance with internally implemented security measures (ICS) and the intergroup compliance guidelines. The accounting recording of business transactions, the preparation of tax returns, payment transactions and other tax-relevant processes are handled on the basis of a process flow in compliance with the dual control principle. The effectiveness of the processes and the internal control system is subject to an annual audit. When preparing tax returns, random samples of documents and proof of delivery are always selected and the correct posting or reporting in the tax returns is checked.

In addition, the data to be submitted in the course of the declaration is checked for plausibility with any statistical reports that may have to be submitted. Compliance with deadlines (monthly reporting, due dates for UVA's, Intrastat reports, ZMen, etc.) is ensured by means of internal documentation (definition of responsibilities including deputy regulations) and a company calendar. Special issues and specific tax queries are assessed by the local accounting departments with the corporate accounting team and, if necessary, with external tax advisors. The confidential handling of data, documents and information, in particular, as well as special attention to this, is ensured by regular training in the "Compliance Guideline".

DO-NO-SIGNIFICANT-HARM CRITERIA

For an economic activity to be assessed as taxonomy-aligned and therefore environmentally sustainable, it must, among other things, make a substantial contribution to one of the six environmental objectives without causing significant harm to the other objectives. For this purpose, specific Do-No-Significant-Harm criteria, abbreviated to DNSH in the following, were defined for each environmental objective within the framework of the Taxonomy Regulation.

The Taxonomy Regulation requires a climate risk and vulnerability analysis to fulfil the DNSH criterion for the climate change adaptation objective. Specifically, this is intended to determine the physical climate risks during the expected lifetime of an economic activity. POLYTEC obtained support for this from an external provider and identified appropriate adaptation solutions. Specifically, the risk of an extreme rise in temperature was identified for the evaluated locations. In order to mitigate the effects of these heat waves on employees, appropriate adaptation solutions were defined as part of the potential acquisition of equipment.

Within the scope of the necessity of an environmental impact assessment as a DNSH criterion, POLYTEC carried out an internal analysis and was able to identify the relevant existing environmental, building and water specific legal documents.

SPECIFICATION OF KEY PERFORMANCE INDICATORS

TURNOVER (ECONOMIC ACTIVITIES)

To determine the economic activities eligible for taxonomy, POLYTEC once again carried out a structured analysis of sales-based economic activities as a first step this year. For this purpose, corresponding sales data was obtained within the scope of a sales listing and allocated to specific product groups.

For the allocation of economic activities within the scope of taxonomy capability, POLYTEC uses, among other things, product groups in connection with the manufacture of corresponding components for batteries with regard to the turnover-related key figure. These products are, for example, battery housings, battery covers or battery holders.

Due to the publication of new sectors by the EU Commission last year, corresponding battery components, insofar as they are manufactured for vehicles in the context of e-mobility, can be allocated to category *3.18 Manufacture of automotive and mobility components*. In addition, this year POLYTEC assigns all components for electrically powered vehicles to this sector. In the context of the technical evaluation criteria, these components make a significant contribution to climate protection, as they are essential for the provision of the environmental performance of zero-emission vehicles for local, regional and road passenger transportation. They can therefore be fully allocated to the taxonomy-aligned share. Those battery components that are not designed for electrically powered passenger transportation devices remain in sector *3.4 Manufacture of batteries*. However, the division of these products into two different sectors results in only one taxonomy-eligible share of category 3.4. In order to avoid double counting, a very clear subdivision was made according to the drive type of the vehicles for which the corresponding components were manufactured.

As part of the production of specific solar tubs and components for the pioneering organic flow battery systems, POLYTEC was able to identify sector *3.1 Manufacture of renewable energy technologies* as a further category. The product groups used for this correspond to the legal framework conditions of the Taxonomy Regulation, which means that they can be identified as taxonomy-aligned.

POLYTEC has defined sector *3.6 Manufacture of other low-carbon technologies* as a further category from the large number of taxonomy-eligible economic sectors. These technologies are aimed at a significant reduction in greenhouse gas emissions and, depending on the availability of a life cycle analysis and thus the prerequisite for compliance with the technical evaluation criteria, can be identified as both taxonomy-eligible and taxonomy-aligned. In the case of the products considered here, this is due to their lightweight construction and production processes, such as injection-moulded products, on the one hand. Compared to equivalent products made from metal-containing materials or similar, these products weigh less and therefore have a lower impact on the emissions of the vehicles in which they are installed. These products include, for example, cylinder head covers made of plastic.

Products that influence the aerodynamics of vehicles as end products were also included in this category. The particularly streamlined shape of specific underbody components or roof spoilers, for example, can reduce air resistance, which in turn can reduce emissions.

POLYTEC was also able to identify products outside the automotive sector in category 3.6. Specifically, these are foldable reusable containers for food transportation. These transport boxes bear the prestigious Cradle to Cradle Certified® seal (version 3.1) and can be fully recycled and thus kept in the cycle. Based on the requirements of the Taxonomy Regulation, these reusable boxes make a substantial contribution to climate protection. The corresponding technical evaluation criteria can also be fulfilled, which means that they can also be designated as taxonomy-aligned.

During the analysis of its economic activities, POLYTEC was also able to define the category *3.17 Manufacture of plastics in primary forms* for itself within the scope of the production of material sheet moulding compounds (SMC) at the plant in Gochsheim. POLYTEC produces this material in its pure form, but also processes it into products such as the previously mentioned solar tub. As the produced SMC does not meet the technical evaluation criteria of the Taxonomy Regulation, it is only included in the taxonomy-eligible share of sales.

The slight deviation of the key figure compared to the previous year is due to the order-related variable product portfolio. POLYTEC produces a large number of different products, which are naturally subject to call-off fluctuations. For this reason, the corresponding economic activities and thus also product groups were reanalysed and reassessed.

The basis of sales is net sales resulting from goods or services in accordance with IAS 1.82(a). The total revenue of EUR 635,987 k for the 2023 financial year forms the denominator of the revenue indicator and can be found in the consolidated income statement (see E. 1. Net sales revenues and segment reporting). To calculate the corresponding percentages, the share of sales revenues from products in connection with taxonomy-eligible economic activities (= numerator) was set in relation to POLYTEC's total sales revenues in 2023 (= denominator). POLYTEC used a similar approach to determine the taxonomy-aligned share of sales. The respective share of taxonomy-eligible and taxonomy-aligned sales was calculated on the basis of the provisions of the International Financial Reporting Standards (IFRS). The figures used for POLYTEC's total sales in 2023 correspond to the items in the annual financial statements. Based on this, the following data was obtained for the sales-related performance indicator.

Financial year 2023				Substantial contribution criteria						DNSH-Criteria ("Do-No-Significant-Harm")										
Economic activities (1)	Code (2)	Absolute turnover (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		in EUR k	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1	1,878	0.3	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0	E	/
Manufacture of batteries	CCM 3.4	0	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.7	E	/
Manufacture of other low carbon technologies	CCM 3.6	37,536	5.9	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6.3	E	/
Manufacture of automotive and mobility components	CCM 3.18	33,372	5.2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	/	E	/
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**72,785**	**11.4**														**9.0**		
Thereof enabling activities		72,785	100														100	E	
Thereof transitional activities		/	/														0.0		/
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	CCM 3.1	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5		
Manufacture of batteries	CCM 3.4	8,516	1.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5		
Manufacture of other low carbon technologies	CCM 3.6	95,443	15.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								18.1		
Manufacture of plastics in primary form	CCM 3.17	6,180	1.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.7		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**110,139**	**17.3**														**19.8**		
A. Turnover of taxonomy-eligible activities (A.1 + A.2)		**182,924**	**28.8**														**28.8**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities (B)		**453,063**	**71.2**																
Total		**635,987**	**100**																

	Proportion of turnover/Total turnover in %	
	Taxonomy-aligned per target	**Taxonomy-eligible per target**
CCM	11.4	17.3
CCA	0	0
TWR	0	0
CE	0	0
PPC	0	0
BIO	0	0

Footnotes and explanations of the tables:

(a) (a) The code represents the abbreviation of the specific objective to which the economic activity can make a substantial contribution and the number of the section of the activity in the relevant annex that covers the objective, i.e.
- Climate change mitigation: CCM
- Climate change adaptation: CCA
- Water: WTR
- Circular economy: CE
- Pollution: PPC
- Biodiversity and ecosystems: BIO For example, the activity "Reforestation" would have the following code: CCM 1.1.

For measures that can make a substantial contribution to more than one objective, the codes for all objectives should be provided. For example, if the operator reports that the "new construction" activity makes a significant contribution to climate protection and the circular economy, the code would be: CCM 7.1./CE 3.1.

The same codes should be used in sections A.1 and A.2 of this template.

(b) Y – Yes, taxonomy-eligible and for the relevant objective taxonomy-aligned activity
N – No, taxonomy-eligible but for the relevant objective not taxonomy-aligned activity
N/EL – „not eligible", for the relevant objective not taxonomy-eligible activity

(c) Where an economic activity contributes substantially to multiple environmental objectives, non-financial entities shall indicate in bold the most relevant environmental objective for the calculation of financial entity KPIs, avoiding double counting. If the use of the proceeds from the financing is not known, financial entities shall calculate in their respective KPIs the financing of economic activities that contribute to multiple environmental objectives according to the most relevant environmental objective indicated in bold by non-financial entities in this template. An environmental objective can only be stated once in a line in bold to avoid double counting of economic activities in the KPIs of financial companies. his does not apply to the calculation of taxonomy compliance of economic activities for financial products within the meaning of Article 2 number 12 of Regulation (EU) 2019/2988. Non-financial companies also report the level of taxonomy eligibility and compliance by environmental objective, which includes compliance with each of the environmental objectives for activities that contribute significantly to multiple objectives, using the template below:

(d) The same activity can only conform to one or more environmental objectives for which it is taxonomy-eligible.

(e) The same activity may be taxonomy-eligible and not consistent with relevant environmental objectives.

(f) EL – For the relevant objective taxonomy-eligible activity.
N/EL – For the relevant objective not taxonomy-eligible activity.

(g) Activities shall only be reported in Section A.2 of this template if they are not conform with an environmental objective for which they are taxonomy-eligible. Activities that are conform with at least one environmental objective must be reported in section A.1 of this reporting form.

(h) To report an activity in Section A.1, all DNSH criteria and minimum safeguards must be met. For the activities listed under A.2, columns 5 to 17 can be filled in by non-financial companies on a voluntary basis. Non-financial entities may indicate the substantial contribution and the DNSH criteria they meet or do not meet in Section A.2 using the following codes: a) for material contribution: Y/N and N/EL instead of EL and N/EL as well as b) for DNSH: Y/N.

INVESTMENTS (CapEx)

In order to evaluate the investment-related performance indicator, POLYTEC carried out an analysis of its investment expenditure in the past year. For this purpose, the corresponding CapEx figures were obtained from the individual locations and aggregated at regional level. As part of the data collection for the CapEx indicator, there would also have been the potential to be subject to the error of double counting certain monetary expenses. To avoid this, the corresponding data records were evaluated precisely and included in the calculation of the CapEx indicator depending on their relevance.

In the first step, POLYTEC determined those investments for the corresponding calculation that are related to the economic activities identified within the scope of the sales-related performance indicator. This year, this includes taxonomy-eligible expenditure on projects for the production of oil separators or components for hybrid cars, for example. A review of capital expenditure has revealed specific allocations to these categories. Taxonomy-aligned capital expenditure also arises from expenses in connection with components for electric cars, foldable transport boxes and components for renewable energy systems. In the past year, for example, isolated investments were made in the recycling plant in Ebensee, Austria, which is essential for the production of the boxes, among other things. POLYTEC produces several products at certain plants, as a result of which it is not yet possible to explicitly allocate investment expenditure for new plants to specific sectors.

Expenditure in the context of energy-saving measures, such as the conversion of lighting to LED lamps, could be classified under category *7.3 Installation, maintenance and repair of energy-efficient equipment*. These capital expenditures therefore make a substantial contribution to climate protection and have no significant negative impact on the other environmental objectives of the Taxonomy Regulation. For this reason, these expenses can be assessed as taxonomy-aligned and therefore contribute to the corresponding percentage.

As a result of the investments in wall boxes at several POLYTEC locations, the economic sector *7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings* could also be used for the allocation of economic activities. According to the Taxonomy Regulation, this investment also represents a substantial contribution to climate protection. At the same time, the other environmental objectives are not significantly impaired by it, as a result of which POLYTEC includes this investment in the taxonomy-aligned portion of the CapEx indicator.

In addition, POLYTEC has made further investments in the context of energy saving measures, such as the implementation of energy monitoring in some plants. Investments in energy monitoring systems are included in economic sector *7.5 Installation, maintenance and repair of equipment for measuring, regulating and controlling the energy performance of buildings*. Specifically, this involves the installation of smart meters for electricity, which can make a significant contribution to climate protection. As there is also no significant impairment of the other objectives and the minimum protection provided is congruent with the analyses in the context of the revenue-related performance indicator, these investments can be regarded as taxonomy-aligned.

In order to calculate the taxonomy-eligible share of the CapEx ratio, investment expenditure in connection with taxonomy-eligible economic activities (= numerator) was set in relation to POLYTEC's total investment expenditure in 2023 (= denominator), taking into account the requirements of the Taxonomy Regulation. Based on this, investment expenditure in connection with taxonomy-aligned economic activities (= numerator) was also evaluated in relation to the total investment expenditure from 2023 (= denominator) for the taxonomy-aligned CapEx share. Investments for energy monitoring and energy-saving projects and charging stations for electric vehicles were also included in the counter.

The respective share of taxonomy-eligible and taxonomy-aligned CapEx was calculated based on the provisions of the International Financial Reporting Standards (IFRS). For the total CapEx of EUR 26,448 k which was defined as the denominator for the calculation, POLYTEC used the total additions to intangible assets of EUR 423 k, excluding additions to advance payments of EUR 266 k and plus reclassifications of advance payments of EUR 2,859 k (see E. 8. Intangible assets and goodwill). With regard to the property, plant and equipment recognized, the total additions of EUR 27,858 k, excluding the additions to advance payments and assets under construction of EUR 9,533 k and plus the reclassifications of advance payments and assets under construction of EUR 5,107 k, were used (see E. 9. Tangible asset).

However, deviations in the figures for the CapEx-related performance indicator also arise due to the varying investments within the scope of individual projects. In addition, POLYTEC has made further investments in the renewal of plants for 2023. These plants are naturally more energy-efficient and resource-saving, but do not comply with the regulations of the Taxonomy Ordinance and therefore cannot be included in this list.

Financial year 2023				Substantial contribution criteria						DNSH-Criteria ("Do-No-Significant-Harm")									
Economic activities (1)	Code (2)	Absolute turnover (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)[1]	Category enabling activity (19)	Category transitional activity (20)
		in EUR k	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1	73	0.3	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0	E	/
Manufacture of batteries	CCM 3.4	0	0.0	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.0	E	/
Manufacture of other low carbon technologies	CCM 3.6	129	0.5	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.2	E	/
Manufacture of automotive and mobility components	CCM 3.18	415	1.6	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0	E	/
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	948	3.6	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2	E	/
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	159	0.6	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0	E	/
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	93	0.4	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2	E	/
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**1,817**	**6.9**														**3.6**		
Thereof enabling activities		1,817	100														100	E	
Thereof transitional activities		0	0.0														0.0		/
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	CCM 3.1	32	0.1	EL	N	N/EL	N/EL	N/EL	N/EL								0.0		
Manufacture of batteries	CCM 3.4	0	0.0	EL	N	N/EL	N/EL	N/EL	N/EL								1.2		
Manufacture of other low carbon technologies	CCM 3.6	1,204	4.6	EL	N	N/EL	N/EL	N/EL	N/EL								12.3		
Urban, suburban and road passenger transport	CCM 6.3	989	3.7	EL	N	N/EL	N/EL	N/EL	N/EL								0.0		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**2,225**	**8.4**														**13.5**		
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		**4,041**	**15.3**														**17.1**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities (B)		**22,407**	**84.7**																
Total		**26,448**	**100**																

1) Column (18): There was an adjustment in the denominator.

	Proportion of CapEx/Total CapEx in %	
	Taxonomy-aligned per target	Taxonomy-eligible per target
CCM	6.9	8.4
CCA	0	0
TWR	0	0
CE	0	0
PPC	0	0
BIO	0	0

OPERATING EXPENSES (OpEx)

As part of the Taxonomy Regulation, companies are obliged to publish their corresponding operating expenses in addition to the proportion of taxonomy-eligible and taxonomy-aligned sales and investments.

For this reason, POLYTEC considered the total operating expenses of the previous year, similar to the procedure used to determine the other two performance indicators. Specifically, the pre-defined expenses in connection with repair and maintenance costs, research and development costs and leasing were used here.

POLYTEC also categorizes other operating expenses under the term OpEx, which do not correlate with the requirements of the regulation. The relevant operating expenses were therefore evaluated precisely in order to carry out the calculation correctly in accordance with the Taxonomy Regulation. For this purpose, only the maintenance costs and other rental and leasing expenses were taken from the OpEx costs listed in the annual financial statements under item E.5 Other operating expenses. This figure was also supplemented by research and development costs, taking into account personnel costs from the Engineering division, resulting in a total OpEx cost figure as shown in the table below.

As a first step in the calculation of this performance indicator, attention was also paid to the product groups identified for the calculation of the sales-related KPI. This results in a pro rata allocation of taxonomy-eligible and taxonomy-aligned maintenance as well as research and development costs in accordance with item E.5 Other operating expenses to the economic sectors *3.1 Manufacture of renewable energy technologies, 3.4 Manufacture of batteries, 3.6 Manufacture of other low-carbon technologies, 3.17 Manufacture of plastics in primary forms and 3.18 Manufacture of automotive and mobility components.*

In addition to the pro rata allocation of the item "Other rental and leasing expenses", the focus was placed on the costs of leased hybrid and electric company cars for the collection of taxonomy-eligible leasing costs. These operating expenses were allocated to economic sector *6.3 Local and regional passenger transport, road passenger transport.* Due to the fact that hybrid vehicles do not completely reduce greenhouse gas emissions and therefore do not make a significant contribution to climate protection in accordance with the technical assessment criteria, the leasing costs in this context were only identified as taxonomy-eligible.

The research and development costs were determined based on the personnel costs in relation to the relevant departments. For this purpose, specific hourly rates were recorded, and in addition, proportionate taxonomy-eligible and taxonomy-aligned costs were identified based on the defined product groups and thus assigned to categories 3.1, 3.4, 3.6, 3.17 and 3.18. For the calculation of the taxonomy-eligible OpEx costs, the share of operating expenses related to taxonomy-eligible economic activities, specifically the taxonomy-eligible proportion of expenses related to research and development, leasing as well as maintenance and repair (= numerator) were thus put in relation to the total operating expenses (= denominator) in accordance with the Taxonomy Regulation. As POLYTEC was unable to identify any taxonomy-eligible turnover within the scope of sector 3.18 Manufacture of automotive and mobility components, no associated OpEx share was accordingly stated in the numerator of the calculation of taxonomy-eligible operating expenses.

POLYTEC chose a similar approach for the collection of taxonomy-aligned OpEx costs. However, instead of the OpEx costs in connection with sector 3.18, the leasing costs and operating costs in connection with economic activity 3.17 Production of plastics in primary form were excluded from the numerator, as these fall exclusively into the taxonomy-eligible part of the OpEx costs.

Corresponding figures for POLYTEC's total OpEx costs in 2023 (=denominator) correspond to the items in the annual financial statements; however, the total OpEx costs calculated in accordance with IFRS could not be used here, as the Taxonomy Regulation provides a slightly different definition of OpEx.

The corresponding figures are shown in the following table.

Financial year 2023				Substantial contribution criteria						DNSH-Criteria ("Do-No-Significant-Harm")									
Economic activities (1)	Code (2)	Absolute turnover (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		in EUR k	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1	101	0.4	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0	E	/
Manufacture of batteries	CCM 3.4	0	0.0	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.1	E	/
Manufacture of other low carbon technologies	CCM 3.6	1,452	5.9	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	4.9	E	/
Manufacture of automotive and mobility components	CCM 3.18	1,280	5.2	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0	E	/
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**2,834**	**11.5**														**7.0**		
Thereof enabling activities		2,834	100														100	E	
Thereof transitional activities		0	0.0														0.0		/
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	CCM 3.1	0	0.0	EL	N	N/EL	N/EL	N/EL	N/EL								0.5		
Manufacture of batteries	CCM 3.4	330	1.3	EL	N	N/EL	N/EL	N/EL	N/EL								0.6		
Manufacture of other low carbon technologies	CCM 3.6	3,670	14.8	EL	N	N/EL	N/EL	N/EL	N/EL								19.1		
Manufacture of plastics in primary form	CCM 3.17	239	1.0	EL	N	N/EL	N/EL	N/EL	N/EL								0.7		
Urban, suburban and road passenger transport	CCM 6.3	118	0.5	EL	N	N/EL	N/EL	N/EL	N/EL								0.1		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**4,357**	**17.6**														**21.0**		
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		**7,191**	**29.1**														**28.0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities (B)		**17,544**	**70.9**																
Total		**24,735**	**100**																

	Proportion of OpEx/Total OpEx in %	
	Taxonomy-aligned per target	**Taxonomy-eligible per target**
CCM	11.5	17.6
CCA	0	0
TWR	0	0
CE	0	0
PPC	0	0
BIO	0	0

ACTIVITIES IN THE SECTORS OF NUCLEAR ENERGY AND FOSSILE GAS

In addition, the Taxonomy Regulation requires the publication of a further declaration form in accordance with Article 8 (6) and (7) with regard to activities in the fields of nuclear energy and fossil gas.

As POYTEC does not carry out any economic activities in this area, the following reporting form can be answered with „No“ throughout. For this reason, there is no need to report on the associated further reporting forms.

	Activities in the sector of nuclear energy	
1.	The company is active in the research, development, demonstration and deployment of innovative power generation plants that generate energy from nuclear processes with minimal waste from the fuel cycle, finances such activities or holds risk positions in connection with these activities.	No
2.	The company is active in the construction and safe operation of new nuclear facilities for the generation of electricity or process heat - including for district heating or industrial processes such as hydrogen production - as well as in their safety improvement using the best available technologies, finances such activities or holds risk positions in connection with these activities.	No
3.	The company is active in the safe operation of existing nuclear facilities for the generation of electricity or process heat - including for district heating supply or industrial processes such as hydrogen production - as well as in their safety-related improvement, finances such activities or holds risk positions in connection with these activities.	No
	Activities in the sector of fossil gas	
4.	The company is active in the construction or operation of plants for the generation of electricity from fossil gaseous fuels, finances such activities or holds risk positions in connection with these activities.	No
5.	The company is active in the construction, modernisation and operation of plants for combined heat, power and cooling with fossil gaseous fuels, finances such activities or holds risk positions in connection with these activities.	No
6.	The company is active in the construction, modernisation and operation of plants for heat generation that produce heat/cooling from fossil gaseous fuels, finances such activities or holds risk positions in connection with these activities.	No

Hörsching, 5 April 2024

The Board of Directors of POLYTEC Holding AG

Markus Huemer
Chairman of the Board of Directors – CEO/COO

Peter Bernscher
Deputy Chairman of the Board of Directors – CCO

Markus Mühlböck
Member of the Board of Directors – CFO

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE 2023 FINANCIAL YEAR

with comparative figures from the previous year

in EUR k	Note	2023	2022
Sales revenues	E. 1	635,987	601,385
Other operating income	E. 2	5,238	7,780
Changes in inventory of finished and unfinished goods		494	-825
Other own work capitalised		148	183
Expenses for materials and services received	E. 3	-337,607	-334,353
Personnel expenses	E. 4	-218,150	-189,698
Other operating expenses	E. 5	-59,471	-51,269
Earnings before interest, taxes and depreciation (EBITDA)		**26,639**	**33,204**
Depreciation	E. 8/E. 9	-33,358	-32,500
Earnings before interest and taxes = operating result (EBIT)		**-6,719**	**704**
Interest result		-9,124	-2,893
Other financial income		54	16
Other financial expenses		0	-227
Financial result	**E. 6**	**-9,070**	**-3,104**
Earnings before tax		**-15,789**	**-2,400**
Tax income/expenses	E. 7	1,730	156
Earnings after tax		**-14,059**	**-2,244**
thereof result of non-controlling interests		9	59
thereof result of the parent company		**-14,068**	**-2,303**
undiluted earnings per share in EUR	E. 20	-0.64	-0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2023 FINANCIAL YEAR

1.1.–31.12.2023

in EUR k	Note	Group	Non-controlling interests	Total
Earnings after tax		**-14,068**	**9**	**-14,059**
Items that will not be reclassified (recycled) in future periods in the income statement				
Remeasurement of defined benefit obligation, net of tax		1,345	0	1,345
thereof related, deferred income taxes		-383	0	-383
	E. 19	**962**	**0**	**962**
Items that will be reclassified (recycled) in future periods in the income statement				
Currency translations and adjustments due to hyperinflation		-1,258	0	-1,258
		-1,258	**0**	**-1,258**
Other result after tax		**-296**	**0**	**-296**
Total result		**-14,364**	**9**	**-14,355**

1.1.–31.12.2022

in EUR k	Note	Group	Non-controlling interests	Total
Earnings after tax		**-2,303**	**59**	**-2,244**
Items that will not be reclassified (recycled) in future periods in the income statement				
Remeasurement of defined benefit obligation, net of tax		6,270	0	6,270
thereof related, deferred income taxes		-1,747	0	-1,747
	E. 19	**4,523**	**0**	**4,523**
Items that will be reclassified (recycled) in future periods in the income statement				
Currency translations and adjustments due to hyperinflation		1,131	0	1,131
		1,131	**0**	**1,131**
Other result after tax		**5,654**	**0**	**5,654**
Total result		**3,351**	**59**	**3,410**

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2023

with comparative figures from the previous year

ASSETS

in EUR k	Note	31.12.2023	31.12.2022
A. Non-current assets			
I. Intangible assets	E. 8	6,253	7,343
II. Goodwill	E. 8	0	0
III. Tangible assets	E. 9	242,204	251,591
IV. Other non-current assets	E. 10	1,129	1,088
V. Contract assets from contracts with customers	E. 14	31,574	40,390
VI. Deferred tax assets	E. 11	8,725	6,119
		289,884	**306,530**
B. Current assets			
I. Inventories	E. 12	41,303	37,553
II. Trade accounts receivable	E. 13	52,165	60,109
III. Contract assets from contracts with customers	E. 14	70,506	64,099
IV. Other current receivables	E. 15	25,895	25,531
V. Income tax receivables		3,662	2,230
VI. Cash and cash equivalents	E. 16	49,610	55,136
		243,141	**244,657**
		533,025	**551,187**

EQUITY AND LIABILITIES

in EUR k	Note	31.12.2023	31.12.2022
A. Shareholders' equity			
I. Share capital		22,330	22,330
II. Capital reserves		37,563	37,563
III. Treasury stock		-1,855	-1,855
IV. Retained earnings		167,433	183,700
V. Other reserves		-8,554	-8,258
		216,917	**233,480**
VI. Non-controlling interests		3,595	3,611
	E. 19	**220,512**	**237,092**
B. Non-current liabilities			
I. Non-current, interest-bearing liabilities	E. 21	88,626	119,316
II. Provision for deferred taxes	E. 11	1,172	819
III. Provisions for employees	E. 22	20,058	21,096
		109,856	**141,231**
C. Current liabilities			
I. Current interest-bearing liabilities	E. 23	83,638	56,200
II. Liabilities on income taxes	E. 24	622	1,553
III. Advance payments received on orders		27	56
IV. Trade accounts payable	E. 25	63,734	60,960
V. Contract liabilities from contracts with customers	E. 14	1,982	6,064
VI. Other current liabilities	E. 26	44,576	34,516
VII. Current provisions	E. 27	8,078	13,515
		202,657	**172,864**
		533,025	**551,187**

CONSOLIDATED CASH FLOW STATEMENT FOR THE 2023 FINANCIAL YEAR

with comparative figures from the previous year

in EUR k		Note	2023	2022
	Earnings before tax		**-15,789**	**-2,400**
+	Depreciation on non-current assets		33,358	32,500
-(+)	Interest result	E. 6	9,124	2,893
+(-)	Other non-cash expenses and income	F.	442	733
+(-)	Increase (decrease) in non-current provisions for employees		-761	-2,058
-(+)	Profit (loss) from fixed asset disposals	E. 2	-253	-161
-(+)	Profit (loss) from the sale of assets held for sale	E. 17	0	-42
-(+)	Increase (decrease) in inventories		-3,936	4,892
-(+)	Increase (decrease) in trade and other receivables and contract assets		10,653	-13,903
+(-)	Increase (decrease) in trade and other payables and contract liabilities		8,768	12,661
+(-)	Increase (decrease) in current provisions		-5,394	-1,335
=	**Consolidated cash flow from current activities**		**36,211**	**33,780**
-	Taxes paid		-2,823	-115
=	**Consolidated cash flow from operating activities**		**33,389**	**33,665**
-	Investments in fixed assets	F.	-22,395	-24,027
+	Inflows from the sale of assets held for sale		0	700
+	Inflows from the disposal of intangible and tangible assets		1,116	1,728
+	Interest received		250	154
-(+)	Increase (decrease) in interest-bearing and other long-term receivables		-41	0
=	**Consolidated cash flow from investing activities**		**-21,070**	**-21,445**
+	Inflows from loan financing[1]		0	15,913
-	Repayments of loan financing[1]		-7,052	-6,441
-	Repayments of promissory note loans		-34,346	-21,051
+	Inflows from acquisition financing		35,226	0
-	Repayments of real estate loan borrowings[1]		-2,520	-3,360
-	Outflows from leasing agreements[2]		-8,868	-6,725
+(-)	Change in current financial liabilities		10,141	343
-	Interest paid		-8,025	-3,041
-	Third party dividends		-2,225	-2,419
=	**Consolidated cash flow from financing activities**	**F.**	**-17,669**	**-26,780**
+(-)	Consolidated cash flow from operating activities		33,389	33,665
+(-)	Consolidated cash flow from investing activities		-21,070	-21,445
+(-)	Consolidated cash flow from financing activities		-17,669	-26,780
=	**Change in cash and cash equivalents**		**-5,349**	**-14,560**
+(-)	Effect from currency translations		-176	-18
+	Opening balance of cash and cash equivalents		55,136	69,714
=	**Closing balance of cash and cash equivalents**		**49,610**	**55,136**

[1] Loan financing and real estate loans correspond to the item „Bank loans“ and „Other interest-bearing liabilities“ at „Interest-bearing liabilities“.
[2] Regarding „Outflows from leasing agreements“ see item „Leasing liabilities“.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2023 FINANCIAL YEAR

in EUR k	Note	Share capital	Capital reserves	Treasury stock
As at 1.1.2023		**22,330**	**37,563**	**-1,855**
Earnings after tax		0	0	0
Other result after tax		0	0	0
Total result		**0**	**0**	**0**
Dividends		0	0	0
As at 31.12.2023	**E. 19**	**22,330**	**37,563**	**-1,855**

in EUR k	Note	Share capital	Capital reserves	Treasury stock
As at 1.1.2022		**22,330**	**37,563**	**-1,855**
Earnings after tax		0	0	0
Other result after tax		0	0	0
Total result		**0**	**0**	**0**
Dividends		0	0	0
Initial application IAS 29	B. 3	0	0	0
As at 31.12.2022	**E. 19**	**22,330**	**37,563**	**-1,855**

	Other reserves					
	Retained earnings	Actuarial gain/loss	Reserves from currency translation and adjustements due to hyperinflation	Shares of POLYTEC Holding AG stockholders	Non-controlling interests	Total
	183,700	**-1,442**	**-6,819**	**233,479**	**3,611**	**237,092**
	-14,068	0	0	-14,068	9	-14,059
	0	962	-1,258	-296	0	-296
	-14,068	**962**	**-1,258**	**-14,364**	**9**	**-14,355**
	-2,200	0	0	-2,200	-26	-2,225
	167,433	**-480**	**-8,077**	**216,916**	**3,595**	**220,512**

	Other reserves					
	Retained earnings	Actuarial gain/loss	Reserves from currency translation and adjustements due to hyperinflation	Shares of POLYTEC Holding AG stockholders	Non-controlling interests	Total
	188,203	**-5,965**	**-5,191**	**235,087**	**3,771**	**238,859**
	-2,303	0	0	-2,303	59	-2,244
	0	4,523	1,131	5,654	0	5,654
	-2,303	**4,523**	**1,131**	**3,351**	**59**	**3,410**
	-2,200	0	0	-2,200	-219	-2,419
	0	0	-2,759	-2,759	0	-2,759
	183,700	**-1,442**	**-6,819**	**233,479**	**3,611**	**237,092**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 2023 FINANCIAL YEAR OF POLYTEC HOLDING AG, HÖRSCHING

A. GENERAL INFORMATION

The POLYTEC GROUP is an Austria-based, internationally active corporation with a focus on plastics processing for the automotive industry. The group acts as a supplier of components and modules used largely in the engine compartment, or on vehicle exteriors in the high-volume market segment, as well as a provider of original accessories and parts for small and medium volume series. The company address of POLYTEC Holding AG is Polytec-Straße 1, 4063 Hörsching, Austria.

The consolidated financial statements of POLYTEC Holding AG (hereinafter referred to as the "group" or "POLYTEC GROUP") for the 2023 financial year were prepared in accordance with the guidelines of the International Financial Reporting Standards (IFRS) and their interpretations in line with EU standard practice. They also comply with the additional requirements of § 245a Para. 1 of the Austrian Commercial Code (UGB).

The Board of Directors released the consolidated financial statements for transfer to the Supervisory Board on 5 April 2024. The Supervisory Board has the task of examining and stating its approval of the consolidated financial statements as at 31 December 2023. On this occasion, the Supervisory Board has an opportunity to require the alteration of the consolidated financial statements.

POLYTEC Holding AG headquarters are located in Hörsching, Austria, and the company is listed in the City of Linz Company Register under the number FN 197646 g. The Legal Entity Identifier (LEI) is 529900OVSOBJNXZACW81.

The consolidated financial statements are presented in thousands of euros (EUR k). When collating rounded amounts and information given as a percentage, rounding differences may occur due to the use of automatic calculation systems.

The consolidated income statement of the group is prepared in accordance with the total cost accounting method.

Pursuant to § 245a of the Austrian Commercial Code (UGB), these consolidated financial statements replace the consolidated financial statements which would otherwise have to be prepared in accordance with § 244 et seq. of the Austrian Commercial Code (UGB). Polytec Composites Germany GmbH & Co KG, POLYTEC Compounds GmbH & Co. KG and Polytec Plastics Germany GmbH & Co KG claim exemption pursuant to §264b of the German Commercial Code (HGB).

GOING CONCERN

When drawing up the consolidated financial statements, management must also assess the POLYTEC GROUP's ability to apply the going concern assumption to its financial reporting. If material uncertainties with regard to events or conditions exist that cast significant doubt in respect of this capability, these concerns must be explained. In the estimation of the management no uncertainties are manifest in relation to the continuation of the POLYTEC GROUP as a going concern. The consolidated cash flow statement from operating activities in the amount of EUR 33.4 million (see the consolidated cash flow statement for the 2023 financial year) as well as internal positive cash planning measures justify the stable liquidity situation of the group. The group also disposes over cash and cash equivalents of EUR 49.6 million and equity of EUR 220.5 million, which corresponds to an equity ratio of 41.4%.

1. NEW AND AMENDED STANDARDS FROM THE 2023 FINANCIAL YEAR

The following **new and amended standards** were applicable for the first time in the 2023 financial year:

Standard	Interpretation	Mandatory application according to IASB for financial years from	Adopted by the EU as at 31.12.2023
IFRS 17	Insurance contracts (including amendments to IFRS 17)	1 January 2023	Yes
Amendments to IAS 8	Definition of accounting estimates	1 January 2023	Yes
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023	Yes
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023	Yes
Amendments to IFRS 17	Insurance contracts: Initial application of IFRS 17 and IFRS 9 – comparative information	1 January 2023	Yes
Amendments to IAS 12	International Tax Reform - Pillar Two Model Rules	1 January 2023	No

There are no material effects upon the POLYTEC GROUP's consolidated financial statements.

2. NEW AND AMENDED STANDARDS FROM THE 2024 FINANCIAL YEAR

The International Accounting Standards Board (IASB) is working on numerous projects which will initially affect the financial years commencing on 1 January 2024. The following new, amended or supplemented standards and IFRIC interpretations that have already been published by the IASB, but for which an application is partially not yet mandatory, have not been applied prematurely by the POLYTEC GROUP and are therefore irrelevant for these consolidated financial statements:

Standard	Interpretation	Mandatory application according to IASB for financial years from	Adopted by the EU as at 31.12.2023
Amendments to IAS 1	Classification of liabilities as current or non-current (including deferral of effective date)	1 January 2024	Outstanding
Amendments to IAS 1	Classification of debt with covenants as current or non-current	1 January 2024	Outstanding
Amendments to IFRS 16	Lease liability in a Sale and Leaseback	1 January 2024	Outstanding
Amendments to IAS 7 and IFRS 7	Disclosures to Supplier Finance Arrangements	1 January 2024	Outstanding
Amendments to IAS 21	Lack of exchangeability	1 January 2025	Outstanding
Amendments to IAS 28 and IFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	Optional[1)]	No

[1)] Indefinite deferral of the effective date by the IASB.

With regard to the future application of additional standards and interpretations that as yet have not come into effect or be applied by the POLYTEC GROUP, no significant material changes to the reported assets, liabilities or other disclosures in the consolidated financial statements are expected.

B. PRINCIPLES OF CONSOLIDATION

1. SCOPE OF CONSOLIDATION

The scope of consolidation is determined in accordance with the principles of IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates). The parent company is POLYTEC Holding AG, Hörsching. The financial statements of POLYTEC Holding AG and the financial statements of the companies controlled by POLYTEC Holding AG as at 31 December of each year are included in the consolidated financial statements by way of full or equity consolidation.

The scope of consolidation of the POLYTEC GROUP includes 39 (2022: 41) fully consolidated companies of which 31 (2022: 32) are located outside Austria.

Control exists if the company has the power of decision over important activities, generates variable returns from the subsidiary and can influence these returns through such power of decision.

Accordingly, in addition to the parent company, seven (2022: eight) domestic and 31 (2022: 32) foreign subsidiaries were included, which are under the control of POLYTEC Holding AG. The six companies (2022: five) which were excluded are immaterial in total. The balance sheet date for all companies included in the consolidated financial statements was 31 December 2023.

An overview of the fully consolidated companies can be found in section G. 6.

As a rule, the annual financial statements of subsidiaries are included in the consolidated financial statements from the date of acquisition until the date of disposal. A subsidiary is first included when control of its assets and business activities is actually assigned to the respective parent company. In the case of materiality, companies that have been founded or closed are included in the consolidated financial statements and whereas immaterial companies are excluded.

The scope of consolidation changed as follows in the financial year:

As at 31.12.2022	**41**
Deconsolidated during the year due to reorganization	-1
Deconsolidated during the year due to closure	-1
First-time consolidation due to new foundation	0
As at 31.12.2023	**39**
thereof foreign companies	31

As in the previous year, in 2023 no interests were included in the consolidated financial statements using the equity method.

COMPANY TRANSACTIONS AND FOUNDATIONS

In the 2023 financial year, PH Immobilien GmbH, Hörsching, was newly founded as a 100% subsidiary of POLYTEC Holding AG. Due to minor importance, PH Immobilien GmbH has not been included in the consolidated financial statements as of 31 December 2023.

On 30 September 2023, PT Immobilien GmbH, as the transferring company, merged with POLYTEC Immobilien GmbH, as the acquiring company.

In addition, POLYTEC FOHA Corp., Markham, was deconsolidated in the 2023 financial year due to closure. The resulting effects are insignificant.

No company transactions or foundations took place in the 2022 financial year.

2. METHODS OF CONSOLIDATION

FULL CONSOLIDATION

IFRS 3 (Business Combinations) was applied to acquisitions. Capital consolidation was therefore carried out on the basis of the revaluation method (recognition of all assets and liabilities at fair value even in the case of non-controlling interests and the complete disclosure of hidden reserves, independent of the amount of the non-controlling interests). The investment carrying amount is counterbalanced by the pro rata, newly evaluated equity of the subsidiary (purchase accounting).

Any remaining differences are capitalised as goodwill. All goodwill is subjected to an annual impairment test. A purchase at below the market value demands an assessment of whether all the assets and debts have been identified correctly prior to the recognition of a gain. The remaining badwill is reported under other operating income.

In accordance with IFRS 10, non-controlling interests are disclosed in the consolidated financial statements under group equity. Within the scope of initial consolidation, non-controlling interests are determined on the basis of proportional equity.

All accounts receivable and payables, as well as expenses and earnings resulting from transactions between companies within the scope of consolidation are eliminated taking the principle of materiality into account. Interim results from internal group deliveries are also eliminated to the extent that they are not immaterial.

3. CURRENCY TRANSLATION

BUSINESS TRANSACTIONS IN FOREIGN CURRENCIES

In the individual group companies, transactions in foreign currencies were valued at the exchange rate on the date of the transaction. Resultant exchange rate differences are reported in the group's consolidated income statement.

TRANSLATION OF INDIVIDUAL FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

The functional currency of subsidiaries outside the Eurozone is the respective national currency. The assets and liabilities of foreign subsidiaries were converted using the reference exchange rate of the European Central Bank on the balance sheet date. Resultant exchange rate differences are reported in the group's consolidated statement of comprehensive income. Positions in the group's consolidated income statement were converted using the average exchange rates of the financial year under review.

Two companies based in Turkey are also included in the consolidated financial statements of POLYTEC Holding AG. Since 1 April 2022, Turkey has been classified as a hyperinflationary economy, which means that the guidelines of IAS 29 have to be applied. Any effects resulting from hyperinflation are shown in the consolidated statement of changes in equity, the consolidated statement of comprehensive income and the consolidated schedule of intangible assets and goodwill as well as tangible assets.

The euro has been determined as the functional currency at POLYTEC COMPOSITES South Africa (Pty) Ltd. This is because the percentage of transactions in euros at the plant are increasing considerably and the currency will be employed for earnings and cost orientation.

Exchange rate differences derived from monetary positions, which from an economic point of view belong to an foreign company, e. g. long-term receivables and loans, are netted against group equity without an effect upon comprehensive income and reported under the position "Currency translations".

The following currency exchange rates were used:

	Average exchange rate		Exchange rate at the balance sheet date	
	2023	**2022**	**31.12.2023**	**31.12.2022**
CNY	7.6805	7.0721	7.8509	7.3584
CZK	23.9808	24.5098	24.7240	24.0964
GBP	0.8687	0.8545	0.8691	0.8869
HUF	384.6154	400.0000	382.8000	400.0000
TRY	25.3807	17.3310	32.6531	19.9601
USD	1.0826	1.0479	1.1050	1.0666
ZAR	20.0401	17.1821	20.3477	18.0832

C. FAIR VALUE MEASUREMENT

The POLYTEC GROUP measures financial instruments at either amortised cost or fair value. Fair value is defined through the price that would be received in an orderly business transaction between market participants on the valuation date for the sale of an asset, or paid for the transfer of a debt. During the measurement of fair value it is assumed that the business transaction in the course of which the asset sale or debt transfer occurs, takes place on the main market for the asset or the debt, or should a main market not exist, on the most advantageous market. The POLYTEC GROUP measures fair value using the assumptions employed by the market participants as a basis for pricing. It is presupposed that the market participants act in their best business interest.

During the measurement of the fair value of a non-financial asset, the ability of the market participant to generate economic advantage through maximum and best asset use is accounted for.

Valuation techniques are employed for the determination of fair value which are appropriate under the respective conditions and provide sufficient data for fair value measurement, whereby observable input factors are used if possible.

Depending upon the significance of the influential factors included in the valuation, a differentiation is made between three fair value levels, which clarify the extent to which observable market data is available for fair value measurement.

The levels of the fair value hierarchy and their application with regard to assets and liabilities can be described as follows:

Level 1:
Listed market prices for identical assets or liabilities in active markets.

Level 2:
Information other than listed market prices that is directly (e. g. prices) or indirectly (e. g. extrapolated from prices) observable.

Level 3:
Information regarding assets and liabilities that is not based on observable market data.

D. ACCOUNTING AND VALUATION PRINCIPLES

The principles of standardised accounting and valuation are applied through directives that are valid throughout the entire group. All financial statements are based on a going concern principle of the group.

1. INTANGIBLE ASSETS

Acquired intangible assets are valued at the cost of acquisition and subjected to scheduled amortisation on a straightline basis. The amortisation rates range between 10.0% and 50.0%.

Expenses for research are shown as expenses in the year of their occurrence. Engineering costs also generally represent periodic expenses. These are capitalised when certain conditions can be proven and are cumulatively fulfilled. Among other aspects, it must be verifiable that engineering activities are very likely to result in the future accrual of funds, which not only cover standard costs, but also the related development expenses.

2. TANGIBLE ASSETS

Tangible assets are valued at the cost of acquisition or production less scheduled depreciation. Scheduled depreciation is determined using the straight-line method and takes place either on the basis of fair value, or should this be higher, the utility value.

The following rates are used for the scheduled depreciation on depreciable tangible assets:

Buildings and leasehold improvements	2.5 – 20.0%
Technical equipment and machinery	6.7 – 50.0%
Factory and office equipment	10.0 – 50.0%

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the acquisition costs of that asset. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Obligations exist from leasing, rental and lease agreements, which are reported as right-of-use assets in the tangible assets of the consolidated balance sheet. In the 2023 financial year, right-of-use assets were mainly recognised for office, production and warehouse buildings, production machines, company vehicles and forklifts.

3. INVENTORIES

Inventories are reported at their acquisition or production costs, or the lower net realisable value on the balance sheet date. The determination of acquisition and production costs is performed for similar assets in accordance with the weighted average cost method, or comparable methods. Production costs only include directly attributable costs and proportionate overhead costs. Interest on borrowed capital is not capitalised, as no substantial borrowing costs are incurred that are directly attributable to qualifying assets. The risk derived from obsolete inventory stocks is accounted for by appropriate reductions in the carrying amount.

4. TRADE ACCOUNTS RECEIVABLE

Receivables are capitalised at the transaction price.

Apart from the standard valuation of receivables on the basis of a past analysis and an estimate of future developments, which takes into account default, country risk and existing loan insurance, in the case of an individual impairment, the likelihood of a payment receipt is also evaluated. In particular, experiences with the customers, their creditworthiness and any hedging are taken into consideration. Notes regarding value adjustments and corrections resulting from price differences are shown in item E. 13.

5. CONTRACT ASSETS/LIABILITIES FROM CONTRACTS WITH CUSTOMERS

The revenue and result realisation of a contract with customers for the production of tooling and engineering services takes place in accordance with the percentage of completion method (period-based sales revenue recognition), to the extent that no possibility for alternative use and a right to payment including an appropriate margin exist. Progress is determined on the closing date on the basis of the ratio on the balance sheet date of the costs incurred to the estimated overall expense of the respective customer contract. Changes to the contractual work, the requirements and performance bonuses are included to the degree that their amount can be determined reliably and legal enforceability is given. The contract assets are reclassified as receivables if the rights become unreserved. As a rule, this occurs when the group presents the customer with an invoice.

Should it not be possible to reliably determine the result of customer contracts, the related income is only reported to the amount of the incurred contractual costs that are probably recoverable. Contractual costs are recognised as expenses in the period in which they occur. If it is anticipated that the entire contractual costs will exceed the total contractual income, the anticipated loss is reported immediately as an expense (provision for impending losses).

If on the closing date the contractual costs plus recognised profits and minus recognised losses exceed the partial invoices, then the surplus is to be reported as contract assets. The company expects the recognition of the proceeds from contract assets within a period of two to five years. In the case of contracts in which the partial invoices exceed the incurred costs plus recognised gains and minus recognised losses, the surplus is to be reported as a contract liability. Amounts received prior to the provision of production performance are reported in the consolidated balance sheet as “Contract liabilities”. Settled amounts for already completed performance that have not yet been paid by the customer are included in the consolidated balance sheet under the item “Trade accounts receivable” and as a rule are paid within a short deadline.

In the case of series parts, which do not offer an alternative possibility for use, the criteria for period-based sales revenue recognition are met when an order has already been received.

Contract assets from contracts with customers include amortisation receivables from tooling and development projects already accepted by the customer, and admission fees. These contract assets usually contain an interest component.

Amortisation receivables from tooling and engineering projects already accepted by the customer and for which customer agreements to the offsetting of claims via a surcharge on the part price exist, are capitalised and paid during the settlement for serial parts.

Admission fees for order obtainment are capitalised and repaid over the duration of the customer contract received.

In addition, the costs of engineering services and toolings are reported as inventories where no enforceable contractual claim to reimbursement exists, but nevertheless such expenses can be allocated directly to an ongoing or future series production order. In accordance with IFRS 15 (Costs to Fulfil a Contract) these contractual costs are capitalised and recognised in profit and loss as an expense over the contract period. In such cases the surcharges imposed upon the component price for development services and tooling production are first recognised as sales revenues upon delivery of the serial products. Impairment is undertaken where the capitalised contractual costs exceed the expected contribution received from the customer.

6. OTHER RECEIVABLES

Where existent, the reported other receivables include any derivative financial assets that show a positive market value and are classified as “measured at fair value through profit or loss”.

Non-current receivables are recognised at present value on the basis of an interest rate in line with the market.

7. ASSETS HELD FOR SALE

Assets held for sale are valued at the carrying amount or the lower anticipated sales proceeds less selling costs. The anticipated sales proceeds are determined by means of the monitoring of comparable objects in the market and the initial price indications of interested parties.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, cheques and cash at banks.

9. IMPAIRMENT

Intangible and tangible assets are subjected to an impairment test if there is an indication that an asset or a cash generating unit may be impaired. Intangible assets with an indefinite useful life and intangible assets that are not yet subject to wear and tear are subject to an annual impairment test, regardless of whether there is an indication of impairment.

For the purpose of impairment testing, assets are aggregated into the smallest identifiable group that can generate largely independent cash inflows from other assets (cash-generating unit, CGU). At POLYTEC GROUP the cash-generating unit has represented the level of the entire Group, which means that there is only one CGU. Independent of the legal entities, regions or product lines, the POLYTEC GROUP is clearly oriented towards the production of complex plastic modules with a focus on the automotive industry. Central control of the entire group is therefore essential and is provided via the holding company and the Board of Directors.

Impairment is deemed to exist if the recoverable amount of the asset, or of the cash-generating unit is lower than the carrying amount. The recoverable amount is the higher of the value in use and the fair value less selling costs.

The value in use of the asset corresponds to the present value of the estimated future cash flow. The cash flow employed to determine the value in use is derived from current plans approved by the Board of Directors and the Supervisory Board. The calculation of future cash flow is based on a planning horizon of three years. For the period after this planning horizon, a perpetual annuity is calculated based on the assumptions for the third year. The interest rate used to determine the present values is a pre-tax interest rate that is customary in the market and adjusted to the specific risks of the asset or the cash-generating unit. This corresponds to the weighted average cost of capital.

Impairment expense is disclosed to the amount by which the carrying amount of the individual asset or the cash-generating unit exceeds the recoverable amount. Impairment expenses reduce the carrying amounts of the assets of the cash-generating unit on a pro rata basis.

Should the reasons for impairment cease to exist, corresponding write-ups are performed for tangible and intangible assets up to the amortised costs.

10. OBLIGATIONS TO EMPLOYEES

PROVISIONS FOR SEVERANCE PAYMENTS

Due to statutory obligations, employees of domestic group companies who joined the company prior to 1 January 2003 are entitled to a one-off severance payment in the event of the termination of their contract, or at the time of retirement. The payment amount depends upon the number of years of service and the relevant remuneration at the severance date. For all employment contracts concluded after 31 December 2002, payments are made to a company pension fund for employees and reported as an expense.

The provisions for severance payments are determined on the balance sheet date using the projected unit credit method, as well as by applying a discount rate of 4.10% (2022: 3.80%) and allowing for future remuneration increases of 3.00% (2022: 3.00%). A discount for employee turnover based on the years of service is included. The assumed uniform retirement age for men and women, taking into account certain temporary arrangements, is unchanged over the preceding year at 62. Service costs are divided over the entire period of service of employees from the date that they join the company until they reach the expected retirement age.

Pursuant to IAS 19, actuarial gains/losses are recognised under other comprehensive income in the year in which they occur. Current and past service costs are reported as personnel expenses in the consolidated income statement, while the interest expense related to provisions for severance payments is reported in the financial result.

PENSION OBLIGATIONS

Pension obligations exist for certain German group company employees. These obligations are reported in accordance with IAS 19. For this purpose, the current value of the defined benefit obligation (DBO) is determined. The pension provisions are calculated using the projected unit credit method, whereby depending upon the distribution of the obligations to entitlements and liquid pensions, and owing to the specific regulations of the individual pension funds, a discount rate of 3.82% (2022: 3.34%), as well as an increase of 2.00% (2022: 2.00%) is applied. The 2018G – Dr. Klaus Heubeck tables are used for the actuarial calculations.

In accordance with IAS 19, actuarial gains/losses are recognised under other comprehensive income in the year in which they occur. Current and past service costs are reported as personnel expenses in the consolidated income statement, while the interest expense related to provisions for pensions is reported in the financial result.

At one Dutch company, the entitlements of active pension scheme members are dealt with in the form of a defined contribution pension plan. The pension entitlements of former employees and beneficiaries are calculated as a percentage of the annual remuneration during each year of service. These benefits are handled via an insurance company and are indexed on an ongoing basis in line with the specifications of the industry pension fund.

Two POLYTEC GROUP companies in Germany have outsourced their defined benefit pension commitments to a mutual insurance society (pension fund), which is monitored by the Federal Financial Supervisory Authority (BaFin). The pension fund covers retirement, disability and survivor pensions. The pension fund insures both active and former employees of POLYTEC GROUP. As at 30 June 2016, the POLYTEC GROUP terminated all future contribution payments and will assume future pension payments through internal financing (future services).

OTHER LONG-TERM OBLIGATIONS TO EMPLOYEES

Owing to collective or other company agreements, employees are entitled to receive a certain bonus in line with their length of service. For this obligation, an interest rate of 4.10% (2022: 3.90%) was applied by taking into account future salary increases of 2.00% for Germany (2022: 2.00%) and 2.60% for Austria (2022: 2.60%). Therefore, a provision was recognised. A fluctuation deduction is made based on length of service

11. TAXES

Tax receivables are reported as netted against tax liabilities when they relate to the same fiscal authority and a possibility for netting is available.

The income tax expense (the income tax credit) includes both actual and deferred taxes.

The group is unaware of any material tax risks. Moreover, in the course of the determination of the provision for taxes and deferred taxes, individual tax risks are countered by means of a cautious probability balance. In the case of current open tax audits, queries that have been raised, but do not represent definitive issues within the context of an overall estimate of the total group tax burden are accounted for in the provision for income taxes. As a rule no deduction is made for the detection risk.

The actual taxes for the individual companies are calculated on the basis of the taxable income of the company and the applicable tax rate in the respective country.

In particular, tax deferrals are formed for timing differences between IFRS valuations and the tax balances of individual companies, as well as for consolidation processes. Pursuant to IAS 12, their determination takes place in accordance with the balance sheet liability method. The likely realisable tax advantage emanating from existing loss carryforwards is also included in the investigative process. Deferred tax assets are only formed on loss carryforwards when their use can be expected within five years. The calculation of deferred tax is based on the standard rate of national income tax.

12. LIABILITIES

Trade accounts payables are measured at the fair value of the goods and services received when the liabilities arise. Subsequently, these liabilities are measured at amortised cost. Other liabilities, especially borrowed interest-bearing liabilities, are recognised at their repayment amount, unless there is a material difference to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

13. PROVISIONS

Provisions are formed when it can be determined with certainty that there are legal or de facto obligations to third parties based on past business transactions or events that are likely to lead to an outflow of resources. Such provisions are recognised at the expected settlement amount with due regard to all the identifiable risks attached. Within this context, the settlement amount with the highest probability of occurrence is assumed. Noncurrent provisions are discounted if the discounting effect is material and the discounting period can be estimated reliably.

Provisions for contingent losses and potential risks consist of the provisions for contingent losses pursuant to IAS 37 and for disadvantageous contracts in accordance with IFRS 3.

During the measurement of the provisions for disadvantageous contracts pursuant to IFRS 3, the contracts concluded with regard to purchase are analysed with respect to onerous, legal and constructive obligations. An existing burden or disadvantage is accounted for through the formation of a provision.

A provision for restructuring measures is recognised as soon as the group has approved a detailed and formal restructuring plan and the related measures have either commenced or been announced publicly. Future operational losses are not accounted for.

14. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the balance sheet should the group become a contractual party in relation to a financial instrument.

Financial assets are derecognised when the contractual rights from the assets expire, or the assets are transferred with all material rights and obligations. Financial liabilities are also derecognised if the contractual obligations have been settled, deleted or have expired. Purchases and sales of financial instruments subject to customary market conditions are generally reported with the settlement date.

Financial assets are categorised as follows:

a. Financial assets measured at fair value through profit or loss (FVPL)
b. Financial assets measured at amortised cost

Financial assets are measured at amortised cost when the asset is held in order to gather contractual cash flows as part of the business model and the contractual terms result in cash flows at specified dates, which solely represent the reimbursement of capital and interest on the principal outstanding. If these two conditions are not met, the valuation is made at FVPL. A valuation at FVPL was only carried out for derivatives in the previous year.

Financial liabilities are categorised as follows:
a. Financial liabilities measured at amortised cost
b. Financial liabilities measured at FVPL

Financial liabilities are measured at amortised cost using the effective interest method. The only exception to measurement at amortised cost is provided by derivatives, which are measured in the consolidated financial statements at FVPL.

Other possible categories pursuant to IFRS 9 are not applied and hedge accounting is also not employed. Financial derivatives are only concluded for the hedging of basic business. Financial derivatives that do not correspond to hedge accounting pursuant to IFRS 9 are classified as assets or liabilities measured at fair value through profit or loss and recognised in the balance sheet at fair value. This corresponds to the current value, should one exist, or is determined using standard valuation methods employing the market data available on the valuation closing date. Fair value mirrors the estimated amount that the POLYTEC GROUP must pay or receive if this transaction were to be completed on the balance sheet date. Changes in value are recognised in the consolidated income statement through profit and loss.

15. REALISATION OF INCOME AND EXPENSES

Revenue includes all income resulting from the typical business activities of the POLYTEC GROUP. They are recognised over time, a revenue recognition at a point in time is not applied.

Investment grants from public funds reduce the acquisition or manufacturing costs. The presentation of grants from public funds related to income varies, whether the grant offsets several expense categories or not. Consequently, grants for Research & Development activities, that are provided for several expense categories, are presented as other income, whereas grants related to a specific expense category, as the short-time working grant, are credited directly to this expense category. A grant from public funds is not recognised until there is reasonable assurance that the conditions attached to it will be fulfilled.

Operating expenses are recognised through profit and loss when the service is rendered or the expenses are incurred.

16. FINANCIAL RESULT

The interest result (expenses) includes the interest arising from debt financing and interest equivalent expenses from leasing transactions, as well as the interest components of the change in obligations to employees.

The interest result (revenues) includes the interest, dividends and similar revenues realised from the investment of funds and investment in financial assets. Interest income is realised proportional to time and the effective interest rate of the asset is taken into account. Dividend income is reported with effect from the date of the legal claim.

Gains and losses from the disposal of financial assets, impairment expenses from financial investments, exchange rate gains and losses in connection with financing activities, as well as the results from hedging transactions are reported in the other financial result.

17. GROUP CASH FLOW STATEMENT

The indirect method was selected for the consolidated cash flow from operating activities disclosed in the presentation of the group cash flow statement. The financial fund corresponds to the cash and cash equivalents and current funding.

In order to achieve a presentation that is fair according to the input involved, the interest received is reclassified as in previous year from the “consolidated cash flow from operating activities” to the “consolidated cash flow from investing activities” and the interest paid is reclassified from the “consolidated cash flow from operating activities” to the “consolidated cash flow from financing activities”.

18. UNCERTAINTIES WITH REGARD TO ASSESSMENTS AND ASSUMPTIONS

The preparation of the consolidated financial statements requires that the management draws up estimates and assumptions with regard to the application of accounting and valuation principles, as well as potential future developments that might influence the reporting and value of the recognised assets and liabilities, information regarding other obligations on the balance sheet date, and the recognition of income and expenses during the reporting period. The actual amounts to be realised in the future may deviate from these estimations. In assessing the intrinsic value of intangible and tangible assets management prepares estimates and future related assumptions regarding the surplus inflows expected over the planning periods and the costs of capital of both the POLYTEC GROUP and the cash-generating unit. Such estimates are made in all good faith subject to the assumption that the group is a going concern. They are also based upon experience and take any remaining uncertainty into due account. With regard to the risk discounts in medium-term planning, reference should be made to the information contained under G. 2. d Climate risks. However, changed assumptions or circumstances may necessitate corrections.

The revenue and result realisation of a customer contract for the production of tooling and engineering services takes place on the basis of the percentage of completion (period-related revenue realisation). The realisation of amortisation receivables and admission fees is also founded on estimates that incorporate all the information available on the balance sheet date. Subsequent changes are possible and can lead to asset value adjustments and exert a material influence upon the results from subsequent periods.

In assessing the recoverability of deferred tax assets, the management evaluates the likelihood that all deferred tax assets will be realised. The final realisation of deferred tax assets is dependent upon the generation of future taxable income in those periods during which temporary differences become deductible. If the company is unable to generate sufficient future taxable income, no deferred tax benefits from operating loss carryforwards or temporary differences can be recognised and their value has therefore to be adjusted correspondingly. The assumptions regarding future payment surpluses and the future result subject to tax are based on medium-term group planning. Assumptions concerning future payment surpluses, as well as future taxable results, are based on the medium-term planning of the group. Should these prove to be incorrect, this can have considerable effects on the assets reported in subsequent years. A sensitivity analysis has shown that, as in the preceding year, in comparison to medium-term planning a 10% reduction in taxable income would not result in any additional value adjustment to the deferred tax assets from loss carryforwards and temporary differences.

The estimation of the useful life of fixed assets is either based on experience values resulting from the operation of comparable plant, or a shorter anticipated product lifecycle. In addition, during the determination of rights of use an estimate regarding periods and any possible termination and prolongation options, as well as the extrapolation of the interest rate is of relevance.

The actuarial assessment of severance, pension and longservice obligations carried out by independent actuaries is based on a method that employs parameters such as the expected discount rate, increases in remuneration payments and pension contributions. In addition to the interest rate risk and the risk of a potential increase in remuneration payments and pension contributions, there is also a longevity risk. If the development of these relevant parameters differs significantly from the original expectations, this may have considerable effects upon the provisions and consequently upon the group's net expenses for severance payments and pension contributions. In order to present the impact of a change in the interest rate used to determine severance payment and pension obligations, a sensitivity analysis was carried out, which is explained in greater detail under E. 22 "Obligations to employees".

Due to impending additional funding obligations from the participation agreement concluded by POLYTEC GROUP with the pension fund, the other provisions in POLYTEC GROUP's consolidated financial statements included a provision of EUR 3,601 k in the previous year. With the termination and settlement agreement dated 24 October 2023 and the addendum dated 31 October 2023 to the founding fund agreement dated 19 July 2023, the aforementioned participation agreement and POLYTEC GROUP's obligation to make additional contributions regulated therein were terminated with effect from the same date in exchange for the creation of a further founding fund, which is why the provision could be reversed. In order to ensure the long-term risk-bearing capacity of the pension fund and to avoid a reduction in the actuarial interest rate, POLYTEC undertook as guarantor with the sponsoring companies and four other associated companies in the addendum to provide the pension fund with a start-up fund loan for the establishment of a further start-up fund for a maximum amount totaling EUR 42,928 k. The senior liability of the sponsoring and associated companies from the start-up fund loan amounts to a total of EUR 41,464 k, the subordinated liability to EUR 1,464 k; the liability share of POLYTEC amounts to EUR 956 k in each case. The guarantors are liable with the senior and subordinated liability shares in equal ranking alongside each other, but subordinated to the senior liability on a pro rata basis. No interest is owed if the foundation stock loan is not utilized. The pension fund is entitled to the amount of the foundation fund loan subscribed if a shortfall would otherwise arise or the regulatory solvency requirements of the pension fund would not be met. No drawdowns have been made to date.

E. NOTES TO THE GROUP'S CONSOLIDATED INCOME STATEMENT, THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND CONSOLIDATED BALANCE

1. NET SALES REVENUES AND SEGMENT REPORTING

Following a comprehensive analysis of the reporting structure, it was concluded that the POLYTEC GROUP is a one-segment group. Therefore, the obligatory operating segment reporting for a single segment in the 2023 and 2022 financial year is limited to inter-segmental disclosures in accordance with IFRS 8.31 et seq.

As an automotive industry sub-supplier, the group naturally depends upon a small number of major customers. The distribution of sales according to customers is as follows:

in EUR k	2023	2022
VW	244,011	213,020
Mercedes Benz	178,932	180,007
Jaguar Land Rover	61,544	46,293
Other Automotive	95,603	104,088
Non-Automotive	55,896	57,978
Total	**635,987**	**601,385**

In 2023 and 2022, two respective customer groups provided more than 50% of the group's total sales. Due to the extensive range of models and marques of these key accounts, which as a rule operate in the passenger car and commercial vehicle sectors, the customer-supplier relationship in both cases relates to all business areas, although to differing degree.

The distribution of sales according to market segments is as follows:

in EUR k	2023	2022
Passenger Cars & Light Commercial Vehicles	470,552	443,812
Commercial Vehicles	109,538	99,595
Industrial Applications	55,896	57,978
Total	**635,987**	**601,385**

The disclosures concerning geographical areas to be made at group level (determined in the sales revenues area in line with the location of customers' business premises) on the balance sheet dates can be summarised as follows:

	External sales		Intangible assets, goodwill and tangible assets	
in EUR k	2023	2022	2023	2022
Austria	3,102	4,199	67,164	70,703
Germany	343,029	350,787	92,232	96,409
Great Britain	78,343	68,050	26,949	25,162
Sweden	21,592	20,132	0	0
Hungary	27,832	25,457	5,013	4,880
Rest of EU	122,172	93,158	34,092	35,453
Other countries	39,916	39,603	23,006	26,327
Total	**635,987**	**601,385**	**248,457**	**258,934**

Period-related sales revenues are divided according to categories as follows:

in EUR k	2023	2022
Part sales and other revenues	550,782	517,070
Tooling and engineering sales	85,205	84,315
Total	**635,987**	**601,385**

2. OTHER OPERATING INCOME

in EUR k	2023	2022
Income from the disposal of and additions to fixed assets excluding financial assets	129	208
Income from cost reimbursements	685	346
Grants and receivables	2,219	2,606
Rental income	14	37
Income from patents	452	318
Income from electricity feed	33	208
Insurance compensations and indemnity payment	467	195
Other income	1,239	3,862
Total	**5,238**	**7,780**

In the past financial year, grants from public funds amounting to EUR 2,221 k (2022: EUR 4,267 k) were recognised in the income statement. These consists mainly of subsidies for energy costs in the amount of EUR 660 k (2022: EUR 394 k), premiums for environmental subsidies in the amount of EUR 554 k (2022: EUR 0 k), subsidies for investments in the amount of EUR 531 k (2022: EUR 1,114 k) and fixed cost subsidies in the amount of EUR 0 k (2022: EUR 600 k), which are reported under other operating income. In addition, an insignificant amount of short-time working allowances were received in 2023 (2022: EUR 1,661 k). These are deducted from wages and salaries. The short-time working allowances received in the previous year were obtained in Austria, Germany, Slovakia and the Netherlands.

3. EXPENSES FOR MATERIALS AND SERVICES RECEIVED

in EUR k	2023	2022
Material expenses	275,266	256,558
Expenses for services received	62,341	77,795
Total	**337,607**	**334,353**

4. PERSONNEL EXPENSES

in EUR k	2023	2022
Wages and salaries	150,870	137,120
Expenses for leasing personnel	31,910	19,219
Statutory social expenses	30,774	28,495
Expenses for severance payments and pensions	2,043	4,554
Other personnel expenses	2,553	310
Total	**218,150**	**189,698**

The expenses for severance payments and pensions also include expenses for defined contribution plans. For the Austrian companies within the group, these expenses amounted to EUR 351 k (2022: EUR 310 k).

In connection with government grants, we would refer you to the information under item E. 2 "Other operating income".

The number of employees of the POLYTEC GROUP (including leasing personnel) was as follows:

	2023	2022
Average	3,884	3,536
As at 31 December	3,835	3,510

The number of employees of the POLYTEC GROUP (excluding leasing personnel) was as follows:

	2023	2022
Average	3,291	3,155
As at 31 December	3,359	3,191

The average numbers of POLYTEC Holding AG employees (excluding leasing personnel) and of the Austrian subsidiaries of the POLYTEC GROUP were as follows:

	2023	2022
Blue-collar employees	248	242
White-collar employees	194	186
Total	**442**	**428**

5. OTHER OPERATING EXPENSES

in EUR k	2023	2022
Maintenance costs	15,852	14,191
Other operating costs	7,639	6,500
Other administrative costs	8,957	8,485
Outgoing freight	8,194	6,943
Other sales costs	2,342	2,182
Expenses from variable, short-term and low-value rental and leasing contracts	3,340	3,058
IT and communication costs	5,803	5,066
Legal and consulting costs	5,202	3,326
Taxes and charges not included in income tax	1,237	1,150
Risk provisions and damage cases	179	77
Losses from the disposal of fixed assets excluding financial assets	196	25
Expense for currency translation differences	532	266
Total	**59,471**	**51,269**

The other operating costs also contain the following expenses for the services provided by the group auditors:

in EUR k	2023	2022
Annual and group financial audit	250	228
Other non-auditing services	10	4
Other services	48	41
Total	**308**	**273**

6. FINANCIAL RESULT

in EUR k	2023	2022
Interest income and income from securities	250	154
Interest component of pension commitments	-687	-212
Other interest expenses	-8,376	-2,651
Interest derived from leasing liabilities	-310	-185
Other financial income	54	16
Other financial expenses	0	-227
Total	**-9,070**	**-3,104**

The increase in interest expenses arises from promissory note loans and bank loans, some of which have variable interest rates, as well as interest expenses for the receivables sold.

The interest component from pension commitments is a non-cash item. All other interest expenses or interest income consist largely of cash items.

The net result according to valuation categories is as follows:

31.12.2023	Operating result		Financial result		
in EUR k	Value adjustment	Currency translation	Interest	Result from FV measurement	Net result
Financial assets measured at amortised cost	-842	0	250	0	**-593**
Financial liabilities measured at amortised cost	0	-532	-8,376	0	**-8,908**

31.12.2022	Operating result		Financial result		
in EUR k	Value adjustment	Currency translation	Interest	Result from FV measurement	Net result
Financial assets measured at amortised cost	-1,093	0	154	0	**-938**
Financial liabilities measured at amortised cost	0	-266	-2,651	0	**-2,918**

7. TAX INCOME/EXPENSES

in EUR k	2023	2022
Expenses for current taxes	-792	-1,134
thereof aperiodic	50	345
Income from deferred taxes	2,522	1,290
thereof aperiodic	47	1,308
Total	**1,730**	**156**
thereof aperiodic	97	1,653

The income tax revenue for the 2023 financial year amounting to EUR 1,730 k is EUR 2,059 k lower than the calculated income tax revenue totalling EUR 3,789 k, which would have resulted from the application of a tax rate of 24% on the result before income tax of EUR -15,789 k.

The reasons for the difference between the calculated and the disclosed group income tax revenue/expense can be summarised as follows:

in EUR k	2023	2022
Earnings before tax	-15,789	-2,400
thereof 24% (prior year: 25%) calculated income tax revenue	3,789	600
Participation and inter-company valuations	-96	-449
Tax-free grants and subsidies	124	252
Non-capitalised tax losses less utilised non-capitalised loss carryforwards	-2,228	-2,125
Permanent differences and other changes	-483	-161
Differences from the discrepancy between the local and consolidated tax rates	528	386
Income tax revenue/expense for the reporting period	**1,634**	**-1,497**
Aperiodic income tax revenue	50	345
Aperiodic deferred income tax revenue	47	1,308
Disclosed income tax revenue	**1,730**	**156**

The aperiodic deferred tax income amounting to EUR 47 k (2022: EUR 1,308 k) resulted mainly from past tax losses, which are recognised for the first time in the financial year. Furthermore, the gradual reduction of the corporate tax rate in Austria, which was decided in January 2022, was taken into account in the aperiodic deferred income tax revenue.

8. INTANGIBLE ASSETS AND GOODWILL

The classification of the intangible assets shown in the consolidated balance sheet and their development are as follows:

in EUR k	Rights	Goodwill	Advance payments made	Total
Acquisition costs				
As at 1.1.2022	**15,725**	**38,971**	**5,544**	**60,240**
Currency translation differences and adjustments due to hyperinflation	196	0	0	196
Additions	164	0	223	387
Disposals	0	0	0	0
Reclassification	1,536	0	-1,536	0
As at 31.12.2022	**17,621**	**38,971**	**4,231**	**60,823**
As at 1.1.2023	**17,621**	**38,971**	**4,231**	**60,823**
Currency translation differences and adjustments due to hyperinflation	0	0	0	0
Additions	156	0	266	423
Disposals	-529	0	0	-529
Reclassification	2,859	0	-2,859	0
As at 31.12.2023	**20,108**	**38,971**	**1,638**	**60,717**
Accumulated depreciation				
As at 1.1.2022	**13,057**	**38,971**	**0**	**52,028**
Currency translation differences and adjustments due to hyperinflation	194	0	0	194
Depreciation	1,258	0	0	1,258
Disposals	0	0	0	0
As at 31.12.2022	**14,509**	**38,971**	**0**	**53,481**
As at 1.1.2023	**14,509**	**38,971**	**0**	**53,481**
Currency translation differences and adjustments due to hyperinflation	2	0	0	2
Depreciation	1,513	0	0	1,513
Disposals	-529	0	0	-529
As at 31.12.2023	**15,493**	**38,971**	**0**	**54,464**
Carrying amounts as at 31 December 2022	**3,112**	**0**	**4,231**	**7,343**
Carrying amounts as at 31 December 2023	**4,614**	**0**	**1,638**	**6,253**

The research and development expenses of the group during the financial year amounted to approximately EUR 620 k (2022: EUR 553 k [1]).

IMPAIRMENTS

In the 2023 financial year, the intangible and tangible assets were subjected to impairment testing. As in previous years, there was no need for impairment of other intangible assets and tangible assets.

The impairment tests were based on the following assumptions:

	31.12.2023	31.12.2022
Cash flow planning period	3 Years	3 Years
Long-term perpetuity growth rate	0%	0%
Discount rate (WACC) before taxes	12.76%	12.90%

The Board of Directors has determined that a change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The amount of excess cover for the CGU level is EUR 172,434 k (2022: EUR 129,788 k). The following table shows the amount by which each of these two assumptions would need to alter in order for the estimated attainable amount to equal the carrying amount.

	2023	2022
Discount rate	6.37%	4.85%
Future free cash flows	-35.38%	-29.38%

[1] In the previous year, research and development expenses commissioned by the customer were also stated. For better comparability, the comparative period was adjusted to the changed calculation of key figures.

9. TANGIBLE ASSET

The classification of the tangible assets shown in the consolidated balance sheet and their development is as follows:

in EUR k	Land and buildings	Real estate right-of-use	Technical equipment and machinery	Machinery right-of-use	Fixtures, fittings and equipment	Advance payments made and assets under construction	Total
Acquisition costs							
As at 1.1.2022	**168,493**	**5,266**	**275,652**	**16,502**	**65,314**	**11,354**	**542,581**
Currency translation differences and adjustments due to hyperinflation	-1,002	30	-1,325	-8	-67	-103	-2,475
Additions	2,235	0	10,012	1,055	4,640	5,823	23,765
Disposals	-2,944	0	-15,907	-1,258	-7,573	0	-27,682
Reclassification	1,009	0	6,215	958	160	-8,342	0
Revaluation	0	916	-4,061	1,886	0	0	-1,259
As at 31.12.2022	**167,791**	**6,212**	**270,586**	**19,135**	**62,474**	**8,732**	**534,930**
As at 1.1.2023	**167,791**	**6,212**	**270,586**	**19,135**	**62,474**	**8,732**	**534,930**
Currency translation differences and adjustments due to hyperinflation	1,169	-20	-60	-2	-53	-69	966
Additions	1,167	2,958	7,751	746	5,703	9,533	27,858
Disposals	-1,793	-15	-9,914	-1,310	-4,072	-3,807	-20,910
Reclassification	723	0	3,074	0	1,309	-5,107	0
Revaluation	0	530	0	361	0	0	891
As at 31.12.2023	**169,058**	**9,666**	**271,437**	**18,930**	**65,362**	**9,282**	**543,733**
Accumulated depreciation							
As at 1.1.2022	**36,772**	**903**	**186,942**	**4,298**	**47,889**	**13**	**276,816**
Currency translation differences and adjustments due to hyperinflation	-300	0	-401	-7	-51	5	-754
Depreciation	3,302	979	17,014	3,677	6,270	0	31,242
Disposals	-2,860	0	-14,621	-1,137	-7,496	0	-26,114
Revaluation	0	798	0	1,349	0	0	2,147
As at 31.12.2022	**36,915**	**2,680**	**188,934**	**8,180**	**46,612**	**18**	**283,337**
As at 1.1.2023	**36,915**	**2,680**	**188,934**	**8,180**	**46,612**	**18**	**283,337**
Currency translation differences and adjustments due to hyperinflation	1,264	-9	-124	52	-38	0	1,143
Depreciation	6,692	1,268	13,823	3,604	6,458	0	31,845
Disposals	-929	-15	-10,015	-1,310	-2,703	-5	-14,977
Revaluation	0	6	0	176	0	0	183
As at 31.12.2023	**43,940**	**3,930**	**192,617**	**10,702**	**50,329**	**13**	**301,531**
Carrying amounts as at 31 December 2022	**130,877**	**3,532**	**81,652**	**10,955**	**15,862**	**8,714**	**251,591**
Carrying amounts as at 31 December 2023	**125,118**	**5,736**	**78,820**	**8,229**	**15,033**	**9,269**	**242,204**

Property, plant and equipment were subject to an impairment test in the 2023 financial year. For details, we would refer you to E. 8 „Intangible assets and goodwill".

"Land and buildings" contains a real property value of EUR 33,025 k (2022: EUR 33,231 k).

Revalued lease contracts are shown at "Revaluation" in "Real estate right-of-use" and "Real estate machinery". In "Technical equipment and machinery" an investment grant reducing the acquisition costs was included in the 2022 financial year.

No borrowing costs for qualifying assets have been capitalised in the 2023 and 2022 financial years.

As at 31 December 2023, the obligations relating to unpaid orders for the delivery of fixed assets amounted to EUR 4,771 k (2022: EUR 2,609 k).

For bank loans amounting to EUR 8,133 k (2022: EUR 15.006 k[1]) property, plant and equipment are pledged as collateral in the same amount. The decrease results from the repayment of bank loans during the year.

In detail, the due dates of the leasing liabilities reported on the balance sheet date are as follows:

in EUR k	31.12.2023	31.12.2022
Within one year	4,597	4,316
Longer than one year and within five years	7,792	9,617
Longer than five years	1,422	567

In the 2023 financial year, the total cash and cash equivalent outflows emanating from leasing agreements amounted to EUR 8,868 k (2022: EUR 6,725 k). Apart from repayments, this figure includes outflows of cash and cash equivalents relating to short-term leases totalling EUR 2,529 k (2022: EUR 1,846 k), variable leases totalling EUR 590 k (2022: EUR 648 k) and leases on low-value assets totalling EUR 199 k (2022: EUR 5 k). The interest expenses for leasing costs totalling EUR 310 k (2022: EUR 185 k) are noncash.

[1] In the previous year, collateral in the form of mortgages was included without corresponding banks loans. The comparative period was adjusted accordingly to improve comparability.

10. OTHER NON-CURRENT ASSETS

The other non-current assets are divided as follows:

in EUR k	31.12.2023	31.12.2022
Loan to PUR Holding GmbH	1,041	1,000
Other non-current assets	88	88
	1,129	**1,088**

For further information about the loan to PUR Holding GmbH see G. 3 "Related Parties and Companies".

11. DEFERRED TAX ASSETS/LIABILITIES

The discrepancies between the amounts stated in the tax and IFRS balance sheets result from the following balance sheet items and take effect on deferred taxes as follows:

	31.12.2023		31.12.2022	
in EUR k	Assets	Liabili-ties	Assets	Liabili-ties
Intangible and tangible assets	6,831	3,240	5,084	4,480
Loss carryforwards	6,183	0	7,157	0
Contract assets	0	5,088	0	6,997
Other assets	2	0	4	0
Provisions for pensions	1,250	0	1,560	0
Provisions for severance payments	766	0	794	0
Other provisions for personnel	80	0	141	0
Contract liabilities	476	0	1,313	0
Other provisions	317	0	556	0
Other liabilities	5	27	168	0
Subtotal	**15,908**	**8,355**	**16,777**	**11,477**
Offsetting due to identical tax authorities	-7,183	-7,183	-10,658	-10,658
Deferred taxes pursuant to the balance sheet	**8,725**	**1,172**	**6,119**	**819**

In 2023, group companies reported net deferred tax assets on temporary differences and loss carryforwards totalling EUR 8,725 k (2022: EUR 6,119 k).

As at 31 December 2023, group income tax loss carryforwards totalled EUR 99,731 k (2022: EUR 74,955 k) and demonstrated the following structure:

in EUR k	31.12.2023	31.12.2022
Total	**99,731**	**74,955**
of which capitalised loss carryforwards	38,223	36,334
of which applicable for an unlimited period	38,223	36,334
of which non-capitalised loss carryforwards	61,508	38,621

No deferred tax assets were recognised for deductible tax loss carryforwards amounting to EUR 61,508 k (2022: EUR 38,621 k), as a future taxable result against which unused tax losses can be employed is currently assessed as being insufficiently guaranteed. This equates to deferred tax assets of EUR 11,042 k (2022: EUR 7,781 k). Of the non-capitalised loss carryforwards (gross amounts), EUR 5,886 k (2022: EUR 5,270 k) will expire within the next five years.

In accordance with IAS 12.39, no deferred taxes were created for temporary differences in connection with shares in subsidiaries, as it could be assumed on 31 December 2023 that the differences between the valuation of investments for tax purposes and the pro rata equity of subsidiaries included in the consolidated financial statements would remain tax-free for the foreseeable future.

The deferred taxes contain tax asset deferrals recognised in equity amounting to EUR 515 k (2022: EUR 898 k) and deferred tax liabilities recognised in equity amounting to EUR 0 k (2022: EUR 0 k).

12. INVENTORIES

Inventories are structured as follows:

in EUR k	31.12.2023	31.12.2022
Raw materials and supplies	39,801	36,321
Unfinished goods	1,098	604
Finished goods and merchandise	130	61
Advance payments made	274	567
Total	**41,303**	**37,553**

The unfinished goods and order costs total EUR 1,098 k (2022: EUR 604 k). As in the previous year, there were no impairments for contractual costs in the 2023 financial year.

The change (balance from formation and reversal) in the impairment losses on inventories recognised through profit and loss amounted to EUR 45 k in the year under review (2022: EUR 1,695 k). Inventories that were recognised as material expenses in the reporting period amounted to EUR 299,153 k (2022: EUR 279,664 k).

In the case of inventories with a carrying amount of EUR 2,529 k (2022: EUR 3,572 k), realisation is first anticipated after twelve months.

As in the previous year, no inventories were reclassified as collateral or pledged as a surety for financial liabilities.

13. TRADE ACCOUNTS RECEIVABLE

The existing provisions for impairments to trade accounts receivable developed as follows in the financial year under review:

in EUR k	31.12.2023	31.12.2022
As at 1.1.	**1,716**	**1,566**
Use	-478	-236
Release	0	0
Allocation	422	395
Foreign exchange rate differences	4	-8
As at 31.12.	**1,664**	**1,716**

The impairment provisions contain individual valuation adjustments and price differences (Level 3). Owing to the low loss quotas of the past and the future expectations in this regard further pro-rata impairment provisions can be regarded as negligible. There are no substantial differences between the carrying amount and the current value of accounts receivable.

FACTORING

Since the 2008 financial year, factoring agreements have existed owing to which banks and factoring companies are obliged to purchase certain POLYTEC GROUP trade accounts receivable with a monthly rotating nominal volume. For the receivables sold, once the purchase has been completed the default risk linked to the receivables (del credere risk) passes without recourse to the purchasing bank or factoring company. As at 31 December 2023, the factoring agreements had a maximum usable nominal volume totalling EUR 83,753 k (2022: EUR 83,637 k). On the balance sheet date, receivables amounting to EUR 59,023 k (2022: EUR 31,922 k) had been sold and derecognised from the consolidated financial statements in accordance with IFRS 9, as essentially all opportunities and risks are transferred, only the late payer risk is retained. Interest of EUR 1,753 k is retained by the purchasing banks and factoring companies in connection with the sale of the receivables and due to the retained late payment risk. As at 31 December 2023, a blocked amount of EUR 5,902 k (2022: EUR 5,690 k) is presented in the consolidated financial statements in connection with the receivables sold.

Owing to the short-term nature and good creditworthiness of the receivables, the carrying amount may be regarded as a reliable approximate figure for fair value.

14. REVENUES/LIABILITIES FROM CONTRACTS WITH CUSTOMERS

Receivables from construction contracts and service transactions, which pursuant to IFRS 15 are subject to period-related revenue recognition, are reported in the balance sheet under the position "Revenues from contracts with customers". In addition the revenues from contracts, entry fees and amortisation receivables also include those unfinished and finished goods which according to IFRS 15 owing to customised production are also subject to period-related revenue recognition.

The revenues from contracts with customers are thus divided as follows:

in EUR k	31.12.2023	31.12.2022
Unfinished customised goods	13,368	12,043
Finished customised goods	13,818	14,552
Contract assets from tooling and engineering sales	43,320	37,504
Current revenues from contracts with customers	**70,506**	**64,099**

in EUR k	31.12.2023	31.12.2022
Unfinished customised goods	0	0
Finished customised goods	0	0
Contract assets from tooling and engineering sales	31,574	40,390
Non-current revenues from contracts with customers	**31,574**	**40,390**

The contract liabilities totalling EUR 1,982 k (2022: EUR 6,064 k) consist of advance payments received with regard to tooling and engineering. In the 2023 financial year, the sum of EUR 6,064 k reported as contract liabilities at the beginning of the period was recognised as sales revenue.

The amount of the impairment of contract assets as at 31 December 2023 was influenced by an increase of EUR 420 k (2022: increase of EUR 698 k). Owing to the low loss quotas of the past and the future expectations in this regard further pro-rata impairment provisions can be regarded as negligible. For details regarding impairment provisions, we would refer you to G. 2 “Risk reporting”.

15. OTHER CURRENT RECEIVABLES

The other current receivables include receivables from input taxes, supplier bonuses, derivatives, deposits and the blocked amount from factoring totalling EUR 25,895 k (2022: EUR 25,531 k). These mainly represent financial receivables.

Owing to the low loss quotas of the past, which are also not to be expected in the future, the default risk can be seen as negligible. No impairments were undertaken.

16. CASH AND CASH EQUIVALENTS

On the balance sheet date, none of the amounts included in this item were subject to restrictions as to their use.

17. FINANCIAL ASSETS

In the valuation categories contained in IFRS 9 as at 31 December 2023 and 31 December 2022 respectively, the carrying amount of financial assets disclosed at amortised cost represents a reasonable approximation of fair value.

Cash and cash equivalents of EUR 49,610 k (2022: EUR 55,163 k), trade accounts receivables of EUR 52,165 k (2022: EUR 60,109 k), other financial receivables of EUR 25,895 k (2022: EUR 25,531 k) and other non-current assets of EUR 1,041 k (2022: EUR 1,000 k) belong to financial assets. As at prior year a loan to PUR Holding GmbH totalling EUR 1,041 k is shown at other non-current assets.

The financial assets have mainly short residual terms. Therefore, their carrying amounts as of the balance sheet date approximate to the fair value and also take into account the creditworthiness of the contractual partners. The default risk is taken into account through the formation of value adjustments.

18. ASSETS HELD FOR SALE

As at 31 December 2023, no assets are held with the intention of being sold.

In the financial year 2022 a property was sold which had been classified as „held for sale" in the previous year. A capital gain of EUR 42 k was realised.

19. GROUP EQUITY

On the balance sheet date POLYTEC Holding AG share capital amounted to EUR 22,330 k (2022: EUR 22,330 k) divided into 22,329,585 ordinary shares (2022: 22,329,585 ordinary shares) with a nominal value of EUR 1.00 each. The share capital is fully paid in.

The buyback of the 334,041 treasury shares held on the balance sheet date (equates to 1.5% of share capital) at an acquisition value of EUR 1,855 k and a market value on the reporting date of EUR 1,171 k (2022: EUR 1,537 k) took place in its entirety in accordance with the buyback program approved at the Annual General Meetings held on 16 May 2012 and 14 May 2014.

The treasury share portfolio remained unchanged in the 2023 financial year.

	Shares	Treasury shares	Shares in circulation
31.12.2022	**22,329,585**	**-334,041**	**21,995,544**
Change in treasury share portfolio	0	0	0
31.12.2023	**22,329,585**	**-334,041**	**21,995,544**

In accordance with a resolution from the 23rd Annual General Meeting held on 9 June 2023, until 8 December 2025 the Board of Directors is authorised to purchase treasury shares amounting to a maximum of 10% of share capital at a minimum price of EUR 1,00 and a maximum price that is 10% above the average, unweighted closing market price on the five days preceding purchase.

In addition, authorised capital was agreed with the passing of a resolution by the 22nd Annual General Meeting held on 1 July 2022. With the consent of the Supervisory Board, at the latest, three years after the entry of the authorised capital in the company register, i. e. up to 10 August 2025, the Board of Directors is empowered to increase share capital by a nominal amount of EUR 6,698,875.00 through the issue of new shares at a minimum price of EUR 1.00 each. The issue of the new shares may also take place subject to the preclusion of the subscription rights of shareholders when share capital is increased in exchange for contributions in kind from companies, operations, partoperations or shares in one or several enterprises.

The capital reserves derive from premiums in connection with capital increases and are therefore entirely committed.

NON-CONTROLLING INTERESTS

The following table shows summarised financial information regarding all non-controlling interests prior to intra-group eliminations. For reasons of materiality, it is presented on an aggregate basis for all non-controlling interests.

in EUR k	31.12.2023	31.12.2022
Non-current assets	88,195	92,957
Current assets	3,645	3,511
Non-current liabilities	0	0
Current liabilities	-26,082	-30,270
Net assets	**65,758**	**66,198**
Share of equity/voting rights without a controlling interest	5.0% and 5.5%	5.0% and 5.5%
Carrying amount of interests without controlling influence	3,590	3,611
Pro rata gain of interests without controlling influence	9	59
Pro rata other result of interests without a controlling influence	0	0
Dividends on interests without a controlling interest	26	219

INFORMATION CONCERNING CAPITAL MANAGEMENT

POLYTEC GROUP's capital management strategy is aimed at safeguarding business operations, increasing goodwill, creating a solid capital basis to finance a profitable growth course and guaranteeing capital service and attractive dividend payments.

POLYTEC Holding AG is subject to the minimum capital requirements of Austrian corporation law. Statutory minimum capital requirements do not apply. Nonetheless, the group considers a solid equity base a key element in insolvency prevention.

The ratio between equity capital and total capital can be summarised as follow:

in EUR k	31.12.2023	31.12.2022
Total equity	220,512	237,092
Balance sheet total	533,025	551,187
Equity ratio	**41.4%**	**43.0%**

For the POLYTEC GROUP, the term capital management means the control of equity capital and net financial liabilities. The POLYTEC GROUP's net financial liabilities are centrally controlled. The objectives in this regard include securing long-term liquidity, the efficient use of debt financing and the adoption of appropriate measures for financial risk mitigation in tandem with the optimisation of both earnings and costs.

Apart from the equity ratio, the POLYTEC GROUP mainly employs the gearing and return on capital employed (ROCE) parameters for the supervision of its capital. The entire costs of the capital employed and the risks related to the different types of capital are monitored on a permanent basis.

The POLYTEC GROUP strives to maintain a sustainable equity ratio of more than 30%. A small deviation from this target equity ratio would only be acceptable temporarily in the case of strategically important M&A transactions.

Gearing is defined as the ratio of net financial liabilities (non-current and current financial liabilities less cash and cash equivalents and interest-bearing receivables) to equity capital. Appropriate control instruments consist primarily of the issuance and repayment of financial liabilities, as well as the consolidation of the equity base through the retention of earnings or the adjustment of dividend payments. The POLYTEC GROUP management regards a gearing ratio of below 1.00 as being lastingly solid.

Gearing developed as follows:

in EUR k	31.12.2023	31.12.2022
Financial liabilities[1]	172,264	175,517
- Non-current interest-bearing contract assets	31,574	40,390
- Current interest-bearing contract assets[2]	10,524	19,233
- Other non-current interest-bearing receivables	1,041	1,000
- Cash and cash equivalents	49,610	55,136
Net financial liabilities (-)/assets (+)	**-79,515**	**-59,758**
/ Equity carrying amount	220,512	237,092
Gearing	**0.36**	**0.25**

[1] Financial liabilities include non-current and current interest-bearing liabilities.
[2] The current interest-bearing contract assets relate mainly to amortisation receivables.

ROCE is defined as the ratio between EBIT and the average capital employed. The capital employed includes the non-current operating assets (intangible and tangible assets, goodwill and other non-current receivables) less other non-current operating provisions and net working capital (non-interest-bearing current assets less non-interest-bearing current liabilities).

ROCE represents the most important calculation parameter for the vast majority of the POLYTEC GROUP's executive bonus plans. ROCE developed as follows:

in EUR k	2023	2022
Average capital employed	312,501	326,328
EBIT	-6,719	704
Return on capital employed (in %)	**-2.15**	**0.22**

The minimum ROCE target is in the double-digit percentage range, but in 2023 and 2022 this figure was not achieved.

The POLYTEC GROUP's dividend policy is oriented towards profitability, strategic growth perspectives and the group's capital requirements.

20. EARNINGS PER SHARE AND DIVIDENDS

Pursuant to IAS 33 (Earnings per Share), basic earnings per share result from the division of the net income for the period due to the shareholders (annual net profit of the group after income taxes and non-controlling interests) by the weighted average number of ordinary shares outstanding during the reporting period.

	Unit	2023	2022
Net income after income taxes and after non-controlling interests	EUR k	-14,068	-2,303
Average number of ordinary shares issued	Shares	22,329,585	22,329,585
Average number of retained treasury shares	Shares	334,041	334,041
Average number of shares in circulation	Shares	21,995,544	21,995,544
Earnings per share	EUR/ share	-0.64	-0.10

The diluted earnings per share equate to the non-diluted earnings per share, as no financial instruments with a dilutive effect are currently in circulation.

At the 23rd Annual General Meeting, which was held at the headquarters of POLYTEC Holding AG on 9 June 2023, the attending stockholders and stockholder representatives passed a resolution approving the distribution of a dividend of EUR 0.10 per dividend bearing share, or EUR 2.2 million for the 2022 financial year (2021: EUR 2.2 million), which was paid out on 15 June 2023.

In accordance with the provisions of the Austrian Stock Corporation Act, the separate financial statements of POLYTEC Holding AG prepared in accordance with the Austrian accounting regulations as at 31 December 2023 provide the basis for the payment of a dividend.

The Board of Directors of POLYTEC Holding AG will propose to the 24th Annual General Meeting that no dividend will be distributed for the 2023 financial year.

In principle, dividends are subject to the deduction of a capital gains tax of 27.5%. For individuals subject to unlimited tax liability, this means that their income tax is settled (final taxation). Corporations subject to unlimited corporate income tax liability, which hold at least 10% of share capital, are exempt from the capital gains tax. For individuals subject to limited tax liability, all relevant double taxation treaties must be taken into due account.

21. NON-CURRENT INTEREST-BEARING LIABILITIES

This item includes all interest-bearing liabilities with a residual term of more than one year and can be structured as follows:

in EUR k	31.12.2023	31.12.2022
Promissory note loans	11,996	49,416
thereof with a residual term >5 years	0	1,000
Bank loans	56,525	45,297
thereof with a residual term >5 years	7,183	7,946
thereof with collateral securities	6,894	8,133
Other interest-bearing liabilities	10,892	14,419
thereof with a residual term >5 years	0	511
thereof with collateral securities	0	5,717
Lease liabilities	9,214	10,184
thereof with a residual term >5 years	1,422	567
Non-current interest-bearing financial liabilities	**88,626**	**119,316**

The group's outstanding non-current and current interest-bearing liabilities to banks exist in the following currencies:

	2023		2022	
	Share %	Average nominal interest %	Share %	Average nominal interest %
EUR	100.00	4.51	99.76	2.82
GBP	0.00	0.00	0.24	5.54

In the 2014, 2017, 2018 financial years and most recently in 2019, the POLYTEC GROUP issued promissory note loans with the following repayment dates:

in EUR k	2024	2025	2028	Gesamt
fixed	1,500	0	0	1,500
variable	36,000	11,000	1,000	48,000
Total	**37,500**	**11,000**	**1,000**	**49,500**

In the 2023 financial year EUR 35,000 k (2022: EUR 21,000 k) from the promissory note loans were repaid.

As at 31 December 2023, an equity covenant and a net debt covenant were agreed for bank loans in the amount of EUR 35,000 k, which will be reviewed for the first time on 31 December 2024. If the covenants are not met, there is an early repayment obligation to the financing partners.

22. PROVISIONS FOR EMPLOYEES

This position contains all non-current provisions for obligations to current and former employees:

in EUR k	31.12.2023	31.12.2022
Provisions for severance payments	3,529	3,338
Provisions for pensions	14,943	16,224
Provisions for long-service payments	1,586	1,534
Total	**20,058**	**21,096**

The anticipated payments for the obligations to employees in the 2024 financial year amount to EUR 1, 593 k.

PROVISIONS FOR PENSIONS

The present value of the obligations for defined benefit pension plans developed as follows:

in EUR k	2023	2022
Cash value of pension obligations (DBO) as at 1.1.	**16,224**	**22,040**
Service costs	384	579
Interest expense	541	241
Pension payments	-729	-702
Actuarial gains and losses		
Due to demographic assumptions	0	0
Due to financial assumptions	-943	-5,775
Due to experience-based adjustments	-535	-159
Cash value of pension obligations (DBO) as at 31.12.	**14,943**	**16,224**

With regard to the most important actuarial parameters and relevant accounting principles, please refer to Item D. 10 “Obligations to employees“.

The pension expenses for the 2023 financial year consist mainly of defined benefit pension plans, whereby service costs are disclosed in the personnel expenses under the item "Expenses for severance payments and pensions" and interest costs are recognised in the financial result under the item "Interest component defined benefit plans". The actuarial result comprises gains and losses resulting from the changes to demographic, financial and experience-based assumptions.

The average duration of pension obligations amounts to 13 years (2022: 13 years).

in EUR k	2023	2022
Service costs	384	579
Interest expense	541	241
Total	**925**	**820**

The actuarial gains/losses recognised under other comprehensive income developed as follows (after taxes):

in EUR k	2023	2022
Actuarial gains (+)/losses (-) as at 1.1.	**-779**	**-5,049**
Actuarial gains (+)/losses (-) in the financial year	1,063	4,270
Actuarial gains (+)/losses (-) as at 31.12.	**284**	**-779**

A change in interest rates of 25 basis points would have led to an increase in pension obligations of EUR 480 k (2022: EUR 540 k), or to a decrease of EUR 455 k (2022: EUR 511 k). Due to the increased interest rate level, the sensitivity was also calculated at 100 basis points for the first time in the 2023 financial year. A change in interest rates of 100 basis points would result in an increase in the pension obligation of EUR 2,082 k or a decrease of EUR 1,685 k.

PROVISIONS FOR SEVERANCE PAYMENTS

The present value of the obligations for defined benefit plans developed over time as follows:

in EUR k	2023	2022
Present value of severance payments (DBO) as at 1.1.	**3,338**	**3,648**
Service costs	129	149
Interest expense	122	32
Severance payments	-193	-100
Gain/loss on defined benefit obligations due to severance payments	0	-56
Actuarial gains and losses		
Due to demographic assumptions	-88	0
Due to financial assumptions	-62	-470
Due to experience-based adjustments	282	134
Present value of severance payments (DBO) as at 31.12.	**3,529**	**3,338**

With regard to the most important actuarial parameters and relevant accounting principles, please refer to Item D. 10. “Obligations to employees“.

Total severance costs for the 2023 financial year are divided between defined contributions and defined benefit plans, whereby the service costs included in personnel expenses are reported under the expenses for severance payments and pension provisions and the interest expense are reported in the financial result under interest components. The actuarial result comprises the gains and losses resulting from changes to the demographic, financial and experience-based assumptions.

The average duration of severance payment obligations amounts to six years (2022: seven years).

in EUR k	2023	2022
Defined contribution plans		
Expense for defined contribution plans	**351**	**310**
Defined benefit plans		
Service costs	129	149
Interest expense	122	32
Expense for defined benefit plans	**252**	**181**
Expense for severance payments	**603**	**491**

Actuarial gains/losses recognised under other comprehensive income developed as follows (after taxes):

in EUR k	2023	2022
Actuarial gains (+)/losses (-) as at 1.1.	**-652**	**-905**
Actuarial gains (+)/losses (-) in the financial year	-101	253
Actuarial gains (+)/losses (-) as at 31.12.	**-753**	**-652**

A change in interest rates of 25 basis points would have led to an increase in severance payment obligations of EUR 51 k (2022: EUR 55 k), or to a decrease of EUR 50 k (2022: EUR 53 k). Due to the increased interest rate level, the sensitivity was also calculated at 100 basis points for the first time in the 2023 financial year. A change in interest rates of 100 basis points would result in an increase in the severance payment obligation of EUR 214 k or a decrease of EUR 191 k.

PROVISIONS FOR LONG-SERVICE PAYMENTS

The provision developed over time as follows:

in EUR k	2023	2022
Present value of the defined benefit obligation = **The provision for long-service payments**	**1,586**	**1,534**

In the 2023 financial year, the provision for long-service payments led to an expense of EUR 53 k (2022: income EUR 244 k). In addition, long-service payments of EUR 96 k (2022: EUR 92 k) were paid out.

23. CURRENT INTEREST-BEARING LIABILITIES

in EUR k	31.12.2023	31.12.2022
Promissory note loans	38,281	35,208
Bank loans	37,122	12,770
thereof with collateral securities	1,238	1,873
Other interest-bearing liabilities	3,637	3,907
thereof with collateral securities	0	1,816
Lease liabilities	4,597	4,316
Interest-bearing current financial liabilities	**83,638**	**56,200**

24. LIABILITIES ON INCOME TAXES

The Liabilities on income taxes consist largely of liabilities from corporate and trade income taxes (or comparable taxes) in different states, where group companies have their registered offices. Liabilities developed as follows:

in EUR k	2023	2022
As at 1.1.	**1,553**	**870**
Currency translation differences	-4	1
Use for tax payments	-1,072	-494
Release	0	-210
Addition in the financial year	145	1,386
As at 31.12.	**622**	**1,553**

25. TRADE ACCOUNTS PAYABLES

in EUR k	31.12.2023	31.12.2022
Trade accounts payables	63,734	60,960
Financial trade accounts payable liabilities	**63,734**	**60,960**

26. OTHER CURRENT LIABILITIES

in EUR k	31.12.2023	31.12.2022
Liabilities to employees	1,596	1,536
Provision for outstanding incoming invoices	5,612	6,975
Liabilities from Supplier Finance Arrangements	8,714	0
Other liabilities	2,168	2,578
Other current financial liabilities	**18,090**	**11,089**
Accrual for unclaimed leave	5,632	4,744
Other tax liabilities	7,815	6,916
Social security liabilities	1,892	2,104
Deferred income	7,209	5,095
Accrual for other personnel expenses	3,938	4,568
Other non-current financial liabilities	**26,486**	**23,427**
Total	**44,576**	**34,516**

In the 2023 financial year, POLYTEC GROUP started supplier finance arrangements with suppliers of individual Group companies. The factoring service provider will settle the original trade payables in discharge of the debt. This results in a change in the presentation in the consolidated balance sheet. The liabilities to the factoring service provider are presented as other current liabilities. The payments to the factoring service provider are still included in the cash flow from operating activities because they are part of ordinary operating activities, i. e. payments for the purchase of goods and services.

27. CURRENT PROVISIONS

in EUR k	As at 1.1.2023	Currency translation	Use	Release	Allocation	As at 31.12.2023
Provision for impending losses and risks	1,768	-1	323	1,244	75	276
Guarantees and warranties	514	0	268	16	622	853
Other current provisions	11,233	-36	5,848	3,786	5,387	6,949
	13,515	**-37**	**6,439**	**5,046**	**6,084**	**8,078**

in EUR k	As at 1.1.2022	Currency translation	Use	Release	Allocation	As at 31.12.2022
Provision for impending losses and risks	3,793	4	2,593	1,200	1,764	1,768
Guarantees and warranties	857	0	505	352	514	514
Other current provisions	10,148	41	8,646	1,502	11,192	11,233
	14,798	**45**	**11,744**	**3,054**	**13,470**	**13,515**

Amongst the other current provisions are provisions for customer claims totalling EUR 4,062 k (2022: EUR 3,477 k), retirement obligations of EUR 14 k (2022: EUR 31 k) and legal risks amounting to EUR 117 k (2022: EUR 3,713 k). With regard to the changes of provisions for legal risks please refer to D.18. “Uncertainties with regard to assessments”.

28. FINANCIAL LIABILITIES

In accordance with IFRS 9, financial liabilities comprise the non-current and current interest-bearing liabilities disclosed in the consolidated balance sheet, trade accounts payables and other current financial liabilities.

Except for derivative financial contracts, financial liabilities are included in the "Financial liabilities measured at amortised cost" valuation category. The derivative financial instruments are classified as "financial liabilities measured at fair value through profit or loss".

With the exception of other current liabilities, which are assigned to the Level 3 valuation category, all financial liabilities and derivative financial contracts (financial year 2023: EUR 0 k; 2022: EUR 0 k) are allocated to Level 2.

The POLYTEC GROUP only determines the fair value for interest-bearing liabilities for disclosures in the notes to the consolidated financial statements. Fair value is established using recognised measurement methods based on the discounted cash flow method. The main input factor is the discount rate, which takes available market data (risk free interest rates) into account. In the case of financial liabilities, the creditworthiness of the POLYTEC GROUP is considered. On the balance sheet date, the Level 2 non-current financial liabilities showed a fair value of EUR 87,076 k (2022: EUR 112,381), as compared to a carrying amount of EUR 88,626 k (2022: EUR 119,316 k). On 31 December 2023, the current interest-bearing financial liabilities showed a fair value of EUR 78,880 k (2022: EUR 55,982 k), as opposed to a carrying amount of EUR 83,638 k (2022: EUR 56,200 k).

Reference should be made to the risk report with regard to the determination of the fair value of derivatives.

F. CASH FLOW STATEMENT

NON-CASH BUSINESS TRANSACTIONS

During the financial year expired, the POLYTEC GROUP undertook the following non-cash investment and financial transactions that are not reported in the cash flow statement. In the cash flow statement, the non-cash effects derived from IFRS 16 additions reduce the investments in fixed assets.

OTHER NON-CASH EXPENSES AND INCOME

The non-cash expenses and income consist largely of currency translation differences, non-cash interest payments and the write-off of receivables.

CHANGES TO FINANCIAL LIABILITIES

Leasing liabilities (current and non-current) as at 1 January 2023, amounting to EUR 14,500 k (2022: EUR 16,699 k), are reduced by leasing payments totalling to EUR 8,868 k (2022: 6,725 k). New leases totalling EUR 3,704 k (2022: EUR 1,055 k), disposals of EUR 0 k (2022: EUR 122 k) and currency translation differences of EUR 4,505 k (2022: EUR 3,593 k) result in leasing liabilities as at 31 December 2023 of EUR 13,841 k (2022: EUR 14,500 k).

Financial liabilities (current and non-current) as at 1 January 2023, amounting to EUR 175,516 k (2022: EUR 195,717 k), are reduced in 2023 by cash effective changes of EUR 15,444 k (2022: EUR 24,362 k). Currency translation in the amount of EUR 7,291 k (2022: EUR 4,161 k) and other changes not affecting cash in the amount of EUR 4,901 k (2022: EUR 0 k) resulted in financial liabilities of EUR 172,264 k as at 31 December 2023 (2022: EUR 175,516 k).

G. OTHER INFORMATION

1. EVENTS AFTER THE BALANCE SHEET DATE

Events occurring after the balance sheet date which are of significance for the evaluation on the balance sheet date such as outstanding legal cases or claims for compensation and other obligations or impending losses, which would have to be reported or disclosed in accordance with IAS 10.19, are accounted for in these consolidated financial statements and reported under the respective item.

Likewise, events that need not be taken into account are to be shown if they are of particular importance.

As part of the refinancing of significant promissory note loans of the POLYTEC Holding AG the Huemer Invest GmbH, a company affiliated with the Chairman of the Supervisory Board Friedrich Huemer, made a commitment to Raiffeisenlandebank Upper Austria at the beginning of 2024 to acquire the fixed assets of POLYTEC Immobilien GmbH, mainly consisting of the plant and property in Hörsching, for a purchase price of at least EUR 20 million. The purchase and transfer agreement for the acquisition of the shares in the POLYTEC Immobilien GmbH at an enterprise value of EUR 21 million by Huemer Immobilien GmbH will be concluded in April 2024. The carrying amount underlying the transaction is EUR 21.6 million as at 31 December 2023. The assets sold are to be leased back immediately afterwards. From the current perspective, the sale will not have any significant impact on earnings. To pre-finance the purchase price, a total of EUR 20 million was transferred to POLYTEC GROUP in January 2024.

2. RISK REPORTING

In the course of its business operations, the POLYTEC GROUP is subject to numerous risks, which are indelibly linked to its entrepreneurial activities. Therefore, for the POLYTEC GROUP risk management is an integral element in its strategy and all business processes. The comprehensive certifications required by an automotive industry supplier (e. g. IATF 16949:2016 and ISO14001: 2015) already specify appropriate regulations, which are also monitored via external audits. In line with the organisational structure of the POLYTEC GROUP, risks are locally managed and monitored close to the market, especially in the course of ongoing business processes. However, group headquarters provides central financial risk management. The following major risk areas can be identified:

SPECIFIC COMPANY RISKS

a. (Sales-) market risk

General sales market risk: The general conditions to which the automotive industry is subject are currently undergoing a fundamental change. Moreover, owing to the repressive constraints upon the combustion engine and the furtherance of e-mobility, which represent the direct driving forces behind this upheaval, as well as the indirect effects of autonomous driving and new mobility concepts, the coming years are also set to be most challenging. The task is therefore to adjust to this altered situation and establish a clear position in the new market environment by means of innovation and a targeted sales strategy. To date, the automotive supply industry was already seen as highly competitive and characterised by consolidation and restructuring amongst its competing players. This trend will now intensify and the POLYTEC GROUP must exploit the resultant opportunities derived from market consolidation.

In addition, current economic and political risks are far more acute than in recent years. The internationalization of the markets and supply chains has not only created major possibilities, but also increased risks, as demonstrated clearly by the outbreak of the coronavirus. International trade disputes have also resulted in falls in demand and complications within the global supply arrangements. Moreover, there is a risk that these uncertainties will continue to have a negative impact upon the automotive industry in the next few years.

Volume risik: This emanates from unplanned demand volatility and part quantity development. During series production, the sub-supplier is dependent on the sales of the vehicle for which it is supplying components, while being unable to influence this success. The unplanned calloff of quantities can result in two types of problem, one of which is formed by capacity bottlenecks, which may lead to delayed deliveries and hence reputational damage. Conversely, the lack of call-offs can cause capacity utilisation difficulties and a subsequent fixed cost deficit. The POLYTEC GROUP attempts to keep the dependency upon individual delivery relationships to a minimum by means of a balanced customer and order mix.

Owing to the focus of the OEMs on only a few models and engines, sharp reductions and increases in quantities during series production are becoming increasingly frequent. Moreover, especially in recent months, the visibility of call-offs has deteriorated greatly. For the POLYTEC GROUP this means that the call-off situation and model development must be monitored extremely closely. Material changes must evoke both a cost-related reaction, but also with justified claims for increased costs, particularly with regard to the falling short of agreed planned quantities.

b. Procurement market risk

One substantial risk is represented by the fluctuations in raw material prices, which in the case of a plasticsprocessor like the POLYTEC GROUP are due mainly to longterm oil price shifts, but can also be caused by changes in refinery capacity. This risk is countered by means of sliding material price clauses in the disclosed calculations, in as far as these are acceptable to the customer. To a certain extent, negotiations involving raw materials and purchased parts take place directly between the POLYTEC GROUP's customers and the suppliers. Where prices are only agreed with the customer on an annual basis, changes in raw material prices are an important parameter for the annual price renegotiations. Furthermore, increased research and development activities are aimed at the use of new raw materials (natural fibres).

c. Investment risk

A considerable investment on the part of the POLYTEC GROUP is necessary in order to guarantee OEMs a supply capability and this naturally results in a corresponding risk. This investment risk can be defined as the uncertainty related to the advantageousness of an investment. During investment decisions subject to risk, the possibility exists that the future payment surpluses and returns related to an investment project may fluctuate. The volatility of the payment surpluses involves the danger of lower returns.

Meeting the infrastructural needs of the OEMs necessitates large-volume investments by the POLYTEC GROUP many years in advance, irrespective of whether the purchase of machinery and plant, or the building of complete production facilities is involved. Therefore, should planned orders not be received, this results in an undefined prolongation of the amortisation period. Moreover, as investments relate partly to specific products or customers, an alternative possibility for their use is only available to a limited extent. Accordingly, as a rule an appropriate delivery volume is defined with the OEMs, which thus bear a corresponding degree of the investment risk.

d. Production risk

The production risk describes the overall negative deviations to be anticipated during product manufacture. Product risks in the POLYTEC GROUP derive mainly from effects which result in unstable or defective output that in turn can lead to part number fluctuations and customer production line breakdowns. As a consequence, delivery problems, damage to the reputation with the customer and liabilities for damages may result.

Production risks also encompass quality problems, which can again have a detrimental impact on customer relationships. The POLYTEC GROUP minimises this risk through ongoing improvements to its production processes (POLYTEC Performance Systems, digitalization offensive, etc.), as well as the continual preparation of organisational measures for enhanced process quality.

FINANCIAL RISKS, THEIR MANAGEMENT AND SENSITIVITY

Credit risk: Owing to its customer structure with roughly 90% of total sales revenues being generated with OEMs or major systems suppliers, the POLYTEC GROUP is subject to the automotive industry credit risk. However, outstanding accounts are monitored meticulously on a permanent basis and the payment of accounts receivable as agreed is secured. In the 2023 financial year, approximately 67% (2022: 65%) of sales were obtained from the two largest customer groups. This results in a certain accumulated credit risk, which however has been assessed by the management as being uncritical with regard to potential non-payments. Dependency upon only a few customers is a basic characteristic of the automotive sub-supplier industry. Within this context, the customer is defined as a group of affiliated companies, which can also produce several automotive marques.

The risk of non-payment with regard to cash and cash equivalents is deemed as low.

Despite a credit risk generally classified as limited, the maximum theoretical risk of non-payment corresponds to the carrying amounts of the individual financial assets. The bulk of the trade accounts receivable are covered by credit insurance, which means that in the case of a default, POLYTEC would only be subject to a deductible loss of 10%. As at the reporting date, a credit insurance agreement was in place which insured trade accounts receivable of EUR 39,014 k (2022: EUR 45,504 k). Therefore, the theoretical risk of non-payment amounts to EUR 190,736 k (2022: EUR 199,759 k). The theoretical default risk is calculated from the carrying amounts of trade accounts receivable (reduced by insured trade account receivables), contractual assets from contracts with customers, other current receivables and cash and cash equivalents reported as at the reporting date.

The analysis of the gross carrying values of trade accounts receivable, contractual assets, non-current interest bearing and other financial receivables as at 31 December 2023 can be presented as follows:

31.12.2023	Overdue in days					
in EUR k	Gross amount	Impair-ment provi-sions	Up to 60	60 to 120	120 to 360	Over 360
Non-current interest-bearing receivables	1,041	0	0	0	0	0
Trade accounts receivables	53,830	1,664	21,628	1,300	4,198	4,361
Contract assets from contracts with customers	104,577	2,496	0	0	0	0
Other financial receivables	25,895	0	0	0	0	0

31.12.2022	Overdue in days					
in EUR k	Gross amount	Impair-ment provi-sions	Up to 60	60 to 120	120 to 360	Over 360
Non-current interest-bearing receivables	1,000	0	0	0	0	0
Trade accounts receivables	61,825	1,716	18,396	2,038	3,222	3,536
Contract assets from contracts with customers	106,563	2,075	0	0	0	0
Other financial receivables	25,531	0	0	0	0	0

The impairment provisions contain individual valuation adjustments and price differences. No doubts exist concerning the collectability of financial assets that are neither overdue nor impaired. There are no significant risk concentrations resulting from the investment of financial assets in only one business partner.

Liquidity risk: The group hedges its liquidity needs by means of the maintenance of a cash reserve and the premature refinancing of mature financial liabilities. In the 2023 financial year, acquisition financing of EUR 35,000 k was concluded as part of the refinancing, which was increased to EUR 60,000 k in January 2024.

The POLYTEC GROUP also launched supplier finance arrangements in 2023, the purpose of which is to enable efficient payment processing of supplier invoices. The arrangements are applied to the entire supplier portfolio at selected Group companies. Although Supplier Finance Arrangements do not significantly extend payment terms compared to normal terms with other non-participating suppliers, it contributes to a better prediction of cash outflows.

Any liquidity risk is actively managed by Group headquarters. Management has access to a treasury management system in which all incoming and outgoing payments from the POLYTEC companies are visible. In addition, updated cash plans are prepared every month to ensure that liabilities are paid on time.

The consolidated cash flow statement from operating activities of EUR 33,389 k (see consolidated cash flow statement for the 2023 financial year) and internal positive cash planning justify the Group's stable liquidity situation.

On the basis of the agreements concluded, the group's financial liabilities (excluding derivatives) show the following expected cash flows (including interest payments made at the interest rate on the balance sheet date):

in EUR k	Carrying amount as at 31.12.2023	Total contrac tual cash flows	thereof within 1 year	thereof over 1 but less than 5 years	thereof more than 5 years
Promissory note loans	50,277	51,519	38,287	13,232	0
Bank loans and other interest-bearing liabilities	108,177	114,438	40,594	66,635	7,209
Lease liabilities	13,811	14,018	4,666	7,909	1,443
Trade accounts payables	63,734	63,734	63,734	0	0
Other financial liabilities	18,090	18,090	18,090	0	0
Total	**254,088**	**261,799**	**165,371**	**87,776**	**8,652**

in EUR k	Carrying amount as at 31.12.2022	Total contractual cash flows	thereof within 1 year	thereof over 1 but less than 5 years	thereof more than 5 years
Promissory note loans	84,623	88,658	37,504	50,076	1,078
Bank loans and other interest-bearing liabilities	76,393	81,688	13,941	55,579	12,168
Lease liabilities	14,500	14,717	4,381	9,762	575
Trade accounts payables	60,960	60,960	60,960	0	0
Other financial liabilities	11,089	11,089	11,089	0	0
Total	**247,566**	**257,113**	**127,875**	**115,417**	**13,821**

Bank borrowings on current accounts will continue to be made available to the group until further notice and are therefore adjudged to be current. However, a short-term call-in on the part of the lender banks is not to be expected.

In the 2023 financial year, the POLYTEC Group has off-balance sheet purchase obligations in connection with the supply of raw materials, particularly for electricity and gas, amounting to approximately EUR 25.2 million for the next three years.

Foreign exchange risk: The vast majority of POLYTEC GROUP sales revenues are invoiced in euros and consequently the foreign exchange risk only affects the group to a limited degree. Moreover, the purchase of preliminary work takes place partially in the same currency as sales, which results in natural hedging. The group is subject to higher foreign exchange risks in those countries in which invoices are written in euros, but preliminary work must be purchased in local currency. For example, such risks apply to the Czech Crown, the Hungarian Forint and the South African Rand. In many cases, these risks cannot be transferred to financial instruments, as they are mainly attributable to personnel costs. Owing to the expansion of production activities in the UK and the volatility of the British pound since the Brexit vote, the POLYTEC GROUP is subject to an increased currency risk in this connection. If required it counters this risk through hedging transactions although primarily natural hedge positions were used.

The financial instruments and financial liabilities reported on the balance sheet date show the following distribution with regard to their currency of origin:

	31.12.2023		
in EUR k	in euros	in foreign currency	Total
Trade accounts receivables	33,604	18,561	52,165
Contract assets from contracts with customers	94,997	7,083	102,080
Other receivables (excluding prepaid expenses and accrued income)	20,201	4,243	24,444
Non-current interest-bearing receivables	1,041	0	1,041
Cash and cash equivalents	39,322	10,288	49,610
Total	**189,165**	**40,175**	**229,340**

	31.12.2023		
in EUR k	in euros	in foreign currency	Total
Non-current interest-bearing liabilities	85,062	3,564	88,626
Current interest-bearing liabilities	82,839	799	83,638
Trade accounts payables	55,225	8,509	63,734
Other current liabilities	7,163	2,213	9,376
Total	**230,289**	**15,085**	**245,374**

	31.12.2022		
in EUR k	in euros	in foreign currency	Total
Trade accounts receivables	45,602	14,507	60,109
Contract assets from contracts with customers	97,523	6,966	104,489
Other receivables (excluding prepaid expenses and accrued income)	21,370	3,054	24,424
Non-current interest-bearing receivables	1,000	0	1,000
Cash and cash equivalents	50,615	4,522	55,136
Total	**216,110**	**29,048**	**245,157**

in EUR k	31.12.2022 in euros	in foreign currency	Total
Non-current interest-bearing liabilities	117,899	1,417	119,316
Current interest-bearing liabilities	53,118	3,082	56,200
Trade accounts payables	52,448	8,512	60,960
Other current liabilities	9,128	1,962	11,089
Total	**232,593**	**14,972**	**247,566**

The distribution shows that the risk to which the group is subject owing to exchange rate fluctuations is low, as both financial assets held in foreign currency totalling 17.52% (2022: 11.85%) and the corresponding liabilities totalling 6.15% (2022: 6.05%) account for only a minor part of the total volume. Furthermore, a currency fluctuation would equally affect both assets and liabilities and therefore display compensatory effects.

The sensitivity analysis provides an approximate quantification of the currency risks regarding receivables from and payables to third parties. The risks occur particularly with the British Pound Sterling (GBP), Chinese Renminbi Yuan (CNY), Czech Crown (CZK), Hungarian Forint (HUF), South African Rand (ZAR) and US-Dollar (USD). Translation differences from converting the financial statements of foreign Group companies into the Group currency are disregarded.

The impacts on earnings before tax and equity after taxes are as follows:

31.12.2023	Earnings before tax		Equity after taxes	
in EUR k	Re-valuation of the EUR by 10%	De-valuation of the EUR by 10%	Re-valuation of the EUR by 10%	De-valuation of the EUR by 10%
GBP	629	-629	472	-472
CNY	2	-2	2	-2
CZK	298	-298	241	-241
HUF	529	-529	482	-482
ZAR	387	-387	329	-329

31.12.2022	Earnings before tax		Equity after taxes	
in EUR k	Re-valuation of the EUR by 10%	De-valuation of the EUR by 10%	Re-valuation of the EUR by 10%	De-valuation of the EUR by 10%
GBP	351	-351	264	-264
USD	15	-15	11	-11
CZK	35	-35	28	-28
HUF	256	-256	234	-234
ZAR	400	-400	341	-341

Until the middle of the 2022 financial year, an FX forward has been used to hedge a foreign currency receivable in South African Rand (ZAR). The nominal value was ZAR 80,000 k. No derivatives were outstanding as at 31 December 2023.

Interest rate change risk: The POLYTEC GROUP counteracts the interest rate change risk by means of a portfolio of variable and fixed forms of financing that corresponds with the long-term interest rate projection, whereby long-term financing activities are predominantly subject to variable interest rates. In the 2023 and 2022 financial years, no derivative products were used to hedge interest rates.

Interest-bearing liabilities show the following structure on the balance sheet date:

in EUR k	31.12.2023	31.12.2022
Promissory note loans	50,277	84,623
thereof with fixed interest	2,277	21,123
thereof with variable interest	48,000	63,500
Bank loans	93,647	58,067
thereof with fixed interest	76,548	39,310
thereof with variable interest	17,099	18,757
Lease liabilities	13,811	14,500
thereof with fixed interest	13,811	14,500
thereof with variable interest	0	0
Other interest-bearing liabilities	14,529	18,326
thereof with fixed interest	14,529	18,326
thereof with variable interest	0	0
Total	**172,264**	**175,517**
thereof with fixed interest	107,165	93,260
thereof with variable interest	65,099	82,257

The vast majority of the variable-interest liabilities (EUR 48,000 k; 2022: EUR 63,500 k) are dependent upon the 6-month EURIBOR. An increase/reduction of the reference interest rate by 100 basis points would mean an increase/reduction in the result before taxes of around EUR 651 k (2022: EUR 635 k).

Cyber Crime: The POLYTEC GROUP is also subject to an increase in cyber crime attacks, but to date these have been warded off successfully. Nonetheless, the growing professionalism in this regard has come to represent a serious risk area in operative business. The POLYTEC GROUP's internal controls are being continually tightened and employee sensibility with regard to this topic is addressed at regular intervals and subjected to constant evaluation.

Climate risks: Climate change and other environmental pressures pose an increasing global threat in a diversity of areas. Companies are therefore faced with the challenge of improving their energy and resource efficiency, as well as limiting their consumption. Accordingly, the promotion of these goals is also becoming increasingly important in the automotive supply industry.

The European Commission has responded to this situation with the "European Green Deal", which incorporates a series of measures in the areas of financial market regulation, energy supply, transport, trade, industry, agriculture and forestry. The aim is to achieve the goal of a drastic reduction in CO2 emissions within the European Union.

The "European Green Deal" is also leading to a fall in demand for internal combustion engines. Depending on the customer, a significant decline in sales of products for combustion engines is expected in the medium term. At the same time, a shift towards electromobility is expected. The POLYTEC GROUP was able to substitute the dwindling demand for combustion engines with new products. The opportunities from the market changes could already be used, new orders were concluded and concrete development projects started. The POLYTEC GROUP therefore sees itself well positioned for the future.

In the medium-term planning of POLYTEC GROUP, product line-specific risk deductions were made. This is based on the respective sales plans of our customers.

Companies are faced with the difficult task of both raising their energy and resource efficiency and limiting their energy consumption. For example, the POLYTEC GROUP has for the first time employed green financing in 2021, which has been used to fund a state-of-the-art machinery and plastics recycling plant at its Ebensee location.

This project demonstrates clearly that ecological and economic requirements can be ideally combined.

The additional costs resulting from both investments in climate-friendly technologies and energy price increases constitute an economic risk for the POLYTEC GROUP. The group deals with these risks as described under Item b. "Procurement market risk".

As part of the Taxonomy Regulation, specific Do-No-Significant-Harm criteria were defined for six environmental objectives. The criterion for the environmental objective "adaptation to climate change" is the performance of a climate risk and vulnerability analysis. Potential risks in this connection form part of the materiality analysis in preparation for reporting in accordance with the CSRD in 2024. In the 2023 financial year, the POLYTEC GROUP analysed potential risks resulting from the areas of resource scarcity and climate change.

Ukraine crisis: The Russian war of aggression against Ukraine in February 2022 and the extensive economic sanctions against Russia have since led to considerable economic upheaval.

The resulting reduced availability of raw materials, semi-finished and finished products led to significant price increases. Even though the massive rise in inflation as a result of the war in Ukraine has fallen significantly in recent months, high inflation is likely to remain a key issue in 2024 and have a negative impact on the development of the global economy. Many consumers will remain cautious in their spending behaviour.

From today's perspective, the risks associated with the war in Ukraine, high inflation coupled with the danger of falling consumption represent the greatest uncertainties for almost all sectors for an indefinite period of time - including the automotive industry.

In any case, the management is following the developments with great attention and has introduced numerous measures to minimise the financial impact on the POLYTEC GROUP.

Other risks: The Board of Directors is unaware of any other material risks and obligations that have not been appropriately mentioned in these consolidated financial statements or the notes.

3. RELATED PARTIES AND COMPANIES

As at the 31 December 2023 balance sheet date, on the basis of the shares issued, the shareholder structure was as follows:

MH Beteiligungs GmbH: 16.36%
Huemer Invest GmbH: 13.04%
LLB Invest Kapitalanlagegesellschaft m.b.H.: 6.24%
Treasury shares: 1.50%
Remaining free float: 62.86%

Apart from the members of the Board of Directors and the Supervisory Board, related parties pursuant to IAS 24 primarily include the Huemer Group. During the 2023 financial year corresponding business activities involved Huemer Invest GmbH, HI Solar GmbH and Globe-Air AG, all of which are based in Hörsching. The conditions of business transactions conform to standard market and industry practice.

	Huemer Group	
in EUR k	**31.12.2023**	**31.12.2022**
Receivables	4	0
Liabilities	0	0
Rental income	140	124
Other income	113	120
Other expenses	66	178

The rental income derives from the leasing of offices in Hörsching to Huemer Invest GmbH.

On 15 October 2021, POLYTEC Car Styling Hörsching GmbH concluded a leasing agreement for a photovoltaic system with HI Solar GmbH, Hörsching. In the 2023 financial year, the resultant leasing expenses amounted to EUR 36 k (2022: EUR 32 k). This is reported above under “Other expenses”.

In the 2021 financial year, RSAG Immobilienbeteiligungen GmbH & Co KG, a company with close ties to Fred Duswald, the Deputy Chairman of the Supervisory Board, acquired the Industrial division as part of a joint venture with an Austrian-German investor group. Due to the acquisition as of 31 December 2023 a loan totalling EUR 1,041 k (2022: EUR 1,000 k) from POLYTEC Holding AG to PUR Holding GmbH is still outstanding.

As in the previous year, there are no allowances for or unrecoverable debts in connection with transactions with related parties, nor were any expenses for doubtful or uncollectible receivables recognised in 2023 or the previous year. Guarantees were neither granted nor received.

4. KEY MANAGEMENT

Total remuneration of the members of the Board of Directors in the 2023 financial year amounts to EUR 1,633 k (2022: EUR 1,825 k) and as in the previous year was entirely attributable to short-term benefits. The variable component totalled EUR 246 k (2022: EUR 340 k) and as was the case in the preceding year, during the 2023 financial year no payments were made after the termination of the working relationship.

As yet unpaid variable salary components affecting the 2023 business year are reported in the "Other current liabilities".

There are no stock option plans or similar share-based remunerations pursuant to IFRS 2. Total expenses for the emoluments to Supervisory Board members in the 2023 financial year amounted to EUR 169 k (2022: EUR 169 k).

There are no loans or advance payments relating to current or former members of company bodies. One former member of the Board of Directors receives remuneration totalling EUR 187 k in the 2023 financial year. No other former members of the company's Board of Directors receive remuneration from the group or any of its affiliated companies.

5. POLYTEC HOLDING AG GOVERNING BODIES

During the year under review and at the time of the preparation of the consolidated financial statements, the **members of the Board of Directors** were as follows:

Markus Huemer, Wallern
(Chairman of the Board of Directors)

Peter Bernscher, Linz
(Deputy Chairman of the Board of Directors)

Markus Mühlböck, Zaisenhausen, Germany
(Member of the Board of Directors since 17 July 2023)

Heiko Gabbert, Scharnstein
(Member of the Board of Directors until 17 July 2023)

During the year under review and at the time of the preparation of the consolidated financial statements, the **members of the Supervisory Board** were as follows:

Friedrich Huemer, Wallern (Chairman)

Fred Duswald, Thalheim (Deputy Chairman)

Manfred Helmut Trauth, Knittelsheim, Germany

Viktoria Kickinger, Vienna

Reinhard Schwendtbauer, Leonding

6. GROUP COMPANIES

				2023		2022	
Company	Company address	Country	Shareholder	Direct and indirect holding %	Type of consolidation[1]	Direct and indirect holding %	Type of consolidation[1]
POLYTEC Anlagenfinanzierung GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC CAR STYLING Hörsching GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC CAR STYLING UK Ltd.	Bromyard	GBR	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC FOHA Corp.	Markham	CAN	POLYTEC Holding AG			100.0	KV
POLYTEC FOHA Inc.	Warren	USA	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC CAR STYLING Schoten N.V.	Schoten	BEL	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC CAR STYLING Weierbach GmbH	Idar-Oberstein	GER	POLYTEC Holding AG	100.0	KV	100.0	KV
Polytec Netherlands Holding B.V.	Roosendaal	NED	POLYTEC Holding AG	100.0	KV	100.0	KV
Polytec Composites NL B.V.	Roosendaal	NED	Polytec Netherlands Holding B.V.	100.0	KV	100.0	KV
Polytec Plastics NL B.V.	Putte	NED	Polytec Netherlands Holding B.V.	100.0	KV	100.0	KV
POLYTEC Hungary Kft.	Komló	HUN	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC Komló Kft.	Komló	HUN	POLYTEC Hungary Kft.	100.0	KV	100.0	KV
POLYTEC Germany GmbH	Lohne	GER	POLYTEC Holding AG	100.0	KV	100.0	KV
PT Composites GmbH	Gochsheim	GER	POLYTEC Germany GmbH	100.0	KV	100.0	KV
Polytec Holding Deutschland GmbH	Lohne	GER	POLYTEC Germany GmbH	100.0	KV	100.0	KV
Polytec Deutschland Verwaltungs GmbH	Lohne	GER	Polytec Holding Deutschland GmbH	100.0	KO	100.0	KO
Polytec Plastics Germany GmbH & Co KG	Lohne	GER	Polytec Holding Deutschland GmbH	100.0	KV	100.0	KV
POLYTEC PLASTICS Ebensee GmbH	Ebensee	AUT	POLYTEC Holding AG	100.0	KV	100.0	KV
Polytec Interior Zaragoza S.L. i.L.	Zaragoza	ESP	POLYTEC Holding AG	100.0	KO	100.0	KO
POLYTEC AUTO PARTS (Tianjin) Co. Ltd.	Tianjin	CHN	POLYTEC Holding AG	100.0	KV	100.0	KV
PT Beteiligungs GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KV	100.0	KV
POLYTEC Composites Beteiligungs GmbH	Gochsheim	GER	PT Composites GmbH	100.0	KV	100.0	KV
POLYTEC Composites Verwaltungs GmbH	Gochsheim	GER	PT Beteiligungs GmbH	100.0	KO	100.0	KO
POLYTEC Composites Germany GmbH & Co KG	Gochsheim	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV	100.0	KV
POLYTEC Compounds GmbH & Co KG	Gochsheim	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV	100.0	KV
POLYTEC Compounds Verwaltungs GmbH	Gochsheim	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KO	100.0	KO
POLYTEC Composites Slovakia s.r.o.	Sladkovicovo	SVK	PT Beteiligungs GmbH	100.0	KV	100.0	KV
Polytec Plastik Ürünleri Sanayi ve Ticaret A.S.	Aksaray	TUR	PT Beteiligungs GmbH	100.0	KV	100.0	KV
Polytec Composites Bohemia s.r.o.	Chodova Plana	CZE	PT Beteiligungs GmbH	100.0	KV	100.0	KV
POLYTEC Composites Weiden GmbH	Weiden	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV	100.0	KV
POLYTEC Engineering GmbH	Lohne	GER	POLYTEC Holding AG	100.0	KV	100.0	KV

				2023		2022	
Company	**Company address**	**Country**	**Shareholder**	**Direct and indirect holding %**	**Type of consolidation[1]**	**Direct and indirect holding %**	**Type of consolidation[1]**
Newplastics S.A.	Lissabon	POR	POLYTEC Composites Germany GmbH & Co KG	2.0		2.0	
POLYTEC Industrielackierung Weiden GmbH	Waldnaab	GER	POLYTEC Composites Beteiligungs GmbH	100.0	KV	100.0	KV
POLYTEC COMPOSITES South Africa (Pty) Ltd.	East London	RSA	PT Beteiligungs GmbH	100.0	KV	100.0	KV
POLYTEC Immobilien Holding GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KV	100.0	KV
PT Immobilien GmbH	Hörsching	AUT	POLYTEC Immobilien Holding GmbH			100.0	KV
POLYTEC Immobilien GmbH	Hörsching	AUT	POLYTEC Immobilien Holding GmbH	94.5	KV	94.5	KV
POLYTEC Composites Immobilien GmbH	Kraichtal	GER	POLYTEC Immobilien Holding GmbH	94.5	KV	94.5	KV
PPI Immobilien GmbH	Ebensee	AUT	POLYTEC Immobilien Holding GmbH	95.0	KV	95.0	KV
POLYTEC Immobilien Deutschland GmbH	Lohne	GER	POLYTEC Immobilien Holding GmbH	94.5	KV	94.5	KV
POLYTEC Real Estate Gayrimenkul Ltd. Sirteki	Aksaray	TUR	POLYTEC Immobilien Holding GmbH	100.0	KV	100.0	KV
POLYTEC Estates Slovakia s.r.o.	Sladkovicovo	SVK	POLYTEC Immobilien Holding GmbH	100.0	KV	100.0	KV
POLYTEC ESTATES BELGIUM N.V.	Schoten	BEL	POLYTEC Immobilien Holding GmbH	100.0	KV	100.0	KV
SPELAG s.r.o.	Chodova Plana	CZE	POLYTEC Immobilien Holding GmbH	100.0	KO	100.0	KO
POLYTEC ESTATES Bohemia k.s.	Chodova Plana	CZE	POLYTEC Immobilien Holding GmbH	100.0	KV	100.0	KV
POLYTEC ESTATES UK Limited	Bromyard	GBR	POLYTEC Holding AG	100.0	KV	100.0	KV
PH Immobilien GmbH	Hörsching	AUT	POLYTEC Holding AG	100.0	KO		

[1] KV = fully consolidated companies
KO = companies excluded due to lack of materiality

Hörsching, 5 April 2024

The Board of Directors of POLYTEC Holding AG

Markus Huemer
Chairman of the Board of Directors – CEO/COO

Peter Bernscher,
Deputy Chairman of the Board of Directors – CCO

Markus Mühlböck
Member oft he Board of Directors – CFO

DECLARATION OF ALL LEGAL REPRESENTATIVES

PURSUANT TO §124 (1) 3 OF THE 2018 AUSTRIAN STOCK EXCHANGE ACT

We confirm that, to the best of our knowledge, the consolidated financial statements prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, financial and earnings position of the group, that the group management report gives a true and fair view of the business performance, result and position of the group, with the consequence that a true and fair view of the assets, financial position and earnings of the group is created, and moreover that the management report provides a description of the principal risks and uncertainties that the group faces.

We confirm that, to the best of our knowledge, the financial statements of the parent company prepared in accordance with the applicable accounting standards, give a true and fair view of its assets, financial and earnings position, that the management report gives a true and fair view of the company's business performance, result and position, with the consequence that a true and fair view of the assets, financial position and earnings of the company is created, and moreover that the management report provides a description of the principal risks and uncertainties that the company faces.

Hörsching, 5 April 2024

The Board of Directors of POLYTEC Holding AG

Markus Huemer
Chairman of the Board of Directors – CEO/COO
Responsibilities: Corporate strategy, investment management, legal affairs, IT, corporate communications, operations, sustainability, project management, operational excellence

Peter Bernscher
Deputy Chairman of the Board – CCO
Responsibilities: Sales, engineering, marketing, purchasing, human resources

Markus Mühlböck
Member of the Board of Directors – CFO
Responsibilities: Finance, controlling, treasury, accounting, investor relations

AUDIT CERTIFICATE

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION

We have examined the consolidated financial statements of

POLYTEC Holding AG,
Hörsching,

and its subsidiaries (the group), which consist of the consolidated balance sheet, the consolidated income statement and consolidated statement of comprehensive income as at 31 December 2023, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year ended on this reporting date, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements comply with the mandatory regulations and give a true and fair view of the consolidated assets and financial position of the group as at 31 December 2023, as well as its earnings position and consolidated cash flows for the year ended on this reporting date in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements pursuant to § 245a UGB (Austrian Commercial Code).

BASIS FOR THE AUDIT OPINION

We conducted our audit in accordance with the EU Regulation No. 537/2014 (subsequently referred to as the EU regulation) and with Austrian auditing standards. These standards require the audit to be conducted in accordance with the International Standards on Auditing (ISA). Our responsibilities pursuant to these rules and standards are described in the "Responsibilities of the auditor for the audit of the consolidated financial statements" section of our report. We are independent of the audited entity as prescribed by Austrian commercial law and professional regulations and have fulfilled our other professional responsibilities in line with these relevant ethical requirements.

We believe that the audit evidence we obtained up to the date of our opinion is sufficient and appropriate to provide a basis for our audit opinion on this date.

KEY AUDIT MATTERS

Key audit matters are those facts that, in our professional judgment, were of most significance for our audit of the consolidated financial statements for the financial year. These matters were considered within the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT OF INTANGIBLE AND TANGIBLE ASSETS (PROPERTY, PLANT AND EQUIPMENT)
See notes D. 9, D. 18, E. 8, E. 9.

The risk to the financial statements
In the 2023 financial year, the POLYTEC Holding AG identified indications of impairment regarding intangible assets, property, plant and equipment.

The recoverable amount determined (impairment test of the affected cash-generating unit) showed sufficient coverage of the carrying amounts. For the impairment test, the valuation is completed on the basis of discounted net cash inflows, which are dependent upon future earnings expectations, using discount rates derived from market data.

This valuation is subject to significant uncertainties relating to the accuracy of estimates, especially in connection with long-term planning assumptions and market unpredictability. The financial statements are at risk of being overstated for intangible assets and property, plant and equipment.

Our audit procedures

We assessed the recoverability of intangible assets and property, plant and equipment as follows:

- In order to adjudge the appropriateness of the planning, we obtained an understanding of the planning process and compared the assumptions employed with the historical development. We compared the earnings expectations and investments on which the valuation was based with the budget prepared by the Board of Directors and approved by the Supervisory Board, including medium-term planning. In addition, we discussed the assumptions in consultations with management and obtained insights into how historical experience influences the management's planning.

- We studied the internal control measures for identifying and assessing indications of impairment or impairment reversal and evaluated their design and implementation.

- Furthermore, we considered the appropriateness of the discount rates determined and the calculation model of the impairment test. We carried out a critical appraisal of whether or not the long-term development of the profitability level in the pension phase appeared consistent and plausible as compared with the results achieved in the past and the development in the medium-term planning. This scrutiny was undertaken in consultation with our valuation specialists.

- In addition, we assessed whether the required disclosures in the notes contain all the necessary explanations and whether the material uncertainties in the estimates are described appropriately.

OTHER INFORMATION

The company management is responsible for other information. This includes of all the information contained in the annual report and the annual financial statements, with the exception of the consolidated financial statements, the group management report, and the auditors' report thereon. It is probable that we will be provided with the annual report and the annual financial report after the date of of the audit certificate.

Our opinion regarding the consolidated financial statements does not extend to such other information for which we offer no type of guarantee. In connection with our audit of the consolidated financial statements, it is our responsibility to read this other information as soon as it is available and to assess whether, in view of the knowledge gained during our audit, it contains any material inconsistencies with regard to the consolidated financial statements, or any apparent material misstatement.

RESPONSIBILITIES OF THE MANAGEMENT AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The management is responsible for the preparation of the consolidated financial statements and that in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code), they provide a true and fair view of the group's asset, financial and earnings position. In addition, the management is also responsible for such internal controls, as it deems necessary in order to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When drawing up the consolidated financial statements, management is also responsible for assessing the group's ability to continue as a going concern, and, where appropriate, to disclose matters that are relevant to the group's ability to continue as a going concern, and to apply the going concern assumption in its financial reporting, except under circumstances in which the management intends to liquidate the group, cease operations, or has no realistic alternative to such measures.

The audit committee is responsible for overseeing the group's financial reporting process.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain sufficient assurance as to if the consolidated financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an audit report that includes our opinion. Sufficient assurance means a high degree of assurance but provides no guarantee that an audit conducted in accordance with the EU regulation and Austrian auditing standards, which require the audit to be performed in accordance with ISA, will always detect a material misstatement should it exist. Misstatements may result from fraud or error and are considered material if they could, individually or in total, reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU regulation and the Austrian auditing standards, which require the audit to be performed in accordance with ISA, we exercise professional judgment and maintain a critical, professional approach throughout the audit.

In addition:

- We identify and adjudge the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, plan and perform procedures to address such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions and misleading representation, or the overriding of internal controls.

- We obtain an understanding of the internal control system of relevance to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

- We evaluate the appropriateness of the accounting policies employed and the reasonableness of both the accounting estimates and related disclosures made by management.

- We prepare conclusions on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Should we conclude that there is a material uncertainty about the entity's ability to continue as a going concern, we are obliged to draw attention to the respective note in the consolidated financial statements in our audit report or, should such disclosures be inappropriate, to modify our audit opinion. We base our conclusions on the audit evidence obtained up to the date of our audit report. However, future events or conditions may result in the group departing from the going concern assumption.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves the fairest possible presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We bear sole responsibility for our audit opinion.

- We confer with the audit committee regarding, among other matters, the planned scope and timing of our audit, as well as important findings that include any significant deficiencies in the internal control system, which we identify in the course of our audit.

- We also provide the audit committee with a declaration that we have complied with the relevant professional requirements in respect of our independence and report on any relationships and other events that may reasonably be thought to affect our independence and, where applicable, the related safeguards.

- From the matters discussed with the audit committee, we determine those that were of greatest significance in the audit of the consolidated financial statements of the financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless laws or regulations preclude public disclosure about such matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so could reasonably be expected to outweigh the public interest benefits of such communication.

OTHER STATUTORY AND LEGAL REQUIREMENTS

REPORT ON THE GROUP MANAGEMENT REPORT

In view of Austrian company law provisions, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and if it has been prepared in accordance with legal requirements.

As far as the non-financial declaration in the group management report is concerned, we are responsible for ensuring it has been prepared, its reading and an assessment as to whether it materially contradicts the consolidated financial statement or appears to contain other material misstatement.

Management is responsible for the preparation of the group management report in accordance with the Austrian company law provisions.

We conducted our audit in accordance with the professional standards for the auditing of group management reports.

Opinion

In our opinion, the group management report has been prepared in accordance with the valid legal requirements, contains appropriate disclosures pursuant to § 243a UGB (Austrian Commercial Code) and is consistent with the consolidated financial statements.

Statement

In view of the knowledge gained in the course of the audit of the consolidated financial statements and the understanding of the group and its environment thus obtained, we did not determine any material misstatements in the group management report.

ADDITIONAL INFORMATION IN ACCORDANCE WITH ARTICLE 10 EU REGULATION

We were selected as the group auditors at the Ordinary Annual General Meeting on 9 June 2023 and on 29 June 2023 were commissioned by the Supervisory Board with the audit of the entity for the financial year ending on 31 December 2023.

We have served without interruption as the company auditors since the consolidated financial statements as at 31 December 2017.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the audit committee in accordance with Article 11 of the EU regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 of the EU regulation) and that we have ensured our independence of the members of the group throughout the course of the audit.

RESPONSIBLE AUDITOR

The auditor responsible for the audit contract is Dr. Elisabeth Rebhan-Briewasser.

Linz, 8 April 2024

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Qualified electronic signature:
Dr. Elisabeth Rebhan-Briewasser
Auditor

This document bears a qualified electronic signature and is only valid in the version. The publication or dissemination of the consolidated financial statements with our auditors' report may only take place in our approved version. This auditors' report relates solely to the German language version of the complete consolidated financial statements including the management report. For other versions, the regulations contained in §281 Para 2 of the Austrian Commercial Code are to be observed. (This is a translation of the original German version for information purposes without liability; the German version takes precedence.)

GLOSSARY

Company and technology	
CEO/COO	Chief Executive Officer/Chief Operations Officer: Chairman of the Board of Directors, responsible for investment management, legal, IT, corporate communications, operations, sustainability, project management, operational excellence
CCO	Chief Commercial Officer: responsible for sales, engineering, marketing, purchasing, human resources
CFO	Chief Financial Officer: responsible for finance, controlling, treasury, accounting, investor relations
D-LFT	Direct process for the use of long fibre-reinforced thermoplastics in exceptionally tough parts
GMT	Glass mat reinforced thermoplastic
Injection moulding	Process in which material is liquefied (plastified) and injected into a mould under pressure
In-mould coating	Process for integrated surface upgrading
Just-in-sequence	Punctual delivery of workpieces to the assembly line in the correct sequence
LFT	Long fibre-reinforced thermoplastics
LWRT	Lightweight reinforced thermoplastics: Lightweight, glass fibre-reinforced thermoplastic mixed fibre webs with high acoustic efficiency
OEM	Original equipment manufacturer
People mover	Automatic means of (public) transport for short distances
Powertrain	Drivetrain
PUR	Polyurethane: plastic or synthetic resin
RRIM	Reinforced reaction injection moulding
SMC	Sheet Moulding Compound: moulding compounds made from duroplastic reactive resins and glass fibres
UD tape	Unidirectional tape: endless, fibre-reinforced thermoplastic tape

Financials	
ACEA	European Automobile Manufacturers' Association
AktG	Austrian Stock Corporation Act (Aktiengesetz)
ATX	Austrian Traded Index: the most important share index in Austria. The ATX shows the share price development of the 20 largest Austrian companies listed on the stock exchange.
ATX-TR	ATX Total Return: capitalization-weighted performance index. Its composition corresponds to that of ATX (Austrian Traded Index). Due to the consideration of gross dividend payments the index reflects the total return of the portfolio underlying ATX.
CapEx	Capital Expenditures
Capital employed	Capital employed includes non-current assets required for operations (intangible assets, goodwill, tangible assets, participations in companies accounted for at equity and other non-current receivables) less other non-current provisions and net current assets (non-interest bearing current assets less non-interest bearing current liabilities).
CGU	Cash-generating unit
CNY	Chinese renminbi yuan
CZK	Czech koruna
DBO	Defined Benefit Obligation
Deferred taxes	Balance sheet item to show fiscal valuation differences. In the case of temporary discrepancies between the group balance sheet and the fiscal balance sheet, both deferred tax assets and deferred tax liabilities are recognised in order to report the tax expenses in accordance with the group financial result.
EBIT	Earnings before interest and taxes

Financials	
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBIT margin	EBIT/sales revenues
ECB	European Central Bank
EFTA	European Free Trade Association
Equity ratio	Equity/balance sheet total
ESG	Environmental Social Governance
EUR k	Euro thousands
EURIBOR	Euro Interbank Offered Rate: reference interest rate
FTE	Full-time equivalents of employees
FV	Fair value
FVPL	At fair value through profit or loss
FX	Foreign exchange
GBP	Great British pound
Gearing	Net financial debts/equity
HGB	German Commercial Code (Handelsgesetzbuch)
HUF	Hungarian forint
IAS	International Accounting Standards
IASB	International Accounting Standards Board: an independent, private-sector body which develops and adopts the IFRS
IATF	International Automotive Task Force: Certification according to IATF 16949 demonstrates that a company in the automotive industry meets the quality management requirements
IFRIC	International Financial Reporting Interpretations Committee: The committee responsible for the development of interpretations of the IAS and IFRS
IFRS	International Financial Reporting Standards, including International Accounting Standards
ISIN AT0000A00XX9	International Securities Identification Number of POLYTEC share
kWp	Kilowatt Peak: The peak power which a photovoltaic system can generate in kilowatts
LEI	Legal Entity Identifier: The unique international code number of POLYTEC Holding AG: 529900OVSOBJNXZACW81
M&A	Mergers and Acquisitions
MAR	Market Abuse Regulation
Market capitalisation	Value of enterprise: Number of issued shares multiplied with certain share price
Net current assets	Non-interest bearing current assets less non-interest bearing current liabilities
Net financial liabilities/ assets	Interest-bearing current and non-current liabilities less cash and cash equivalents and interest-bearing receivables
OpEx	Operational Expenditures
ROCE	Return on capital employed (EBIT/average capital employed)
TRY	Turkish lira
UGB	Austrian Commercial Code (Unternehmensgesetzbuch)
USD	United States dollar
WACC	Weighted Average Cost of Capital of the POLYTEC GROUP
ZAR	South African rand

SERVICE

CORPORATE CALENDAR 2024

26 April 2024	Friday	Annual financial report 2023, ESEF report 2023 and annual report 2023
16 May 2024	Thursday	Interim report Q1 2024
11 June 2024	Tuesday	Record date “Annual General Meeting”
21 June 2024	Friday	24th Ordinary Annual General Meeting FY 2023, Hörsching, POLYTEC Holding, 10:00 am
25 June 2024	Tuesday	Ex-dividend day
26 June 2024	Wednesday	Record date “Dividends”
28 June 2024	Friday	Dividend pay-out day
14 August 2024	Wednesday	Half-year financial report 2024
14 November 2024	Thursday	Interim report Q3 2024

Find all dates on corporate website section investor relations, calendar.

INVESTOR RELATIONS

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NOTE

This annual report has been prepared with the greatest possible care and every effort has been made to ensure the accuracy of the data that it contains. Nevertheless, rounding, typographical and printing errors cannot be excluded. The use of automatic calculating devices can result in rounding-related differences during the addition of rounded amounts and percentages. This annual report is published in German and English. The English translation serves information purposes and the original German text is the sole legally binding version. The annual financial report and the annual report for 2023 were published on 26 April 2024 and are available for download on the POLYTEC Holding AG website at www.polytec-group.com, section Investor Relations, Publications.

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