

# OUR KNOW-HOW FOR YOUR SAFETY

Annual Financial Statements 2024

# **Nabaltec AG, Schwandorf**

## **MANAGEMENT REPORT OF NABALTEC AG FOR FINANCIAL YEAR 2024**

### **1. DESCRIPTION OF THE COMPANY**

#### **1.1 THE COMPANY'S BUSINESS MODEL**

##### **Business operations**

Nabaltec AG develops, manufactures and distributes environmentally friendly and simultaneously highly specialized products based on mineral raw materials. The Nabaltec is one of the world's leading suppliers of functional fillers and specialty aluminas on the basis of aluminum hydroxide (ATH) and aluminum oxide. Annual production capacity of all Group companies is currently around 265,000 tons.

Nabaltec products are used in a very wide range of applications:

- flame-retardant filling material for the plastics industry used e.g. for cabling for data centers, photovoltaic and wind power plants, tunnels, airports, high-rise buildings and electronic devices;
- fillers and additives, e.g. as separator coating in lithium-ion batteries, as an all-natural barrier layer in battery covers or in gap fillers and glues to improve heat conductivity;
- ceramic raw materials applied in the refractory industry, in technical ceramics and abrasives industry;
- highly specialized ceramic raw materials for ballistics, microelectronics and ceramic filters.

Whenever applications require a high degree of quality, safety, environmental friendliness and product duration, the use of Nabaltec products is always preferred. This combination of critical properties is the basis for excellent growth prospects. The main drivers are the globally increased environmental consciousness, comprehensive international and national regulations and the industry's self-imposed obligation to use more eco-friendly products. The demand for flame protection within the plastics and cable & wire industry will continue to grow dynamically in the years to come, which is supported by market research studies. In order to benefit from this development, production capacities for environmentally friendly, flame-retardant fillers were specifically expanded in the "Functional Fillers" product segment. Today, Nabaltec is one of the world's leading suppliers in this area. The company continues to serve a promising market with applications in e-mobility. With viscosity optimized hydrates for thermal management and boehmites for coating materials, Nabaltec sees itself as a globally relevant manufacturer.

In the "Specialty Aluminas" product segment, Nabaltec sees good growth prospects, particularly for reactive alumina, due to increasing quality requirements in the refractory industry. Due to the large number of applications and the relevant target markets in the field of technical ceramics, Nabaltec expects to be able to consolidate its market position in the long term.

Nabaltec maintains very close contacts with customers through its sales team and its technical support staff. This proximity to our clients is fundamental for the concerted development of our products with a focus on market needs and applications.

### **Corporate structure**

Nabaltec AG, based in Schwandorf, Germany, was formed in 1994 and, in 1995, acquired the specialty alumina division of VAW aluminum AG. In September 2006, the company was converted into a German joint stock corporation (Aktiengesellschaft). Nabaltec AG shares have been listed in the Open Market division of the Frankfurt stock exchange since November 2006 and have consistently been traded in high-quality segments of the exchange. Nabaltec share has been listed in the Scale market segment since March 2017.

Since its initial public offering in 2006, Nabaltec has had intact access to the capital market. This is proven by the issue of bonds in 2010 as well as the loans against borrower's note in 2013, 2015 and 2022 and the capital increase in 2017. This market access, maintained by transparent and reliable communications at all times, secures Nabaltec AG a balanced and largely independent means of financing.

Nabaltec AG holds a 100% interest in Nashtec LLC (USA) and Naprotec LLC (USA) through Nabaltec USA Corporation, which was formed in 2018. In addition to administrative functions, sales activities for Nabaltec Group in North America are also concentrated in Nabaltec USA Corporation. Nashtec LLC and Naprotec LLC are strictly production companies, primarily for products in the halogen-free flame retardant application area.

Nabaltec (Shanghai) Trading Co., Ltd., based in Shanghai, China, was formed in 2018. This company is a wholly-owned subsidiary of Nabaltec AG and maintains an in-country warehouse, allowing it to offer shorter delivery times and invoicing in the national currency.

No further participations or subsidiaries currently exist.

Reflecting the characteristics of the target and buyers' markets, Nabaltec AG divided its operations into two product segments, each in turn comprised of market segments.

PRODUCT SEGMENT "FUNCTIONAL FILLERS"	PRODUCT SEGMENT "SPECIALTY ALUMINAS"
Market segments: <ul style="list-style-type: none"> <li>- Wire &amp; Cable</li> <li>- Resins, Dispersions &amp; Adhesives</li> <li>- Battery</li> <li>- Rubber &amp; Elastomers</li> </ul>	Market segments: <ul style="list-style-type: none"> <li>- Refractory</li> <li>- Technical Ceramics</li> <li>- Polishing</li> <li>- Adsorbents &amp; Catalysts</li> </ul>

## 1.2 OBJECTIVES AND STRATEGIES

### 1. Optimizing customer benefits by continuously improving production processes and product quality

Through continuous exchange with customers, Nabaltec optimizes its own products and processes and aligns them with customer-specific requirements. Product improvements and upscaling take place in close consultation with customers. Particularly in the e-mobility segment, Nabaltec will face new challenges requiring it to continually adapt its processes in order to meet the requirements of this rapidly developing market. In addition, Nabaltec pursues a global release and provision policy for equivalent products from different locations for customers worldwide. This approach makes use of standardized release and change management processes, ensuring a further improvement in customer benefits while at the same time optimizing internal processes.

Nabaltec continuously invests in internal research and development departments, the analysis center, its own testing facility and a pilot plant. Nabaltec has also been collaborating with various research institutions for years, as well as taking part in research consortia. Process optimization includes the gradual automation of production processes using the latest web-based process control technology, efficient energy use, which is underpinned by DIN EN 50001 certification, and comprehensive environmental protection. Nabaltec has set itself clear goals of reducing specific energy consumption, working virtually wastewater-free and minimizing CO<sub>2</sub> emissions. By introducing packaging with recycled content, Nabaltec is closing material cycles.

Nabaltec has repeatedly been recognized by the independent internationally recognized sustainability rating agency EcoVadis for its performance in the area of Environmental, Social & Governance (ESG). The assessment takes into account international sustainability standards such as the Global Reporting Initiative, the United Nations Global Compact, which the company has joined, and ISO 26000.

## **2. Systematic expansion of our product range**

Nabaltec currently develops its own product portfolio along three dimensions:

- through development of new products, often in close collaboration with key customers. One example is the development of new ceramifying flame retardants for heat barriers, for example for battery housings in electric vehicles;
- through focused development of existing products with a view towards improving performance, which is generally designed to meet specific customer requirements. Products from the Ultra-Fine Hydroxides product range are an example of this;
- through further development of existing products for entirely new applications, such as thermally conductive plastics.

Thanks to its own testing facility at the Schwandorf site, Nabaltec is optimally equipped to transition newly developed products from its laboratories and testing centers into sample production on a scale of up to several hundred tons. As a result, the pilot plant can serve as the basis for industrial product launches in addition to its role in process development.

## **3. Strategic expansion and extension of production capacity for viscosity optimized hydrates and boehmites**

In order to meet and consistently pursue the anticipated long-term growth on the e-mobility market, which is financially important for Nabaltec, the company is focusing on expanding the two relevant product ranges of viscosity optimized hydrates and boehmites. The production capacity of the latter will be increased from the current 10,000 metric tons per year to 20,000 metric tons per year by mid-2025. The expansion of viscosity optimized hydrates from the current 20,000 to 50,000 metric tons per year will take place by the beginning of 2026, reflecting the sharp rise in demand in the area of thermal management.

## **4. Flexible and quick adaption of capacities and cost structures thanks to targeted controlling processes**

Nabaltec pursues a margin-oriented capacity policy. Fluctuations in demand and changes in batch size have to be taken into account as soon as possible if production processes are to remain profitable, since production processes in the specialty chemicals sector cannot be varied without inherent delays. Therefore, Nabaltec has developed a fast-acting and highly differentiated controlling system, so that it has at its disposal the appropriate instruments so as to align costs to a large extent with fluctuations in demand and batch size.

## **5. Securing future investments through a strong financing base**

In order to take full advantage of market potential relating to both product segments, further investments are necessary. This investment activity, along with possession of the necessary know-how, represent at the same time a high market entry barrier for potential new suppliers. In order to ensure that the required investment capital will be available, Nabaltec relies on a financing base consisting of a balanced mix of equity and debt.

### **1.3 CONTROLLING**

Nabaltec AG has implemented for the entire company and subsidiaries an incentive scheme, assigning responsibilities and defining specific objectives even for the smallest units of the company. Comprehensive earnings, cost and performance forecasts facilitate analysis for achievement of the company's objectives. Comparisons of estimates against results are available online, indicating a need for action at an early stage and promoting the process of agreement on targets. Comparisons of estimates against results are conducted on a monthly basis for all cost centers and cost units.

"Microsoft Dynamics 365 Business Central" ERP software is used in all commercial departments. All cost accounting at Nabaltec, including earnings statements, are presented based on the "macs Complete" controlling software. Revenues and EBIT margin are the key control parameters which are used as a basis for business decisions.

### **1.4 BASICS OF THE REMUNERATION SYSTEM FOR CORPORATE OFFICERS Management Board**

The remuneration of Management Board members includes fixed and variable components; the latter are based on annual business performance on a recurring basis and are capped relative to the member's fixed annual salary. This remuneration covers all activities of the individual Management Board members for the company and its subsidiaries and holdings.

The assessment basis for the variable compensation is calculated as follows: The Management Board Chairman receives a profit share equal to 4%, and each other member receives 2%, of the amount by which the positive pre-tax consolidated result in accordance with IFRS, adjusted for non-controlling interests and subtracting losses carried forward from the year before, exceeds EUR 4.2 million. Variable compensation is capped at 100% of the fixed annual salary.

As a part of the fixed compensation component, the company provides Management Board members with ancillary benefits in addition to the fixed salary, such as use of a company car, accident insurance, health and long-term care insurance subsidies which conform to the statutory rules for employees and

continued payment of wages for a limited time in case of illness and death. The Management Board Chairman also receives a pension upon retirement amounting to up to 67%, and all other Management Board members receive a pension of up to 50% of their last fixed gross salary. Moreover, surviving spouses are entitled to up to 75% of the pension as a widow's pension in the case of the Management Board Chairman and up to 60% in the case of all other Management Board members.

Management Board members are covered by a D&O insurance policy with an insured sum of EUR 25.0 million, with a deductible amounting to 10% of the claim, as required by law, up to one and half times the amount of their fixed annual compensation. Insurance premiums are paid by the company.

### **Supervisory Board**

The members of the Supervisory Board each receive fixed compensation of EUR 18,000.00 per financial year, payable after the end of the financial year, and an attendance fee of EUR 1,500.00 per Supervisory Board meeting. The Chairman of the Supervisory Board receives fixed remuneration of EUR 27,000.00 per financial year, payable after the end of the financial year, and an attendance fee of EUR 2,250.00 per Supervisory Board meeting. If the term of a Supervisory Board member begins or ends over the course of a financial year, the member is entitled to fixed remuneration on a prorated basis.

The members of the Supervisory Board are included (unchanged since 1 January 2020) in a pecuniary loss liability insurance policy taken out by the company in the interests of the company for directors and other officers of the company and its affiliated companies (D&O insurance) with an insured sum of up to EUR 25.0 million without any deductible for the insured members of the Supervisory Board. Insurance premiums are paid by the company.

In addition, the members of the Supervisory Board receive reimbursement of their expenses and any statutory value-added tax payable on the Supervisory Board remuneration.

## **1.5 RESEARCH AND DEVELOPMENT**

Research and development activities play a central role within the context of Nabaltec's overall strategy. A key element of the research and development strategy is close collaboration and joint development efforts with customers. In all product segments, the focus is on providing customers with an optimal product and helping them achieve a competitive advantage. As a leading supplier of highly specialized products, Nabaltec considers research and development to be one of its central core competencies. Research and development expenses accounted for 2.5% of revenues in 2024.

The results from the cooperation with customers flow directly into the development work of the technical areas of application technology, process development and production. This is true both for the optimization of established products and for the development of new products.

In order to ensure continued success in a global market, the optimization of production processes is also a high priority for R&D work. Energy and resource efficiency have always been key drivers here and will be given additional weight in the ESG process.

Nabaltec works intensively with universities and institutes. Currently, three public-funded industrial collective research projects are being worked on by Nabaltec employees through project committees. The research partners include the Fraunhofer IAP in Potsdam, the Fraunhofer IWM in Freiburg, SKZ in Würzburg, EZD in Selb and Papiertechnische Stiftung PTS in Heidenau. Nabaltec moreover cooperates with the Eastern Bavarian College of Applied Sciences (OTH) Amberg-Weiden in the form of a membership in the PartnerCircle.

In addition to the effort to work out new ideas for products, processes and applications and to start corresponding new developments, Nabaltec AG's research and development activities are also aimed at further developing and refining existing products and processes.

As part of the strategy development process, interdisciplinary teams comprised of employees from development, sales, plant and process development, depending on the product and application, analyze market data in light of identified trends. This ensures that new applications, processes and products are implemented in a timely manner, in conformance with the strategy. The OKR method introduced supports the effectiveness of the process by identifying clearly focused objectives and key results.

In Financial Year 2024, the majority of research and development activities were again geared towards e-mobility requirements. The next generation of lithium-ion battery cells with increased energy densities and thus higher storage capacities requires separator films with ever thinner coatings. This requires the development of extremely fine and yet easily dispersible boehmites. The first products were successfully manufactured on a production scale. Further optimization of the production process and the development of new boehmite variants are taking place in order to meet customer requirements for a high degree of fineness and low moisture absorption in the separator coating.

In addition to the cathode edge coating, anode coating is a new development. Close cooperation with raw material manufacturers of other battery cell components also plays a key role here.



Furthermore, activities focused on process engineering and production-related developments in connection with the ongoing capacity expansions for boehmites. The focus was on projects to optimize processes, costs and quality.

Thermal management and flame retardant applications for battery systems accounted for a significant share of sales in 2024. The focus of application technology and development work for the APYRAL® HC products used in gap fillers and adhesive tapes has therefore shifted towards application technology consulting and assistance in upscaling customer processes. In addition, the company is working closely with process engineering, production and quality control/product safety to expand production capacities for ground hydroxides and viscosity optimized hydrates, which include the APYRAL® HC range. At the same time, we are working closely with customers on the next generation of heat-conductivity products.

In the case a battery cell catches fire and explodes, to prevent flames from spreading to the entire vehicle on ignition, the battery housing must also provide an appropriate barrier function. The materials used should form a mechanically stable barrier that prevents the battery cover from burning through.

The products presented by Nabaltec under the name ACTILOX® HTB include special flame retardants optimized for the respective plastic matrix. These have undergone intensive further development and, in addition to applications for battery covers, have also been sampled by customers who are testing ACTILOX® HTB in other transportation applications, construction applications and industrial plant engineering.

Nabaltec's innovative and environmentally friendly flame retardant products are the guarantors of its long-term growth. The consortium project "Tailoring the HFFR Performance of Recyclates" demonstrates that Nabaltec products ensure the recyclability of other material flows. The upgrading of post-consumer and industrial plastic recyclates to halogen-free flame-retardant special compounds for electrical and electronic applications was demonstrated using the example of selected waste streams. Concluded in 2024, the project was carried out at the Fraunhofer Institute for Structural Durability and System Reliability in Darmstadt.

For years, the company has been seeing a trend in the refractory industry towards increased use of highly reactive aluminum oxides. Nabaltec has therefore focused its development activities in the refractory application area on expanding its reactive alumina product portfolio. Many new applications in technical ceramics require materials with higher levels of properties where available standard products have reached their limits. Nabaltec has developed NABALOX® HPA 40 for this purpose, a new, high-purity aluminum oxide with an  $\text{Al}_2\text{O}_3$  content of over 99.9%. Due to the reduced primary particle size of around only 200 nm, the material is extremely sinter-reactive and can therefore be sintered at significantly lower temperatures. These properties make

NABALOX® HPA 40 an excellent choice for applications such as semiconductor production, medical technology and components for renewable energies.

## **2. FINANCIAL REPORT**

### **2.1 MACROECONOMIC AND INDUSTRY-RELATED CONDITIONS**

#### **2.1.1 MACROECONOMIC SITUATION**

In January 2025, the International Monetary Fund (IMF) reported expected economic growth in 2024 at 3.2%. The global economy thus remained stable, even though the degree of stability varied greatly from country to country. At 4.7% year-on-year, growth in China was below expectations. A faster-than-expected rise in net exports only partially offset the unexpectedly sharp slowdown in consumption, which was due to the delayed stabilization of the real estate market and persistently low consumer confidence. Growth in the eurozone remained subdued, with Germany lagging behind the other eurozone countries. This was mainly due to the continuing weakness in industrial production and in the export of goods, even if consumption picked up as real incomes recovered. In Japan, economic output contracted slightly due to temporary supply chain disruptions. In contrast, momentum in the United States remained robust.<sup>1</sup>

According to the Kiel Institute for the World Economy (IfW), the German economy is still not developing any notable upward momentum. For almost three years, the quarters in Germany have alternated between rising and falling economic output. As a result, economic activity is practically at a standstill. With economic growth of -0.2%, Germany will be sharply below the eurozone average of 0.8% in 2024.<sup>2</sup> The macro view has led Kiel Institute economic experts to conclude that the industrial weakness in Germany is not only of a cyclical nature, but is also largely due to structural factors. This is supported in particular by the reduction in jobs with a moderate increase in short-time work to date. As evidenced by the upward trend in industrial production in the rest of the world, which has long since returned to its pre-pandemic trend, industry in Germany is suffering not only from increasing competition (e.g. from China), but also from local competitive disadvantages. Overall, considerable uncertainty about the direction of future economic policy in Germany is weighing on the German economy, inhibiting the willingness to invest and weighing on consumer confidence.<sup>3</sup>

#### **2.1.2 INDUSTRY SITUATION**

The chemical and pharmaceutical industry once again had to look back on a difficult year in which important impetus failed to materialize. According to the German Chemical Industry Association (VCI), production in the chemical and

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<sup>1</sup> IMF – World Economic Outlook, January 2025

<sup>2</sup> Kiel Economic Report No. 119 (2024/Q4), Global economy in winter 2024

<sup>3</sup> Kiel Economic Report No. 120 (2024/Q4), German economy in winter 2024

pharmaceutical industry increased by only 2% over the previous year. Overall, output is still far below the level of previous years: Production in the chemical and pharmaceutical industry was around 16% lower in 2024 than in 2018, while the chemical industry recorded a drop of 17%. The results were particularly sobering for manufacturers of specialty chemicals: For the third time in a row, there was a decline in production – in 2024, 2%. According to the VCI, the chemical and pharmaceutical industry has been well below the basic level required for profitable operations for four years in a row now. Production facilities were only utilized at an average of 75% of capacity in 2024. On the sales side, this led to a decline of 2% from the previous year.<sup>4</sup>

The long-term trend of growing demand for non-halogenated flame retardant fillers, and aluminum hydroxide in particular, remains generally intact. Independent market forecasts call for average annual global demand growth of 5.2% through 2028 (ATH-based, source: *MarketsandMarkets*, 2023).<sup>5</sup> Market growth is stimulated above all by the growing public awareness as to the need for fire safety as well as the ongoing replacement of potentially hazardous flame retardants with eco-friendly, halogen-free aluminum hydroxide. This trend has had a particularly positive effect on the fine precipitated hydroxide product range. With a wide variety of applications for boehmites, above all in e-mobility, the long-term outlook for boehmites continues to be excellent, in the estimation of Nabaltec, even though a temporary slump in demand has come about in this area. The viscosity optimized hydrates product range made significant gains in thermal conductivity application areas in 2024. Ever shorter and faster charging cycles require more powerful and cost-effective battery and component management for e-mobility.

In the "Specialty Aluminas" product segment, the refractory market is shaped by weaker demand from the steel industry. Despite the current slowdown in demand for steel, the trend towards higher-quality refractory products and more wear-resistant ceramics is continuing. Market experts estimate that the market for refractory products will grow at a rate of 4.3% and that of technical ceramics at a rate of 6.5% per year through 2028 (Source: IMARC Group, 2023).<sup>6</sup>

## **2.2 COURSE OF BUSINESS**

Nabaltec's performance in 2024 was subdued, but already showed a positive turnaround compared to the previous year. While both sales and revenue declined in 2023, growth was achieved in Financial Year 2024. Sales volumes increased in both the "Functional Fillers" and "Specialty Aluminas" product segments over the year, demonstrating that demand remains intact. On the

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<sup>4</sup> Press release VCI, annual balance sheet 2024, 13 December 2024

<sup>5</sup> *MarketsandMarkets*, "Flame Retardants Market, Global Forecast to 2028," update study from 2023

<sup>6</sup> IMARC Group, Study "Aluminum Oxide Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2023-2028" from 2023

customer side, the focus remains on low stock levels with continued short-term and erratic order behavior. Nabaltec AG's revenues amounted to TEUR 204,308 in 2024, the second-highest revenues in the company's history after record year 2022 (TEUR 218,856).

Nabaltec's earnings before taxes (EBT) amounted to TEUR 19,576 in 2024, compared to TEUR 14,577 in the previous year (+34.3%).

With revenues up 2.2% over the previous year, Nabaltec was within its forecast of slight revenue growth in the range of 2% to 4%. On the earnings side, Nabaltec's EBIT margin (EBIT as a percentage of total performance) of 9.4% (previous year: 7.3%) met the forecast (EBIT margin in the range of 8% to 10%).

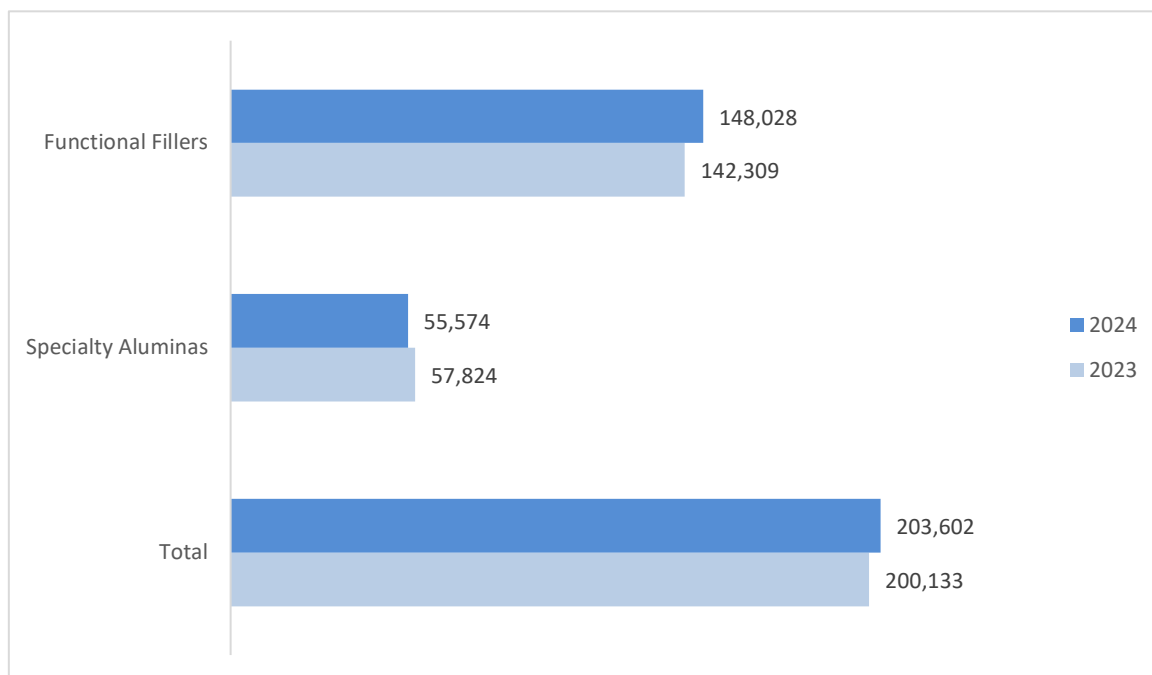
## **2.3 SITUATION**

### **2.3.1 EARNINGS POSITION**

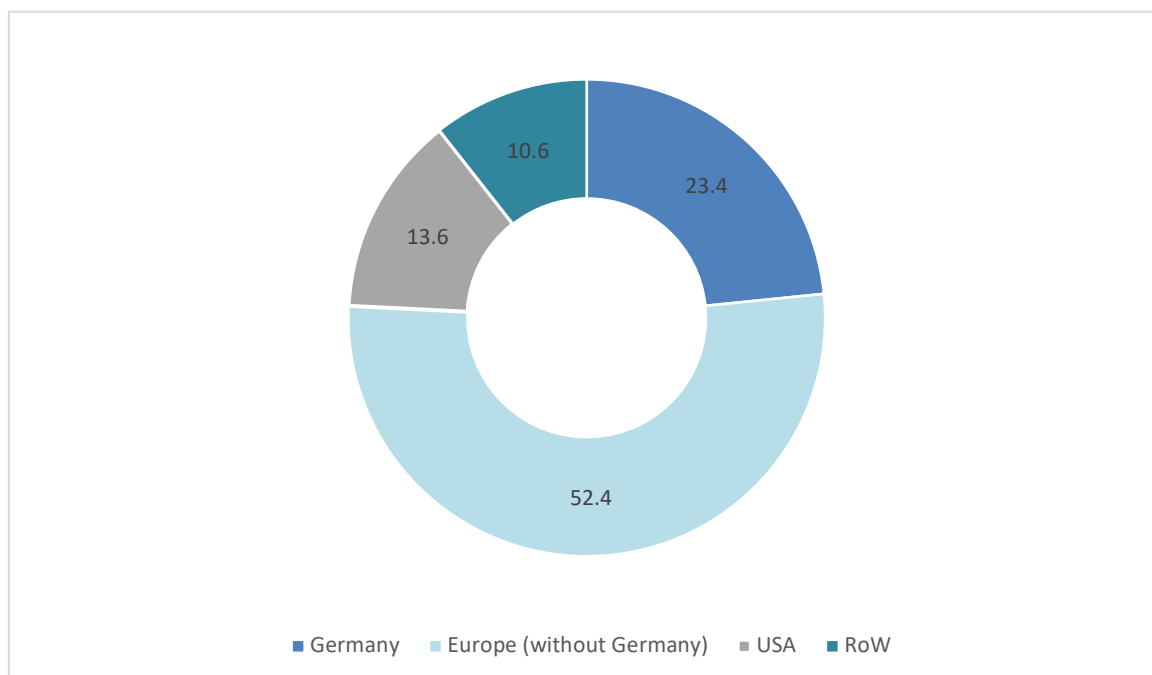
Nabaltec AG earned TEUR 204,308 in revenues in Financial Year 2024, compared to TEUR 199,960 in the previous year (+2.2%). At 9.5%, the increase in Nabaltec's sales volume in 2024 was significantly disproportionate to revenues. The noticeable price pressure on the market was mainly due to overcapacity and strong competition. The AG's revenues, which are allocated to the product segments, developed as follows in Financial Year 2024: Nabaltec attained revenues in the "Functional Fillers" product segment of TEUR 148,035 in 2024, compared to TEUR 141,400 in the previous year, corresponding to an increase of 4.7%. With demand intact, sales volumes rose by 12.7% overall in 2024, although price concessions had to be accepted in some cases.

In the "Specialty Aluminas" product segment, revenues in 2024 amounted to TEUR 55,552, compared to TEUR 57,803 in the previous year (-3.9%). Sales in this product segment also increased slightly compared to the previous year (+2.3%). However, the continuing weakness of the steel industry did not yet allow for any significant improvement in momentum.

### Revenues by product segment, 2024 (in TEUR)



### Revenues by region, 2024 (in %)



For the year as a whole, the export share increased slightly to 76.4% (previous year: 74.6%), remaining at a very high level. Nabaltec's main customers are in

Europe (excluding Germany) with a share of 52.3%. The share of sales in the US increased by 2.2 percentage points over the previous year. Sales in Asia declined slightly.

Orders received amounted to TEUR 207,376 over 2024 as a whole. In Financial Year 2023, incoming orders amounted to TEUR 176,436. Orders continued to be of a short-term nature throughout 2024 and were ordered by customers in line with current demand. Nabaltec ended 2024 with an orders backlog in the amount of TEUR 41,791 (previous year: TEUR 38,017).

Nabaltec AG's total performance was TEUR 207,460 in 2024, compared to TEUR 201,411 in the previous year. This development is mainly due to the improved sales trend compared to 2023 as well as the increase in inventories of finished goods of TEUR 1,831 in 2024 after TEUR 1,035 in the previous year. The company had deliberately built-up inventories during the year, particularly of finished products in the "Specialty Aluminas" product segment, in order to ensure its ability to deliver as part of a general overhaul of a calcining furnace in the fourth quarter.

Nabaltec's other operating income amounted to TEUR 3,318 at the end of the year (previous year: TEUR 1,933), In addition to currency gains (TEUR 1,270), this includes income relating to other periods from the reimbursement of energy costs in the amount of TEUR 413 and income from the reversal of provisions in the amount of TEUR 828.

Operating expense ratios as a percentage of total performance		
	2024	2023
Cost of materials	55.2%	55.9%
Personnel expenses	18.3%	18.3%
Other operating expenses	14.5%	14.7%

At 55.2%, the cost of materials ratio (cost of materials as a percentage of total performance) was roughly at the previous year's level (55.9%). The specific costs for raw materials and energy declined in 2024, while the price level in sales also fell.

With 484 employees at year-end 2024 (31 December 2023: 500), the personnel expense ratio (personnel expenses as a percentage of total performance) was constant compared to the previous year at 18,3%. Tariff increases were implemented at the beginning of 2024 and again in September. In addition, personnel expenses in 2024 include slightly higher bonuses and premiums than in the previous year, analogous to business growth.

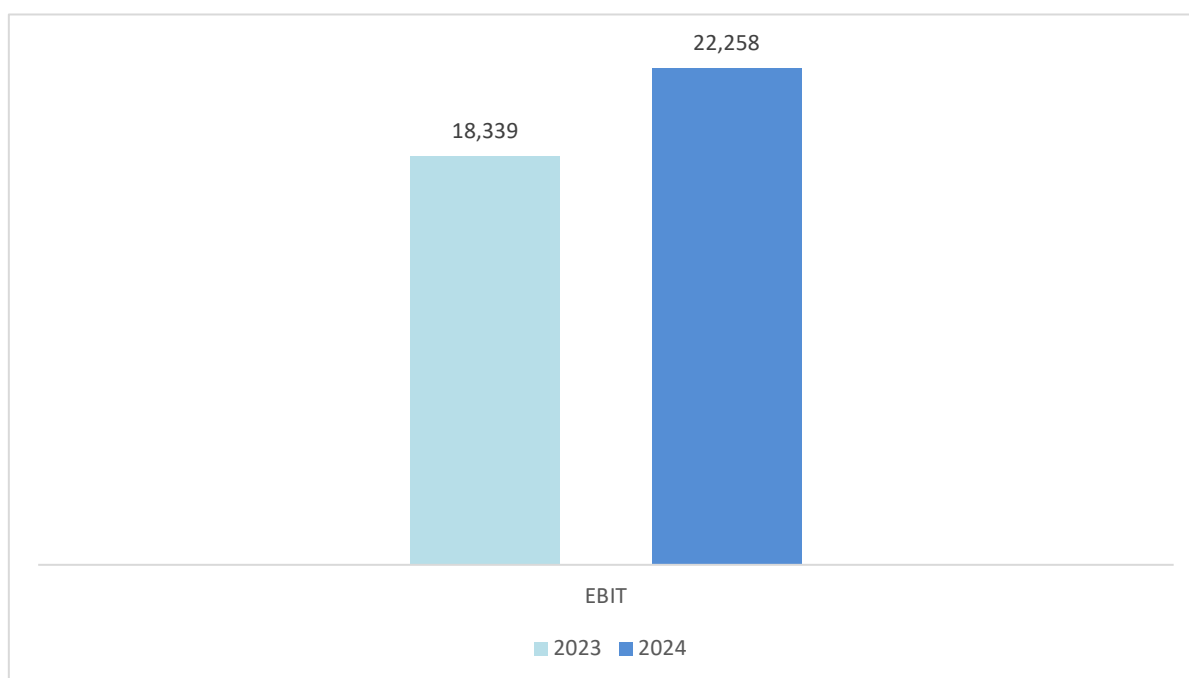
At TEUR 30,102, other operating expenses were largely at the level of the previous year (TEUR 29,670). Freight costs were higher due to the increased

sales volume, while costs for repairs and external services were reduced. The cost share of other operating expenses (as a percentage of total performance) amounted to 14.5% compared to 14.7% in the previous year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) were TEUR 28,280 in the reporting period, compared to TEUR 24,121 the year before (+17.2%).

Operating profit (EBIT) was TEUR 19,478 in 2024, compared to TEUR 14,785 in the previous year.

EBIT  
(in TEUR)



Earnings before taxes (EBT) amounted to TEUR 19,576 in 2024 (previous year: TEUR 14,577). This includes the financial result for 2024 of TEUR 98, which amounted to TEUR -208 in the previous year. In addition to interest expenses of TEUR 4,128, interest income of TEUR 2,506 could be realized in 2024 due to the sound cash situation. Moreover, income from loans of financial assets of TEUR 1,778 are included (previous year: TEUR 1,642).

Income tax expenses came to TEUR 5,600 in Financial Year 2024 after TEUR 4,406 in the previous year.

The net result for the financial year just closed was TEUR 13,897, compared to TEUR 10,088 in the previous year.

Overall, the Management Board therefore considers Nabaltec's earnings situation to be satisfactory.

### **2.3.2 LIQUIDITY POSITION**

Financial management is assigned to the Management Board directly and primarily includes managing the capital structure, managing liquidity, interest rate and currency hedging and obtaining funds. The subsidiaries are integrated into the Group's liquidity management system.

Nabaltec counters fluctuations in the USD/EUR exchange rate by using exchange rate hedging instruments when such a course is indicated due to the scope of the foreign exchange transactions.

As of the balance sheet date, subsidiaries had been provided loans of TEUR 30,223 (2023: TEUR 32,137). The interest rates correspond to the usual conditions for external financing of Nabaltec AG.

Funding to finance sought growth and the investments made is secured by means of shareholders' equity via loans and through operating cash flow.

Nabaltec AG's loans against borrower's notes are subject to covenants tied to "leverage coverage ratios." None of the covenants in effect as of 31 December 2024 were breached in Financial Year 2024.

Overall, the Management Board therefore considers Nabaltec's financial position to be very stable.

#### **2.3.2.1 CAPITAL STRUCTURE**

The subscribed capital of Nabaltec AG amounts to TEUR 8,800. Shareholders' equity increased to TEUR 119,823 as of 31 December 2024 after TEUR 108,390 in the previous year.

TEUR 49,698 in provisions existed as of 31 December 2024 (previous year: TEUR 48,976), of which TEUR 40,114 (previous year: TEUR 39,510) were pension reserves.

Liabilities amounted to TEUR 100,712 on 31 December 2024, compared to TEUR 98,496 at year-end 2023.



Selected balance sheet items as a percentage of total assets:

	12/31/2024	12/31/2023
Shareholders' equity	44.3 %	42.4 %
Provisions	18.4 %	19.1 %
Liabilities	37.3 %	38.5 %

### **Other off-balance sheet financing instruments**

Nabaltec has concluded lease agreements with terms of up to ten years.

Nabaltec also makes use of factoring on a continuous basis for trade receivables, in part as a way of minimizing default risks. Nabaltec AG does not use any other instruments which can be categorized as financial engineering.

### **2.3.2.2 INVESTMENTS**

Nabaltec AG made TEUR 33,094 in investments in fixed assets in the financial year just closed, compared to TEUR 15,511 the year before. In 2024, the focus of investment was on the Schwandorf site. The funds were used in particular for technical equipment and machinery to expand capacities in the boehmites and viscosity optimized hydrates product ranges as well as for replacement investments, digitization projects and process optimization at the Schwandorf site.

For 2025, Nabaltec AG is planning capital expenditure at the previous year's level, primarily to expand capacity for viscosity optimized hydrates and boehmites. In addition, funds are planned for replacement investments, process optimization, infrastructure measures and digitization projects.

### **2.3.2.3 FINANCIAL POSITION**

Total assets increased from TEUR 255,862 as of 31 December 2023 to TEUR 270,233 at the end of the reporting period.

Key balance sheet assets as a percentage of total assets:

	12/31/2024	12/31/2023
Non-current assets	49.8%	44.5%
thereof: Property, plant and equipment	36.7%	30.2%
Current assets	50.1%	55.3%
thereof: Inventories	12.9%	14.4%

Under current assets, inventories decreased to TEUR 34,852 after TEUR 36,861 in the previous year. Trade receivables decreased to TEUR 493 (previous year: TEUR 1,340). Other assets in the amount of TEUR 20,263 include a fixed-term deposit with a term of more than three months in the amount of TEUR 15,000.

The Management Board considers the financial position to be stable.

## 2.4 FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

### 2.4.1 FINANCIAL PERFORMANCE INDICATORS

The success of Nabaltec AG's operations is based on a long-term growth strategy. Company management aims to ensure profitable and capital-efficient growth for the company. Therefore, great importance is ascribed to revenues and the EBIT margin as performance indicators. Accordingly, the focus is on continually monitoring and optimizing these two major financial performance indicators, which also represent the basis for operational decisions and serve as the basis for forecasting as well.

Nabaltec AG also uses the following financial performance indicators to gauge business outcomes. The company's internal controlling and management system forms the basis for value-oriented management of the Group by the Management Board of Nabaltec AG.

	2024	2023
Return on equity	11.6 %	9.3 %
Return on capital employed (ROCE)	11.3 %	9.3 %

The return on equity is calculated as the ratio of net income to shareholders' equity.

Return on capital employed (ROCE) is the ratio of EBIT to capital employed (non-current assets + working capital). The improved key figure in Financial Year 2024 compared to the previous year is due to the increase in EBIT.

These two financial performance indicators have not yet been used for the internal management of the company.

### 2.4.2 NON-FINANCIAL PERFORMANCE INDICATORS

The non-financial performance indicators listed below are not used for the specific internal management of the company, but are considered by the company to be important for its future development and are therefore monitored on an ongoing basis.

#### Employees

At the end of 2024, Nabaltec AG had a total of 484 employees (31 December 2023: 500). All employees worked in Germany. This figure also includes 45 trainees (31 December 2023: 43). Nabaltec sets a high value on good training.

In Financial Year 2024 as well, the trainee rate represented a remarkably large share of the workforce at 9.3%. Nabaltec's trainees are regularly among the best of their class. Nabaltec currently offers apprenticeships in the following professions: industrial clerk, IT specialist for application development, IT system integration specialist, chemical laboratory technician, chemical technician, chemical production specialist, industrial mechanic and electronics technician for industrial engineering as well as a dual course of study in biotechnology and environmental process engineering.

Nabaltec AG offers its employees prospects and opportunities for advancement within the company in order to promote identification with the company by these means as well, and to encourage hard work and commitment. As part of its occupational health management program, the company offers numerous measures to maintain and promote health. In this context, Nabaltec AG has again received silver-standard "Healthy Company" certification from the health insurance provider AOK Bayern in recognition of its strong commitment to corporate health management.

### **Customer relations**

Nabaltec AG's goal is to continuously strengthen and selectively expand its own market position. As a premium provider, the company attaches great importance to high quality and excellent customer service, which is regularly confirmed by customers.

Customer demand in North America was above average in 2024. The subsidiary Nashtec LLC in the US securely covered the market's main demand. Nabaltec AG was able to provide additional quantities from Germany at short notice to meet demand peaks. Nabaltec AG has intensified the expansion of its customer base with the products of the subsidiary Naprotec LLC. On the customer side, interest in these products is growing continuously, and business relationships are expanding.

The sales subsidiary in Shanghai is focusing on the e-mobility market. Local stockpiling allows Nabaltec short delivery times and invoicing in local currency.

The company participates in various European associations in order to ensure 360-degree access to key markets and technologies. In addition to the two professional associations within Cefic, the European Chemical Industry Council, Pinfa (the Phosphorus, Inorganic & Nitrogen Flame Retardants Association) and EPSA (European Producers of Specialty Alumina), Nabaltec AG is also involved in the pan-European association of plastics producers, PlasticsEurope Deutschland e.V., Forschungsgesellschaft Kunststoffe e.V., a plastics research association, as well as the German Ceramics Society (DKG) and Wirtschaftsverband Deutsche Feuerfest-Industrie (the German Refractory Industry Association, DFFI).

In the US and China, Nabaltec AG is involved in pinfa North America and pinfa China. Nabaltec is a member of the American Ceramic Society (ACerS) and plans to expand its association activities in this region in order to cover other major markets. Through these activities, Nabaltec is able to identify major trends in the primary markets, “flame retardants” and “ceramics,” at a very early stage and on a global scale.

### **Management systems**

Nabaltec has integrated management systems in the areas of quality and environment as well as occupational health and safety. In 2024, the existing ISO 9001 and ISO 14001 management systems at the Schwandorf site were successfully confirmed as part of surveillance audits. The certificate of the occupational health and safety management system according to ISO 45001 was successfully renewed during a repeated audit.

In order to be able to effectively meet the requirements of a continuously changing energy market, Nabaltec possesses a certified energy management system. The energy management system in accordance with ISO 50001 was successfully reviewed and confirmed in 2024 in the course of a surveillance audit.

The accreditation of Nabaltec AG’s analysis center in accordance with the ISO/IEC 17025 standard was maintained in 2024.

In 2024, the existing ISO 9001 quality management systems at the subsidiaries Nashtec LLC and Naprotec LLC were also reviewed and confirmed in a surveillance audit.

In November 2024, Nabaltec signed the UN Global Compact Charter. By signing the agreement, the company undertakes to promote the protection of human rights in its sphere of influence, to guarantee international labor standards, to protect the environment and the climate, and to fight corruption and bribery.

### **Sustainability and environmental protection**

Sustainability and responsible business practices are an integral part of Nabaltec's corporate strategy.

Nabaltec requires its own products to significantly contribute toward environmental protection and toward the improvement of the eco balance of a multitude of products. The increasing significance of environmental protection is one of the most important drivers for the global market success of Nabaltec products. They are a component of lithium-ion batteries, for instance, which make a significant contribution to CO<sub>2</sub> reduction in e-mobility. Other products can be found in plastics and mainly replace brominated flame retardants. This makes products safer and easier to recycle. In this respect, it is highly important for research and development, production as well as up- and downstream logistics

to be as environmentally friendly as possible. The conservation of natural resources is a central concern for Nabaltec and a prerequisite for social acceptance of the company. Nabaltec AG actively accepts responsibility for the environment: a commitment that extends well beyond its own site.

Within the framework of recyclability, material is reintegrated into the production process in the “Specialty Aluminas” product segment. In the “Functional Fillers” product segment, flushing material and other non-specific materials are reused internally as raw materials. This supports the sustainable use of raw materials. The separation of material flows for reuse is also a focus in the waste sector. In addition, a substantial percentage of Nabaltec’s energy requirements are met through renewable energy in collaboration with the Schwandorf special-purpose association for waste recycling. By obtaining thermal energy from the neighboring waste-to-energy plant in the form of steam, Nabaltec AG is doing its part to reduce CO<sub>2</sub> emissions. The efficient use of thermal energy, which is one of the most important sources of energy at Nabaltec, is of particular importance in this context. For example, Nabaltec consistently relies on heat recovery in the drying processes by feeding the heat from the exhaust air back into the drying process.

In general, Nabaltec endeavors to develop production processes with a closed loop for all production facilities. Regarding the handling of chemicals, such as lye, which are used for the production of fine hydroxide, Nabaltec consistently seeks to keep them from being released into the environment and instead to ensure that they are reused in a closed-loop production cycle. In order to support Nabaltec customers in their own efforts to reduce CO<sub>2</sub> emissions, the company provides product carbon footprints that take into account the entire upstream value creation process, a so-called “cradle-to-gate” approach.

### **3. REPORT ON OUTLOOK, OPPORTUNITIES AND RISKS**

#### **3.1 OUTLOOK**

##### **Overall statement on the prospective development**

Nabaltec expects largely stable sales markets for its own products in 2025, if at a low level in light of an uncertain market environment and increased volatility. Based on its existing market position and the reputation it has built up over many years, Nabaltec sees good prospects for its key products in the medium term.

##### **Economic and sector conditions**

In January 2025, the International Monetary Fund forecasted global growth of 3.3% for both the current and the following financial year. The forecast for 2025 remains largely unchanged compared to the World Economic Outlook (WEO) from October 2024, which is primarily due to an upward correction in the United States offsetting the downward corrections in other major economies. Global

headline inflation is expected to fall to 4.2% in 2025 and to 3.5% in 2026, with the return to the inflation target occurring earlier in the advanced economies than in emerging and developing countries.<sup>7</sup>

According to the Kiel Institute for the World Economy, the German economy will not be able to escape stagnation in the foreseeable future. There are hardly any signs of a noticeable economic upturn. Rather, there are increasing signs that the economic weakness is primarily structural in nature and less cyclical. Additional headwinds are also looming for 2025. As the new US government implements its protectionist policies, this is likely to put an additional brake on exports. The provisional budget, which is likely to remain in place until well into next year due to the current government formation, might also slow down economic output, even if the effects are likely to be minor. The forecast for Germany has been adjusted downwards by the Institute and gross domestic product is expected to stagnate in the current financial year.<sup>8</sup>

GDP Growth Forecast over Prior Year (in %)		
	2025	2026
World	3.1	3.1
USA	2.4	1.7
Eurozone	0.9	1.1
Latin America	2.5	2.1
Asia	4.9	4.8
Germany	0.1	0.7
France	0.7	0.8
Italy	0.8	0.9
United Kingdom	1.4	1.4
Japan	1.1	0.7
China	4.4	4.0
India	6.3	6.9

Source: IfW, Economic Report No. 119 "Global economy in winter 2024,"  
12 December 2024

VCI (German Chemical Industry Association) does not expect the situation in the chemical industry to improve in 2025. The current year is expected to bring a slight increase in production of 0.5%, with the chemicals sector stagnating. Due to high producer prices and a low order backlog, industry revenue will slow down. The Association cites the lack of competitiveness in Germany, which is

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<sup>7</sup> IMF - World Economic Outlook Update, January 2025

<sup>8</sup> Kiel Economic Report No. 120 (2024/04)

suffering from high production costs and growing bureaucracy, as the reason for the lack of industrial growth.<sup>9</sup>

The long-term outlook in key target markets of Nabaltec is largely positive, however, in the company's view. In the short term, increased volatility is still to be expected due to current economic trends. In the medium and long term, Nabaltec again expects growth in almost all product segments due to its promising product portfolio.

### **Outlook on the course of business**

Nabaltec AG's performance in 2024 was indeed satisfactory, particularly in light of the weakness in the chemical industry. While production at specialty chemicals manufacturers fell by 2% and revenues in the chemical-pharmaceutical industry also declined by 2%, Nabaltec managed to achieve slight sales-driven growth.<sup>10</sup> The short-term nature of order behavior, which is strongly geared towards demand, did not change much over the course of 2024. Even at the start of 2025, demand remains characterized by short-term decision-making.

Nabaltec AG expects demand to remain stable for the majority of its product segments in the current financial year. Overall, uncertainties in connection with raw material and energy prices will remain in 2025.

In the US, Nabaltec expects business to remain good at the subsidiary Nashtec and to improve successively at the subsidiary Naprotec.

In 2025 as well, fine hydroxides will continue to be the most important product range by far within the "Functional Fillers" product segment. The boehmite product range for e-mobility has stagnated significantly in its development recently, as capacity expansion in the production of battery cells in Europe and a structural change in the automotive industry for European value creation are still a long way off. Following a sharp decline in Financial Year 2023, the "Specialty Aluminas" product segment saw a sideways movement at a low level in 2024, which is expected to continue in the current 2025 financial year.

### **Expected earnings, financial and liquidity position**

Despite the difficult economic and industry-specific environment, Nabaltec expects revenues to increase in a range of 3% to 5% in 2025. On the earnings side, Nabaltec is expecting an EBIT margin in a range from 7% to 9%, compared to 9.4 % in Financial Year 2024. The forecast is based on the assumption that the economy and the industries relevant to Nabaltec will develop in a stable fashion. At the time the forecast was prepared, it remains unclear at what speed or with what dynamics the economic situation will recover globally and in the

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<sup>9</sup> VCI, Press release on the annual financial statements 2024, 15 December 2024

<sup>10</sup> VCI, Press release on the annual financial statements 2024, 15 December 2024

markets relevant for Nabaltec. Inflation, high interest rates and an uncertain situation are putting the brakes on consumption and investment worldwide. In the event of continuing negative economic upheavals due to the geopolitical situation, adverse effects on the liquidity, financial and earnings situation cannot be ruled out.

#### **Note with respect to uncertainties in the outlook**

The forward-looking statements and information described are based on current expectations and assumptions. As a result, actual results may deviate from the statements and forecasts made in this report.

### **3.2 RISKS AND OPPORTUNITIES REPORT**

#### **Risk management system**

For Nabaltec AG, the relevance of risk management is derived from its business activities and its worldwide operations in an international competitive and regulatory environment, as well as the general complexity of the global economy. Nabaltec AG's success depends to a considerable extent on identifying associated risks and opportunities as well as dealing with them consciously and bringing risks under control. Effective risk management is a core element for securing the company in the long term, for its economic success in international markets and for its successful, sustainable further development.

Nabaltec is constantly working to develop the company's risk management system. The continuous optimization of risk prevention tools in all areas enables the early identification and elimination of business risks. Integral elements include risk management as an ongoing process, risk controlling, extensive communication and documentation processes, as well as an internal monitoring system. All discernable internal and external risks are identified, documented, assessed and included in a risk matrix as efficiently as possible. This risk matrix represents the basic framework for the assessment of potential risks and for the identification of key risks.

The starting point of the actual risk management processes at Nabaltec is the identification and evaluation of various types of risks and risk profiles that are monitored and managed by the controlling department. Reports on business risks as well as continuous status reports are prepared for the Management Board and discussed at the management level. Another important component is the comprehensive operational budget including targets, regularly supplemented with forecasts.

Nabaltec possesses a strategic planning system in order to take advantage of medium- and long-term opportunities and to identify risks. All relevant units are involved in the strategy development process. Risks arising from competition, anti-trust, tax and environmental laws and regulations are mitigated by Nabaltec



in advance by engaging experts. Quality assurance measures limit product and environmental risks. Such measures include e.g. certification of our activities in accordance with international standards, constant improvements to facilities and processes, the development of new and the improvement of existing products as well as participation in international professional committees.

Risk management also includes routinely reviewing the efficiency of applied hedging instruments and the reliability of controlling systems. There is insurance coverage for casualty and liability risks, thus limiting the financial consequences for the company's liquidity, financial position and earnings as well as preventing situations that could jeopardize the continued existence of the company.

### **Sales market**

Material sales risks include the potential loss of significant key accounts, loss of market share due to technological innovation and new advances by competitors. Due to Nabaltec's solid position as well as continuous monitoring of target markets, such risks can be confined and the relevant market mechanisms can, at the same time, be used as an opportunity within global competition.

At the beginning of 2025, the US imposed a series of import duties on goods from various countries and for certain product groups. Further trade barriers are possible and could have a negative impact on Nabaltec's sales situation. Due to its own production sites in the US, Nabaltec AG currently assumes a low risk for its products, as American customers are supplied directly from the US sites, as possible.

Geopolitical risks can have a negative impact on sales. Economic recession, inflation, and a European or global energy crisis may also have a negative impact on Nabaltec's sales situation in the medium and long term. There are also risks in connection with the market development of Naprotec products in the United States. If market requirements remain significantly below the original assumptions in the future, there is a risk of permanent underutilization, which may lead to adjustments in the assets estimates in the individual financial statements. Likewise, negative effects on the sales market remain in the event of a resurgence of the pandemic situation.

### **Procurement market**

Nabaltec AG monitors its suppliers' economic situation very closely and has deliberately built up alternatives for all products. The current energy situation in Europe is leading Nabaltec to involve suppliers outside of Europe as well, resulting in increased expenses and risks in logistics. Nabaltec AG normally uses mid- and long-term supply agreements for its supply of raw materials. Supply of the most important energy sources for the production process, such as electricity, natural gas and steam, is secured. But as a result of the war in the Ukraine, energy costs have risen sharply. With the termination of a long-term gas contract at the end of 2024, costs are expected to increase in 2025. Due to

the current purchase of gas and electricity on the spot market, highly volatile energy prices may result in unplanned cost burdens.

The procurement situation on the raw materials market has improved for Nabaltec in 2024 compared to 2023. A sideways movement and further slight easing are anticipated by the company for 2025.

An additional risk is an excessive increase in logistics costs. Nabaltec AG can counter this risk by passing on logistics costs to customers and by finding a balanced logistical mix. For example, Nabaltec has its own railway siding, which makes transport by rail very attractive. Tentatively from mid-2025, a logistics hub will be put into operation at Terminal 4 at Weserport GmbH in Bremen on behalf of Nabaltec, which will give Nabaltec more flexibility in raw materials logistics.

In addition, possible trade barriers can lead to rising procurement costs.

### **Financial market**

When necessary, foreign exchange risks are strategically minimized using hedging instruments covering risks arising from US dollar exposure. Furthermore, the risk is countered by procuring, producing and selling products in the same foreign currency.

Nabaltec AG has a detailed financial and liquidity forecast which is subjected to routine comparisons of estimates against results. As part of this, the liquidity situation is monitored in the short, medium and long term, taking planned investments into account. If additional liquidity is deemed necessary, the appropriate financing measures are initiated.

Some of Nabaltec's loan agreements (cf. Section "Liabilities" in the notes) are subject to variable interest rates and financial covenants based on the leverage coverage ratios. If the covenants are not observed, the lender has the option to increase the interest margin or exercise its right of extraordinary termination. None of the covenants in effect as of 31 December 2024 were breached in the Financial Year. As part of the planning for Financial Year 2025, no significant interest rate risk was identified with regard to the variable interest rate and no risk of the breach of the covenants.

Nabaltec uses genuine factoring to reduce the potential risk of default on customer receivables (cf. the further section "Transactions not included on the balance sheet" in the notes). Factoring can be used to finance a significant portion of trade receivables.

### **Personnel**

Personnel risks arise in particular from the fluctuation of employees in key positions, exacerbated by the increasing retirement of the baby boomer

generation. Nabaltec limits these risks through intensive training and junior staff programs to increase the qualifications of its employees and through performance-related remuneration. The loss of key employees is countered by establishing specialist and management career paths and early succession planning. The company offers good career opportunities and advancement possibilities. Nabaltec's market position, the reputation it has earned in the industry, its high reliability and its familiar strong focus on research and development make Nabaltec an attractive employer within its market segments and region.

### **Production, processes and IT**

Nabaltec has an integrated quality management system with ISO 9001 accreditation that is implemented company-wide. Therefore, Nabaltec considers production-specific risks clear and manageable. For IT applications that are critical for the business, Nabaltec AG relies on standard programs and the redundantly designed high-quality hardware. Through regular verification of the access structure, data protection is guaranteed; data security is therefore based on generally established procedures. Compliance with data protection policies based on the legal requirements is ensured at all times within the company, and is additionally monitored by an external data protection officer. The established cyber security mechanisms are regularly reviewed and actively monitored (penetration test). In addition, more awareness training courses are to be held in the future.

### **Environmental protection**

Environmental risks can arise from exceeding admissible thresholds for noise and dust pollution or through the emission of hazardous substances. Nabaltec counters these risks by means of extensive environmental management based on ISO 14001, which is accredited and is periodically further developed and audited. Nabaltec uses largely closed-loop production processes, e.g. for water and lye.

### **Technological development**

Potential technological risks could result from customers replacing Nabaltec products due to a change in technology, from the failure to use new technologies or the failure by Nabaltec to recognize technological developments. As an innovation leader, Nabaltec's goal is to minimize these risks by engaging in continuous and intensive research and development efforts and by maintaining pronounced customer proximity. In fact, technological developments offer numerous opportunities for Nabaltec to generate a competitive edge in product quality, by occupying new markets through fast-paced product adjustments and by creating process, processing and quality advantages together with our customers so as to set the stage for economic success.

## **Legal framework**

Changes within the legal framework could lead to risks for Nabaltec. Currently, regulatory changes are creating additional market opportunities – and this trend is not expected to reverse in the medium and long term. Eco-friendly products such as Nabaltec's are being pushed forward on a global scale in an effort to eliminate materials which are harmful to the environment from the cycle.

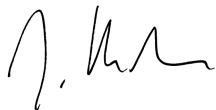
As an energy-intensive company that competes internationally, Nabaltec is subject to various energy and climate regulations, including the national CO<sub>2</sub> price. Changes in or new legal regulations may result in increased costs for Nabaltec.

## **Overall assessment of the company's opportunities and risks**

Based on the described constant monitoring of the markets relevant for Nabaltec AG, as well as due to the continuous further development of products and the adaptation to the needs of current and potential customers, subject to economic and geopolitical risks, there are currently no significant risks for the future development of Nabaltec AG and the Group in the opinion of the Management Board. On the whole, the potential impact of the company's risks is limited, in the estimation of the Management Board. There are currently no discernible risks that could jeopardize the continued existence of the company.

Schwandorf, 28 March 2025

Nabaltec AG  
The Management Board



Johannes Heckmann



Günther Spitzer



Dr. Alexander Risch

**Income statement of Nabaltec AG, Schwandorf**  
for the Financial Year 1 January to 31 December 2024

	1/1 - 12/31/2024		1/1 - 12/31/2023	
	TEUR	TEUR	TEUR	TEUR
1. Revenue		204,308		199,960
2. Increase or decrease in finished goods		1,831		1,035
3. Own work capitalized		1,321		416
<b>Total performance</b>		207,460		201,411
4. Other operating income		3,318		1,933
- thereof from currency translation: TEUR 1,270 (PY: TEUR 986)				
		210,778		203,344
5. Cost of materials				
a) Cost of raw materials, supplies and purchased goods	-113,265		-111,913	
- thereof income from other periods from energy cost reimbursement: TEUR 0 (PY: TEUR 409)				
b) Cost of purchased services	-1,174	-114,439	-767	-112,680
<b>Gross profit</b>		96,339		90,664
6. Personnel expenses				
a) Wages and salaries	-31,438		-29,998	
b) Social security contributions and cost of pension and other benefit	-6,519		-6,875	
- thereof for pensions: TEUR 897 (PY: TEUR 1,532)				
7. Amortization/depreciation of intangible assets and property, plant and equipment	-8,802		-9,336	
8. Other operating expenses	-30,102	-76,861	-29,670	-75,879
- thereof from currency translation: TEUR 870 (PY: TEUR 1,538)				
		19,478		14,785
9. Income from other securities and loans (financial assets)	1,778		1,642	
- thereof from affiliated companies: TEUR 1,778 (PY: TEUR 1,642)				
10. Other interest and similar income	2,506		2,023	
11. Depreciation on financial assets and current securities	-58		-56	
- thereof from affiliated companies: TEUR 58 (Vorjahr: TEUR 56)				
12. Interest and similar expenses	-4,128	98	-3,817	-208
- thereof from discounts: TEUR 685 (PY: TEUR 653)				
<b>Net before tax result</b>		19,576		14,577
13. Income taxes		-5,600		-4,406
14. Net after-tax result		13,976		10,171
15. Other taxes		-79		-83
<b>16. Net result for the year</b>		13,897		10,088
17. Profit carried forward		48,702		41,078
<b>18. Accumulated profit</b>		62,599		51,166

**Balance sheet of Nabaltec AG, Schwandorf  
for 31 December 2024**

**ASSETS**

	12/31/2024 TEUR	12/31/2023 TEUR
<b>A. NON-CURRENT ASSETS</b>		
<b>I. Intangible assets</b>		
1. Concessions acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets	154	162
2. Advance payments	1,275	661
	1,429	823
<b>II. Property, plant and equipment</b>		
1. Land, leasehold rights and buildings, including buildings on non-freehold land	22,071	22,312
2. Technical equipment, plant and machinery	32,566	35,740
3. Other fixtures, fittings and equipment	4,386	4,705
4. Advance payments as well as plant and machinery under construction	40,228	14,627
	99,251	77,384
<b>III Financial assets</b>		
1. Shares in affiliated companies	3,607	3,607
2. Loans to affiliated companies	30,223	32,137
	33,830	35,744
<b>B. CURRENT ASSETS</b>	134,510	113,951
<b>I. Inventories</b>		
1. Raw materials and supplies	21,448	25,337
2. Finished goods and merchandise	13,404	11,524
	34,852	36,861
<b>II. Accounts receivable and other assets</b>		
1. Trade receivables	493	1,340
2. Liabilities due to affiliated companies	1,957	2,774
3. Other assets	20,263	20,953
	22,713	25,067
<b>III Cash on hand and in banks</b>	77,743	79,643
	135,308	141,571
<b>C. PREPAID EXPENSES</b>	415	340
	270,233	255,862

**LIABILITIES**

	12/31/2024 TEUR	12/31/2023 TEUR
<b>A. SHAREHOLDERS' EQUITY</b>		
I. Subscribed capital (conditional capital: TEUR 4,400 (PY: TEUR 4,400)).	8,800	8,800
II. Capital reserve	48,424	48,424
III. Accumulated profits	62,599	51,166
	119,823	108,390
<b>B. SPECIAL ITEM FOR INVESTMENT GRANTS</b>	0	0
<b>C. PROVISIONS</b>		
1. Retirement benefit obligation and similar provisions	40,114	39,510
2. Accrued taxes	1,382	923
3. Other provisions and accrued liabilities	8,202	8,543
	49,698	48,976
<b>D. ACCOUNTS PAYABLE</b>		
1. Payables to banks	90,883	90,971
2. Trade payables	8,799	6,466
3. Payables to affiliated companies	570	575
4. Other payables	460	484
- thereof relating to taxes: TEUR 333 (PY: TEUR 344).		
- thereof relating to social security: TEUR 45 (PY: TEUR 45).		
	100,712	98,496
	270,233	255,862

## Development of fixed assets in Financial Year 2024

German Commercial Code

	COST					DEPRECIATION					Book value 31.12.24 EUR	Book value 31.12.23 EUR
	As of 1/1/2024 EUR	Additions EUR	Disposals EUR	Adjustments EUR	12/31/2024 EUR	As of 1/1/2024 EUR	Additions EUR	Write-ups EUR	Disposals EUR	As of 12/31/2024 EUR		
<b>I. Intangible assets</b>												
1. Concessions acquired against payment, proprietary rights and similar rights and assets as well as licenses to such rights and assets	3,699,828.98	41,340.67	0.00	46,170.00	3,787,339.65	3,538,226.47	95,343.82	0.00	0.00	3,633,570.29	153,769.36	161,602.51
2. Advance payments made	661,362.97	660,266.70	0.00	-46,170.00	1,275,459.67	0.00	0.00	0.00	0.00	0.00	1,275,459.67	661,362.97
	4,361,191.95	701,607.37	0.00	0.00	5,062,799.32	3,538,226.47	95,343.82	0.00	0.00	3,633,570.29	1,429,229.03	822,965.48
<b>II. Property, plant and equipment</b>												
1. Land, leasehold rights and buildings, including buildings on non-owned land	38,753,101.44	918,277.73	4,347.00	77,374.58	39,744,406.75	16,441,266.91	1,236,209.40	0.00	4,346.49	17,673,129.82	22,071,276.93	22,311,834.53
2. Technical equipment, plant and machinery	166,620,186.85	2,000,463.70	11,337.34	1,155,071.77	169,764,384.98	130,879,955.46	6,329,746.01	0.00	11,336.83	137,198,364.64	32,566,020.34	35,740,231.39
3. Fixtures, fittings and equipment	16,330,173.92	826,609.77	80,985.95	35,432.77	17,111,230.51	11,624,610.00	1,140,350.69	0.00	39,450.22	12,725,510.47	4,385,720.04	4,705,563.92
4. Advance payments rendered and machinery in process of construction	14,626,507.50	26,869,230.35	0.00	-1,267,879.12	40,227,858.73	0.00	0.00	0.00	0.00	0.00	40,227,858.73	14,626,507.50
	236,329,969.71	30,614,581.55	96,670.29	0.00	266,847,880.97	158,945,832.37	8,706,306.10	0.00	55,133.54	167,597,004.93	99,250,876.04	77,384,137.34
<b>III Financial assets</b>												
1. Shares in affiliated companies	10,289,957.65	0.00	0.00	0.00	10,289,957.65	6,683,232.15	0.00	0.00	0.00	6,683,232.15	3,606,725.50	3,606,725.50
2. Loans to affiliated companies	36,251,181.24	1,777,748.60	3,633,554.84	0.00	34,395,375.00	4,113,926.10	58,333.05	0.00	0.00	4,172,259.15	30,223,115.85	32,137,255.14
	46,541,138.89	1,777,748.60	3,633,554.84	0.00	44,685,332.65	10,797,158.25	58,333.05	0.00	0.00	10,855,491.30	33,829,841.35	35,743,980.64
	287,232,300.55	33,093,937.52	3,730,225.13	0.00	316,596,012.94	173,281,217.09	8,859,982.97	0.00	55,133.54	182,086,066.52	134,509,946.42	113,951,083.46

# **Nabaltec AG, Schwandorf**

## **Notes for Financial Year 2024**

### **General Disclosures Concerning the Financial Statements**

Nabaltec AG, with registered office in Schwandorf, Germany<sup>1</sup>, was formed by Company Agreement of 14 December 1994 with the corporate name Nabaltec GmbH and registered office in Schwandorf (entered into the Commercial Register of the Local Court of Amberg under Commercial Register No. B 3920). It acquired the specialty oxides business of VAW Vereinigte Aluminiumwerke AG in 1995 and was transformed into a joint-stock company in 2006. The annual financial statements were prepared in accordance with the accounting rules of the German Commercial Code. The provisions of the German Stock Corporation Act were also observed. The cost summary method was applied for the income statement.

Nabaltec AG, Schwandorf, is a large corporation in terms of § 267(3) of the German Commercial Code.

### **Accounting Policies**

The following recognition and measurement methods were applied to the items of the income statement, with no change from the previous year:

**Intangible assets** are recognized at cost less straight-line depreciation. The planned depreciation period for IT software is 4 to 5 years. Depreciation in the year of addition is performed on a prorated basis. Extraordinary depreciation is carried out in the case of expected permanent impairments in value.

**Property, plant and equipment** are recognized at cost less depreciation. Cost of production is recognized in the same way as finished products. Cost of production includes interest on debt.

Depreciation is performed using the straight-line method based on the typical useful life for the asset, which is based on the maximum rates permitted for tax purposes in the depreciation tables published by the revenue authorities. Depreciation is prorated in the year of addition. Extraordinary depreciation is carried out in the case of expected permanent impairments in value.

Independently usable assets with a cost of between EUR 250.00 and EUR 800.00 will be immediately written off in the year of addition.

<sup>1</sup> Nabaltec AG, Alustraße 50 - 52, 92421 Schwandorf, Germany



**Financial assets** are recognized at cost. If necessary, they are written down to fair value, if the latter is lower. Such write-downs are performed even in cases where a permanent impairment is not expected. If the reasons for using this lower measurement no longer apply, they are written up to a maximum of the cost of acquisition.

**Raw materials and supplies**, as well as **merchandise**, are recognized at cost observing the strict lowest-value principle. Cost is determined using the weighted average method. Items whose fair value is below cost as of the reporting date are written down to fair value.

**Finished products** are measured at cost, observing the strict lowest-value principle. Production cost includes reasonable percentages of material and production overhead costs in addition to direct material and production costs. Interest on debt and general and administrative expenses are not included in production costs. Finished products are combined into valuation units for group measurement pursuant to § 240(4) of the German Commercial Code. To this end, the production costs of products of the same type and nearly equivalent products are not assigned to individual items, but are instead measured using the weighted average value for their group.

**Accounts receivable and other assets** are recognized at face value. Individual allowances are performed to account for identified individual risks. A general allowance was not performed in the reporting year, as was the case in the previous year as well.

**Liquid funds** are recognized at face value.

**Deferred expenses and accrued income** consist of spending prior to the reporting date which relates to periods after the reporting date. This item is reversed in straight-line fashion over the course of time.

**Deferred taxes** are calculated for temporary differences between commercial and tax law in the measurement of assets, liabilities and accrual and deferral items. Deferred taxes are presently calculated based on a combined tax rate of 29.13%. This combined tax rate includes corporate income tax, trade tax and the solidarity mark-up. If the result is a net tax liability, this amount is recognized as a deferred tax liability. If the result is a net tax reduction, the associated capitalization option would not be exercised. There was a net deferred tax asset this year, which was not recognized in the financial statements.

**Subscribed capital** is recognized at nominal value.

**Pension reserves** are measured using the projected unit credit method, applying actuarial principles, with an actuarial interest rate of 1.90% per annum, based on the 2018 G benchmark tables of Prof. Dr. Klaus Heubeck. Based on the option

pursuant to Article 67(1) Sentence 1 of the Introductory Act to the German Commercial Code, TEUR 267 was transferred to pension reserves in the Financial Year (1/15th of the difference calculated on 1 January 2010), as was done in previous years as well. Pension liability insurance policies exist which are pledged to the pension recipients. These assets, which serve exclusively to secure direct pension commitments and are protected from attachment by all other creditors (plan assets in terms of § 246(2) Sentence 2 of the German Commercial Code), are recognized at fair value (market value, price as of the reporting date). Accordingly, the assets and liabilities in connection with the pension liability insurance policies are netted out in accordance with § 246(2) of the German Commercial Code. The fair value as well as the acquisition costs of the reinsurance policies correspond in amount to the asset value communicated by the insurance company.

**Other provisions and accrued liabilities** account for all contingent liabilities and losses from pending transactions and are formed in the repayment amount, as appears necessary according to a prudent commercial assessment. When measuring the repayment amount, future price and cost increases are taken into account where necessary. Other provisions with a term of one year or less are not discounted. If they have a term of more than one year, they are discounted at interest rates appropriate to the term and published by the German Bundesbank.

**Accounts payable** are recognized at their settlement amount.

**Accounts receivable denominated in foreign currency** whose residual term is no longer than one year are measured using the average exchange rate on the reporting date. All other foreign-currency accounts receivable are measured using the exchange rate as of invoicing or the average exchange rate on the reporting date, if the latter is lower.

**Accounts payable denominated in foreign currency** whose residual term is no longer than one year are measured using the average exchange rate on the reporting date. All other foreign-currency accounts payable are measured using the exchange rate as of invoicing or the average exchange rate on the reporting date, if the latter is higher.

## Disclosures Concerning the Balance Sheet

### Fixed assets

The change in individual fixed-asset items is shown in the Statement of Fixed Assets (Annex to the Notes).

Debt interest in the amount of TEUR 689 was included in production costs in the reporting year. The average financing cost rate used to determine capitalizable debt interest was 3.00%.

Debt interest was capitalized in the Financial Year for the following fixed-asset items:

Intangible assets:

Advance payments rendered	TEUR	30
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Property, plant and equipment:

Land, leasehold rights and buildings, including buildings on unowned land	TEUR	3
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Technical equipment and machinery	TEUR	16
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Other fixtures, fittings and equipment	TEUR	0
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Advance payments made and assets in process of construction	TEUR	640
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### Accounts receivable and other assets

Accounts receivable from affiliated companies result as in the previous year fully from deliveries and services.

Other assets mainly consist of accounts receivable from a factoring company from purchase price retentions (TEUR 3,086), input tax refund claims (TEUR 1,077), an energy tax refund claim (TEUR 230), an electricity tax refund claim (TEUR 577) and a time deposit with a residual term of >3 months (TEUR 15,000).

As was the case in the previous year as well, all trade receivables as well as those against affiliated companies, have a residual term of less than one year.

Other assets with a remaining term of more than one year amount to TEUR 15,000 (previous year TEUR 0).

### Deferred expenses and accrued income

TEUR 415 (previous year TEUR 340) of deferred expenses and accrued income relates to prepaid expenses for the next Financial Year.

## Shareholders' equity

a) Subscribed capital	EUR 8,800,000.00 (previous year: TEUR 8,800)
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The capital stock is divided into 8,800,000 non-par-value shares, each representing EUR 1.00 of the capital stock.

b) Authorized capital

Authorized capital as of 31 December 2024 amounted to  
(through 31 May 2026) EUR 4,400,000.00

The Management Board, with the Supervisory Board's approval, is authorized by resolution of the shareholders of 16 June 2021 to raise the capital stock through 31 May 2026 once or multiple times by up to EUR 4,400,000.00 by issuing up to 4,400,000 new non-par-value bearer shares in exchange for cash and/or non-cash contributions, with the stipulation that the number of shares is to be increased in the same proportion as the capital stock. The Management Board may decide to exclude preemption rights with the approval of the Supervisory Board (Authorized Capital 2021/I).

c) Conditional capital	EUR 4,400,000.00 (previous year: TEUR 4,400)
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By resolution of the Annual General Meeting on 16 June 2021, the share capital of the Company was conditionally increased by up to TEUR 4,400 thousand by issuing up to 4,400,000 non-par-value bearer shares (Conditional Capital 2021/I). The conditional capital serves exclusively to grant shares to the holders of convertible bonds and/or bonds with warrants issued by the Company on the basis of the authorization granted by the Annual General Meeting on 16 June 2021.

To date, no such bonds have been issued.

d) Capital reserve	EUR 48,424,219.38
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As of 31 December 2024, the capital reserve amounted to TEUR 48,424 (previous year: TEUR 48,424).

e) Retained earnings	EUR 62,599,172.50
As of 1 January 2024	EUR 51,165,723.99
Dividend payment pursuant to shareholder resolution	<u>EUR -2,464,000.00</u>
= Profit carried forward as of 31 December 2024	EUR 48,701,723.99
Net income for Financial Year 2024	<u>EUR 13,897,448.51</u>
As of 31 December 2024	EUR 62,599,172.50
	=====

### **Pension reserves**

Pension liabilities were measured in accordance with generally accepted actuarial principles using the projected unit credit (PUC) method. The biometric calculation was based on the 2018 G benchmark tables of Prof. Dr. Klaus Heubeck. The measurement was performed based on the following additional assumptions: an actuarial interest rate of 1.90% per annum (previous year: 1.83%), a fluctuation rate of 1.00% per annum (previous year: 1.00%), a salary trend of 2.75% per annum (previous year: 2.75%) and a pension trend of 2.00% per annum (previous year: 2.00%). Due to the inflation trend in the fiscal year, the underlying pension trend was also adjusted to further 8%. Liabilities were discounted at the average market interest rate for the past ten years according to Deutsche Bundesbank assuming a residual term of 15 years.

The remeasurement of pension reserves on 1 January 2010 resulted in a difference in the amount of TEUR 4,009; as in previous years, TEUR 267 of this difference (1/15th of the total, in accordance with Article 67(1) Sentence 1 of the Introductory Act to the German Commercial Code) was transferred to pension reserves in the reporting year, so that the remaining deficit as of 31 December 2024 was TEUR 0. This transfer was recognized under other operating expenses in 2024.

Pension liability insurance policies are pledged and therefore protected from attachment by all other creditors so as to secure direct pension commitments. This means that the liabilities must be offset against the corresponding assets and the corresponding expenses and income. As of the balance sheet date, the fair value of the reinsurance policy of TEUR 2,015 was offset against the settlement amount of the provision of TEUR 42,129, resulting in a net balance sheet figure of TEUR 40,114. In the interest and similar expenses item, income from reinsurance amounting to TEUR 95 was offset against interest expenses of TEUR 750.

Discounting pension reserves at the average market interest rate for the past ten years results in a difference of TEUR -456 (previous year: TEUR 483) relative to discounting pension reserves at the average market interest rate for the past seven years.

### **Other provisions**

Other provisions largely consist of personnel obligations (TEUR 5,064), and outstanding invoices (TEUR 2,540).

The anniversary provision is measured in the PUC method using an actuarial interest rate of 1.97% (average market interest rate over the past seven years, assuming a residual term of 15 years), a salary trend of 2.75% and a fluctuation rate of 1.00%.

## Accounts payable

The breakdown of accounts payable, with residual terms and securities provided, is evident from the statement below:

(amounts from the previous year are indicated in parenthesis)

	Total amount	Residual terms			Secured amount	Type of secu- rity
		Less than 1 year	1-5 years	Over 5 years		
	TEUR	TEUR	TEUR	TEUR	TEUR	
Accounts payable to banks	90,883 (90,971)	883 (971)	90,000 (45,000)	0 (45,000)	0 (0)	
Trade payables	8,799 (6,466)	8,799 (6,466)	0 (0)	0 (0)	0 (0)	
Accounts payable to affiliated com- panies	570 (575)	570 (575)	0 (0)	0 (0)	0 (0)	
Other accounts payable	460 (484)	460 (484)	0 (0)	0 (0)	0 (0)	
	100,712 (98,496)	10,712 (8,496)	90,000 (45,000)	0 (45,000)	0 (0)	

Accounts payable to banks consist of a loan against borrower's notes, obtained at typical market interest rates, for which specific covenants were agreed upon.

Nabaltec AG has successfully issued a bonded loan with a volume of TEUR 90,000 and a value date of April 2022. The proceeds from the issue were used to refinance existing bonded loans in the amount of TEUR 39,000 and a bilateral bank loan in the amount of TEUR 20,000, due in April 2022. In addition, the funds will be used to finance further growth projects, in particular to expand capacity in the boehmite product range for lithium ion batteries. The volume is divided into fixed and variable tranches with maturities of five and seven years. The bonded loan was placed without broad marketing as part of a private placement with the participation of five investors.

Nabaltec AG's loan against borrower's notes is subject to covenants which are measured by leverage coverage ratios (net debt/EBITDA). If the covenants are breached, the lender has the option of raising the interest margins or it may exercise its right of extraordinary termination. None of the covenants in effect as of 31 December 2024 were breached in the 2024 reporting year.

Accounts payable to affiliated companies result as in the previous year entirely from deliveries and services.



## Disclosures Concerning the Income Statement

### Revenues

Breakdown of revenues by geographical region:

	2024		2023	
	TEUR	%	TEUR	%
Germany	48,300	23.6	50,770	25.4
Rest of Europe	106,762	52.3	103,967	52.0
USA	28,715	14.1	23,907	11.9
Rest of world	20,531	10.0	21,316	10.7
	204,308	100.0	199,960	100.0

Breakdown of revenues by product segments:

	2024		2023	
	TEUR	%	TEUR	%
Functional Fillers	148,035	72.5	141,400	70.7
Specialty Aluminas	55,552	27.2	57,803	28.9
Other	721	0.3	757	0.4
	204,308	100.0	199,960	100.0

### Other operating income

In addition to income from currency translation, other operating income mainly includes non-periodic income from the reversal of provisions in the amount of TEUR 828 as well as grants from public authorities in the amount of TEUR 493. Furthermore, there are income from non-cash benefits in the amount of TEUR 239 and from income charged on in the amount of TEUR 396.

### Other operating expenses

Other operating expenses include expenses for outgoing freight in the amount of TEUR 11,718, sales commissions in the amount of TEUR 4,016, expenses for third-party repairs in the amount of TEUR 3,124 and consulting expenses in the amount of TEUR 672.

Other operating expenses also include expenses in the amount of TEUR 267 (previous year: TEUR 267) from the transfer by installments of the difference arising from remeasurement of pension reserves in the course of first-time application of

the provisions of the German Commercial Code which were amended by the Accounting Law Modernization Act.

## Other Disclosures

### Disclosures concerning transactions not reported in the balance sheet

In order to improve liquidity, Nabaltec AG concluded leasing contracts at an expense in the financial year of TEUR 311 and assigned receivables in the amount of TEUR 34,874 to a factor as of the reporting date. The transfer of the *del credere* risk to the factor resulting from the factoring agreement as part of this genuine factoring will be offset in 2024 by expenses of TEUR 769 for the settlement and pre-financing of the sale of receivables.

### Liability relations

The following guarantees were noted in accordance with § 251 and § 268(7) of the German Commercial Code:

	12/31/2024 TEUR	12/31/2023 TEUR
Liabilities from performance guarantees		
Separate grid fees for natural gas thereof, in favor of affiliated companies:	1,253 0	1,392 0
Investment costs of Weserport GmbH thereof, in favor of affiliated companies:	1,000 0	1,000 0

The contractual performance guarantee, which relates in full to liabilities due to separate network charges for natural gas, amounted to TEUR 1,253 as of 31 December 2024. The guarantee is continuously being reduced by EUR 139,200.00 each year and will run until 31 December 2032. The probability of utilization is classified as low, as the Management Board assumes that the payment obligations will be met on an ongoing basis due to the company's positive liquidity situation.

In 2023, a further contractual performance guarantee was signed in the amount of TEUR 1,000, which relates in full to liabilities for securing the investment costs of Weserport GmbH. This guarantee is limited until 31 December 2029. The probability of utilization is classified as low, as the Management Board assumes that the payment obligations will be met on an ongoing basis due to the company's positive liquidity situation.

Nabaltec AG has issued the subsidiary Nashtec LLC a payment guarantee in the amount of TUSD 1,600 (previous year: TUSD 2,000) to secure its supply of raw materials. Due to the financial situation of the company, the risk of a claim is classified as low.

### **Other financial liabilities**

The following other financial liabilities exist which are of significance for assessment of the financial position:

	12/31/2024	12/31/2023
	TEUR	TEUR
a) Liabilities arising from rental, lease, service and consulting agreements thereof	15,298	13,035
- maturing in less than 1 year	1,911	898
- maturing in 1-5 years	7,920	7,169
- maturing in more than 5 years	5,467	4,968
b) Liabilities arising from investment orders	21,008	10,132
- thereof maturing in less than 1 year	21,008	10,132
Total	36,306	23,167
- thereof to affiliated companies	0	0

### **Auditor's fee**

The total fee charged by the auditor for the financial year amounts to TEUR 211. The auditor's fee for the 2024 financial statements (including the 2024 consolidated financial statements) amounts to TEUR 138. The auditor received a fee in the amount of TEUR 18 for other assurance services and a fee of TEUR 55 for tax advisory services.

### **Transactions with related companies and persons in terms of § 285 No. 21 of the German Commercial Code**

There were no material transactions with related companies and persons which were not executed at typical market conditions.

## Share ownership pursuant to § 285 No. 11 of the German Commercial Code

	Amount of Shares in capital	Shareholders' equity of the last financial year *)		Result of the last financial year *)	
<b>Direct shareholdings</b>	%	USD	EUR	USD	EUR
Nabaltec USA Corp. Corpus Christi, TX, USA	100.0	4,675,600.03	4,491,019.14	-123,198.53	-113,851.31
<b>Indirect sharehold- ings via Nabaltec USA Corp.</b>					
Nashtec LLC, Corpus Christi, TX, USA	100.0	-1,254,448.70	-1,204,926.23	734,854.95	679,100.82
Naprotec LLC, Chattanooga, TN, USA	100.0	585,061.97	561,965.17	374,739.74	346,307.90
<b>Direct shareholdings</b>	%	RMB	EUR	RMB	EUR
Nabaltec (Shanghai) Trading Co., Ltd., Shanghai, China	100.0	10,148,032.38	1,352,962.74	1,013,632.26	131,587.55

\*) Shareholders' equity in the previous year denominated in foreign currency is translated at the average exchange rate on the reporting date. Earnings for the previous year denominated in foreign currency are translated at the average exchange rate for the year.

## Deferred taxes

Deferred taxes are measured at a tax rate of 29.13%, comprising the corporate income tax rate, the solidarity mark-up and the trade tax rate.

Item	Book value			Deferred tax	
	Book value in commercial balance sheet TEUR	Book value in tax balance sheet TEUR		Asset TEUR	Liability TEUR
<b>Deferred tax assets</b>					
Pension reserve	-42,129*	-19,397	-22,732	6,622	
Other provisions	-8,202	-7,107	-1,095	319	
Financial assets/loans to affiliated companies	30,223	34,395	-4,172	33	
Trade accounts receivable	-8,799	-8,783	-16	5	
	-28,907	-892	-28,015	6,979	
<b>Deferred tax liabilities</b>					
Trade payables	493	214	279		81
	493	214	279		81
Net total				6,898	

\*before adjusting for pension liability insurance

## Employees

The average number of workers employed over the year as a whole was as follows:

	2024 Number
Industrial workers	250
Employees	196
Minimally employed workers	3
	449

In addition, an average of 40 trainees were employed in the Financial Year.

## Mandatory disclosures

JOSTKA Beteiligungs GmbH, Hirschau, disclosed to Nabaltec AG on 17 February 2012, pursuant to § 20(1) and (3) of the Stock Corporation Act, that it holds more than one fourth of the capital stock. This threshold is exceeded when attributing to JOSTKA the shares held by NAHE GmbH & Co. KG, based on a voting agreement.

NAHE Beteiligungs GmbH, Hirschau, disclosed to Nabaltec AG on 25 June 2024, pursuant to § 20(1) and (3) of the Stock Corporation Act, that it holds more than one fourth of the capital stock. This threshold is exceeded when attributing to NAHE the shares held by JOSTKA Beteiligungs GmbH, based on a voting agreement.

NAWI Beteiligungs GmbH, Regensburg, disclosed to Nabaltec AG on 25 May 2012, pursuant to § 20(1) and (3) of the Stock Corporation Act, that it holds more than one fourth of the capital stock.

## Management Board and Supervisory Board

In accordance with the company's Articles of Association, the Management Board is to consist of at least one person. The number of Management Board members is determined by the Supervisory Board. The Supervisory Board may appoint a Management Board member to serve as Chairman.

The members of the **Management Board** are:

**Mr. Johannes Heckmann**  
CEO

**Mr. Günther Spitzer**  
CFO

**Dr. Alexander Risch**

COO

Total remuneration of the Management Board amounted to TEUR 2,475 in Financial Year 2024 (previous year: TEUR 2,248).

**Total remuneration and provisions for current pensions and entitlements of former Members of the Board**

The disclosure of the total remuneration granted in the financial year, as well as pension provisions for former members of the board and their surviving dependents, is omitted in accordance with § 286(4) of the German Commercial Code (HGB).

**Supervisory Board**

In accordance with the Articles of Association, the Supervisory Board consists of three members. Throughout the Financial Year until of the time the financial statements were prepared, the Supervisory Board had the following members:

**Mr. Gerhard Witzany** (Chairman)

Managing Director of NAWI Beteiligungs GmbH

**Dr. Dieter J. Braun** (Vice Chairman)

Graduate chemist, retired

**Mr. Dirk A. Müller**

Managing Director, CFO of Swash Group GmbH, Megabad GmbH

Mr. Dirk A. Müller was appointed to the Supervisory Board on 25 June 2024. Prof. Dr.-Ing. Jürgen G. Heinrich, retired Professor of engineering ceramics, has resigned from the Supervisory Board at this point.

The members of the Supervisory Board received total remuneration in the amount of TEUR 84 for Financial Year 2024.

## **Group relations**

Nabaltec AG, Schwandorf, as the ultimate parent company, prepares consolidated financial statements. These are submitted to and published in the company register.

## **Major events occurring after the reporting date**

No major events occurred after the reporting date.

## **Proposal for appropriation of retained earnings**

The Management Board proposes that the distributable profit of the Financial Year 2024, amounting to EUR 62,599,172.50, will be used as follows:

An amount of EUR 2,552,000.00 will be distributed to the shareholders by payment of a dividend of EUR 0.29 per share on the 8,800,000 non-par-value shares entitled to dividend payments for the Financial Year 2024. The remainder in the amount of EUR 60,047,172.50 will be carried forward.

Schwandorf, 28 March 2025

Nabaltec AG

The Management Board



Johannes Heckmann



Günther Spitzer



Dr. Alexander Risch



# **INDEPENDENT AUDITOR'S REPORT**

To Nabaltec AG, Schwandorf

## **Audit Opinions**

We have audited the annual financial statements of Nabaltec AG, Schwandorf, which comprise the balance sheet as at 31 December 2024, and the statement of profit and loss for the financial year from 1 January 2024 to 31 December 2024, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Nabaltec AG, Schwandorf, for the financial year from 1 January 2024 to 31 December 2024.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2024 and of its financial performance for the financial year from 1 January 2024 to 31 December 2024 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

## **Basis for the Audit Opinions**

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

## **Other Information**

The executive directors or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board which is presented to us after the date of this auditor's report,
- all other parts of the annual report which is presented to us after the date of this auditor's report,
- but not the annual financial statements, not the audited content of the management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

## **Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report**

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

### **Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nuremberg, 31 March 2025

**Deloitte GmbH**

Wirtschaftsprüfungsgesellschaft

Signed:

Alexander Hofmann

Wirtschaftsprüfer

(German Public Auditor)

Signed:

Johannes Gräbner

Wirtschaftsprüfer

(German Public Auditor)

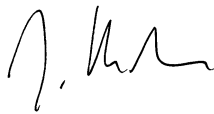
## **Appropriation of distributable profit**

The Management Board proposes that the distributable profit of the Financial Year 2024, amounting to EUR 62,599,172.50 will be used as follows:

An amount of EUR 2,552,000.00 will be distributed to the shareholders by payment of a dividend of EUR 0.29 per share on the 8,800,000 non-par-value shares entitled to dividend payments for the Financial Year 2024. The remainder in the amount of EUR 60,047,172.50 will be carried forward.

Schwandorf, April 2025

The Management Board



Johannes Heckmann



Günther Spitzer



Dr. Alexander Risch

# Report of the Supervisory Board

Ladies and Gentlemen,  
Dear Shareholders,

In Financial Year 2024, there was a slight upward trend on the markets compared to the very challenging previous year. However, the overall economic situation is still leaving its mark, particularly in Germany and Europe, and demand on the markets remains at a restrained level. In the e-mobility segment, there was still no impetus in Europe, while China is waging a price war particularly in the Asian market that is unattractive for European companies. Under these circumstances, Nabaltec has developed quite satisfactorily in its relevant markets and the company's situation is stable. Revenues were only slightly below forecast, while the forecasted EBIT margin was slightly exceeded on the earnings side.

The Supervisory Board is always keeping a close eye on Nabaltec's further business development, especially in light of current market and economic developments. Market opportunities will arise in the medium term in the e-mobility market, which will continue to play an important role. By expanding its capacity for boehmites and viscosity optimized hydrates, Nabaltec is paving the way for future growth opportunities.

## **Collaboration between the Supervisory and Management Boards**

The Supervisory Board duly performed its assigned tasks in Financial Year 2024 in accordance with the law, the Articles of Association and the Rules of Procedure and was routinely informed by the Management Board in detail as to the performance and position of the company. The Supervisory Board advised the Management Board in accordance with the underlying information and exercised utmost care in monitoring and supervising the Management Board. The Supervisory Board was involved at an early stage in all decisions of fundamental importance for the company and was kept directly and fully informed by the Management Board.

Major events, as well as questions relating to strategy, planning, business development, the risk position, risk management, compliance and sustainability were considered by the Supervisory Board both internally and in conjunction with the Management Board. The Supervisory Board voted on the reports and draft resolutions submitted by the Management Board after careful deliberation and review. All transactions requiring approval in Financial Year 2024 were decided positively.

In the Supervisory Board's estimation, all three of its current members should be considered independent. However, the Supervisory Board reserves the right to approve consulting and employment agreements between individual members of the body and the company if the Management Board and Supervisory Board concur that the conclusion of such an agreement is in the company's interest in that particular case.

The Supervisory Board does not form committees. With three members, the Supervisory Board is of suitable size for all matters to be considered and decided by the full Supervisory Board. No conflicts of interest for individual Supervisory Board members arose in the course of deliberations or voting by the Supervisory Board, or in the Board's exercise of its supervisory mandate in the 2024 reporting year. The Board again refrained from forming an audit committee. These tasks are also performed by the full Board.

The Supervisory Board performed a self-assessment of its activities in the past year (efficiency check) and has reached once again a positive conclusion. The focuses of this self-assessment were above all on procedures and the timely and adequate provision of information.

### **Changes in the composition of the Management Board and Supervisory Board**

There were no changes to the composition of the Management Board in Financial Year 2024.

At the Annual General Meeting on 25 June 2024, a by-election was held to replace a Supervisory Board member, and a substitute member was elected. Prof. Dr.-Ing. Jürgen G. Heinrich resigned from his office as a member of the company's Supervisory Board for personal reasons on the best of terms as of the end of the Annual General Meeting on 25 June 2024. The Supervisory Board's proposal to elect Mr. Dirk A. Müller as his successor and Ms. Astrid Witzany as a substitute member of the Supervisory Board until the end of the Annual General Meeting resolving on the Board's actions in Financial Year 2026 was approved.

### **Meetings of the Supervisory Board and focus of deliberations**

Four regular ordinary meetings of the Supervisory Board were held in the reporting period: on 17 April, on 25 June following the Annual General Meeting, on 26 September and on 12 December. All meetings in 2024 were held in person, with all members of the Supervisory Board present. No additional meetings took place in 2025 prior to the Supervisory Board meeting on 30 April 2025 (held as an in-person meeting), in which the Board votes on adoption of the financial statements. In addition to in-person meetings, the members of the Supervisory Board also deliberated in writing and by telephone. Outside of Supervisory Board meetings, the Supervisory Board did not pass any resolutions in 2024.

The following issues were the subject of particularly intensive consideration in Financial Year 2024:

- the 2023 annual financial statements and consolidated financial statements including the proposal for the appropriation of distributable profit
- planning for 2025 and mid-term planning through 2027
- investment program 2025 and financial planning for the period from 2025 through 2027
- 2025 sales plan for the Nabaltec Group



- measures in connection with the current macroeconomic situation, and authorization to conclude necessary raw material supply contracts

The goals and realization status of innovative projects, the effectiveness of the risk management system, the accounting process in Nabaltec AG and Nabaltec Group, as well as the monitoring of the internal controlling system were also focuses of the Supervisory Board's work in Financial Year 2024. The Supervisory Board also dealt with environmental, social and governance (ESG) issues across all topics.

Even outside the Supervisory Board meetings, the Supervisory Board was routinely notified of important events of essential importance for assessing the position, performance and management of the company. The company's current situation, the development of the business position, important transactions and key decisions by the Management Board were also the subject of discussions between the Management Board and the Supervisory Board and were addressed in written reports as well. In particular, the Supervisory Board was notified of market trends, the risk and competition situation, the development of sales, revenues and earnings and the degree to which projections were met in monthly and quarterly reports. Other aspects of importance for business development, such as energy, resources and macroeconomic developments in Germany and Europe, were also regularly discussed. To this end, the Chairman of the Supervisory Board maintained a close and routine exchange of information and thoughts with the Management Board.

### **Audit of the 2024 Annual and Consolidated Financial Statements**

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Nuremberg, has audited the annual financial statements and management report of Nabaltec AG, prepared in accordance with the German Commercial Code, as well as the consolidated financial statements, prepared based on the IFRS (International Financial Reporting Standards), pursuant to § 315e of the German Commercial Code, as well as the consolidated management report, each for 31 December 2024, and has issued unqualified auditor's opinions.

The Supervisory Board engaged the auditor in accordance with the resolution of the Annual General Meeting of 25 June 2024. The focus of the audit for Financial Year 2024 was determined by the auditor to be the valuation of non-current assets in the consolidated financial statements and of financial assets in the annual financial statements.

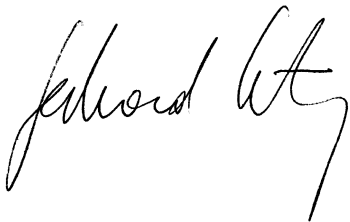
All documents relating to the financial statements, as well as the auditor's audit reports, were made available to the Supervisory Board in a timely manner for independent review. The members of the Supervisory Board have examined the documents in detail. These documents and reports were the subject of intensive consideration at the session on 30 April 2025. The auditor was present at this meeting, reported on the key findings of the audit and was available for further questions. The auditor also confirmed its independence to the Supervisory Board; there were and are no discernible circumstances that could give rise to fears of bias on its part. Based on its independent review of the annual financial

statements, the consolidated financial statements, the management report and the consolidated management report, the Supervisory Board adopts the findings of the auditor Deloitte GmbH. The Supervisory Board has furthermore declared that it has no objections to the audit's findings. The Supervisory Board therefore approved the annual financial statements prepared by the Management Board for Nabaltec AG and Nabaltec Group for 31 December 2024. The annual financial statements of Nabaltec AG for 2024 are therefore adopted.

**Thanks**

The Supervisory Board would like to thank the Management Board and all employees for their constant high level of commitment and their successful work in an environment that continues to be challenging.

Schwandorf, 30 April 2025

A handwritten signature in black ink, appearing to read 'Gerhard Witzany', with a stylized, flowing script.

Gerhard Witzany  
Chairman of the Supervisory Board

# FINANCIAL CALENDAR 2025

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German Spring Conference 2025	12 May
Publication Quarterly Financial Report (call-date Q1)	22 May
Annual General Meeting	25 June
Publication Half-yearly Financial Statements	21 August
Baader Investment Conference	September
Deutsches Eigenkapitalforum	November
Publication Quarterly Financial Report (call-date Q3)	20 November

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# IMPRINT

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## Statements relating to the future

This annual financial statement contains statements relating to the future which are based on the Management Board's current estimations and prognosis as well as on information currently available. These statements relating to the future are not to be understood as guarantees of the predicted future developments and results.

The future developments and results are rather dependent on a number of risks and uncertainties and are based on assumptions which possibly may prove to be false. We do not accept any obligation to update these statements relating to the future.

## Rounding

Due to computational reasons, rounding differences may appear in the percentages and figures in the tables, graphics and text of this report. Percentage changes are calculated on the basis of EUR thousand.



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