OUR KNOW-HOW FOR YOUR SAFETY

Annual Report 2024

NABALTEC GROUP

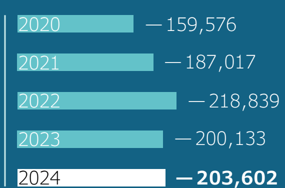
FOR THE FINANCIAL YEAR 1 JANUARY TO 31 DECEMBER 2024

in TEUR	2024 (IFRS)	2023 (IFRS)	Change
Revenues			
Total revenues	203,602	200,133	1.7%
thereof			
Functional Fillers	148,028	142,309	4.0%
Specialty Aluminas	55,574	57,824	-3.9%
Foreign share (%)	76.6	75.0	
Earnings			
EBITDA	34,177	31,003	10.2%
EBIT	22,258	18,339	21.4%
Consolidated result after taxes	14,261	11,418	24.9%
Earnings per share (EUR)	1.62	1.30	24.6%
Financial position			
Cash flow from operating activities	35,159	16,452	113.7%
Cash flow from investing activities	-32,103	-13,994	129.4%
Assets, equity and liabilities	**12/31/2024**	**12/31/2023**	
Total assets	298,258	280,882	6.2%
Equity	153,210	141,810	8.0%
Non-current assets	157,014	120,716	30.1%
Current assets	141,244	160,166	-11.8%
Employees[1] (number of persons)	501	516	-2.9%

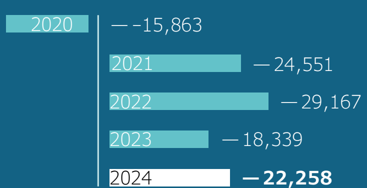
[1] *on the reporting date 31 December, including trainees*

Nabaltec AG, with registered office in Schwandorf, a chemicals business which has received multiple awards for innovativeness, manufactures, develops and distributes highly specialized products based on aluminum hydroxide and aluminum oxide on an industrial scale through its product segments, "Functional Fillers" and "Specialty Aluminas." The markets for Nabaltec products remain intact in the long term, although the economic situation, particularly in the chemical industry, remains challenging.

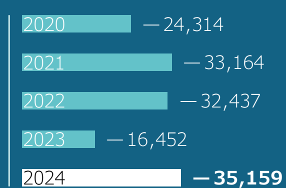
REVENUES
IN TEUR



EBIT
IN TEUR



OPERATING CASH FLOW
IN TEUR



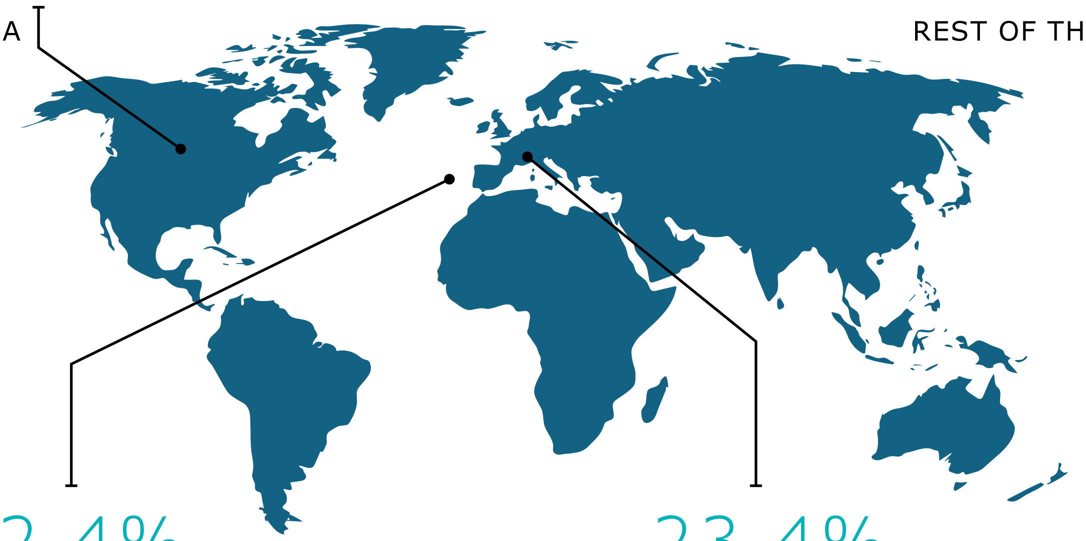
REVENUE SHARES 2024

13.6%

USA

10.6%

REST OF THE WORLD



52.4%

EUROPE
(WITHOUT GERMANY)

23.4%

GERMANY

SUSTAINABLE PRACTICES

Nabaltec products have an extremely diverse range of applications and are the preferred choice whenever utmost quality, safety, eco-friendliness and durability are required. The combination of these characteristics offers outstanding long-term prospects for growth for Nabaltec's various specialty chemical products and is the basis for the company's many years of continuous growing economic success.

Beyond economic aspects, however, Nabaltec AG also attaches particular importance to ecological and social responsibility. Over the years, a certified environmental management system, an occupational health and safety management system and an energy management system have been introduced.

NABALTEC AG ON THE INTERNET
www.nabaltec.de/en

CONTACT IR
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E-mail: InvestorRelations@nabaltec.de

CONTENTS

EMPLOYEES

Sustainable employee development is important to Nabaltec AG in order to be prepared for future personnel challenges and in order to position itself as an attractive employer. As a family-friendly company which has been recognized multiple times, Nabaltec is committed to promoting young talent and values work/life balance.

INNOVATIONS

Nabaltec's success is based largely on the company's high level of innovation. For this, Nabaltec is regularly honored with national and international prizes and awards. In 2024, for example, the company once again and already several times in a row, received the "Best Managed Companies Award" for excellently managed medium-sized companies.

PRODUCT SEGMENTS

FUNCTIONAL FILLERS

EUR 148.0 **MILLION**
REVENUES

EUR 30.6 **MILLION**
EBITDA

EUR 21.5 **MILLION**
EBIT

In the product segment "Functional Fillers," Nabaltec AG produces highly specialized aluminum hydroxide-based products for a wide variety of applications, and is among the leading manufacturers in the world in this area. In addition to current market trends, the development of eco-friendly flame retardant fillers and functional additives is driven above all by the specific requirements of its customers – an example is the relatively young market segment battery for applications in electromobility. Nabaltec assesses itself as one of the leading manufacturers of boehmites for coating materials for separator films and viscosity optimized hydrates for composite materials and gap fillers.

SPECIALTY ALUMINAS

EUR 55.6 **MILLION**
REVENUES

EUR 3.6 **MILLION**
EBITDA

EUR 0.8 **MILLION**
EBIT

In the product segment "Specialty Aluminas," Nabaltec manufactures innovative materials for a wide variety of industries and applications based on aluminum oxide. The company is constantly investing in optimizing its production facilities, in innovative technologies and in improving production processes in order to enable the company to consistently supply tailor-made qualities which meet customers' needs.

FOREWORD

of the CEO

Ladies and Gentlemen,
Dear Shareholders and Business Partners,

Growth of revenues and EBIT despite another challenging environment in 2024

In the face of an environment which remains enormously challenging, Nabaltec AG posted a very respectable 1.7 % increase in revenues to EUR 203.6 million and strong growth in operating profit (EBIT) of 21.4% to EUR 22.3 million in 2024. We fell just short of our revenue forecast (growth in a range of 2 % to 4 %), but once again exceeded our earnings target (EBIT margin in a range of 8 % to 10 %), which had been raised during the year, with an EBIT margin (EBIT as a percentage of total performance) of 10.8 %. This enabled us to achieve the second-best annual revenues in the company's history after the record year in terms of revenues and earnings in 2022, combined with a double-digit EBIT margin.

The results in Financial Year 2024 are proof that we can occupy attractive application areas and markets with growth potential thanks to our existing product portfolio and new developments. This is demonstrated by our relatively new and innovative product range of viscosity optimized hydrates, which we successfully launched on the market. We supply the major manufacturers of industrial adhesives and gap fillers, which are used for thermal management when assembling batteries in e-mobility. In contrast to the current weakness in e-mobility, we recorded significant growth in this area. One reason is that major manufacturers in this application area are rooted in Europe, where the assembly of batteries for European e-cars also takes place. In addition, the requirements for battery safety and stability are increasing, which also benefits our product.

In contrast, we were unable to escape the weakness in the e-mobility market in our second product range for this segment, boehmites for coating separator films in batteries. Due to the extremely Asian-oriented production landscape for battery storage systems to date, we are also heavily dependent on the Asian market. Due to the great concentration of cell production in China, our primarily South Korean and Japanese customers have lost weight. At the same time, plans for the development of European battery cell production are making little progress and the

The Management Board of Nabaltec AG from left to right:
Dr. Alexander Risch, Johannes Heckmann (CEO), Günther Spitzer

new government is causing great uncertainty in North America. We were hit in three ways: a generally weaker e-mobility market than expected, a shift in the balance towards China – a market that is barely accessible for us – and a lack of impetus from Europe and North America. We have responded to this environment by realigning our boehmite activities. We have extended the timing of our major investment project in new capacities. At the same time, we have adapted the setup of our systems so that we can also use them to produce alternative existing products and qualities and thus achieve the most flexibility possible. The additional capacities are expected to be available in the third quarter of 2025. In addition to the extension in timing and the creation of alternatives, the decisive factor here was that we continue to believe in the medium-term prospects of e-mobility and thus also in our boehmites. Hardly any other market was and is as difficult to predict as e-mobility. But the fundamental trend in this direction is indisputable for us. We also expect the expansion of European battery cell production, though the timing and speed are unclear. With two future-oriented product ranges: viscosity optimized hydrates and boehmites, we believe we are still very well positioned for future growth.

Expansion of flexible capacities enables capacity utilization in line with needs

We successfully developed our activities in the US in 2024. In 2024, we expanded revenues from functional fillers, which we produce in Corpus Christi and Chattanooga, by 21.4% to EUR 27.3 million. This makes the US our second most important market after our home market of Germany. Our subsidiary Nashtec and the production of fine hydroxides have met our expectations in terms of revenues and earnings. We have also made progress with our second production site for ground aluminum hydroxides in Chattanooga. Sales volumes could be more than doubled in 2024, though the earnings situation remained unsatisfactory.

Revenues in the US further expanded

We continue to pay close attention to the development of our cost situation, which is particularly important in market phases such as 2024, which were characterized by a high degree of uncertainty and volatility. The improvement in the EBIT margin (EBIT as a percentage of total performance) to 10.8%, which exceeded our own forecasts, shows just how successful our actions are. This improvement in earnings is all the more pleasing because it was achieved in 2024 without further price increases on the sales side. Nabaltec continues to operate in sales markets with a reliable pricing strategy, coupled with the highest standards for quality and delivery reliability.

However, we cannot directly influence all areas. The situation for the chemical and pharmaceutical industry remains very challenging. Despite volume growth, revenues fell by 2% in 2024, according to the German Chemical Industry Association (VCI). Specialty chemicals were not even granted volume growth. According to the VCI, production volumes here fell by 2%. In particular, the industry association also criticizes locational disadvantages for the chemical industry in Germany. The problems include energy costs that are too high by international standards, an excessive tax burden, overregulation and bureaucracy.

Industry situation remains hampered by the weak economic activity in the chemical and pharmaceutical industry

The weak chemical economy was compounded by the difficult development in sectors that have a significant impact on demand for our products. We have already addressed e-mobility several times. The steel industry is also still in crisis. Demand for our reactive aluminum oxides, which are used in the refractory industry (e.g. in the linings of blast furnaces), is also slowing accordingly.

However, this challenging market environment also presents opportunities for Nabaltec's future development. We have managed to grow in this difficult environment, albeit not quite at the pace we had planned.

We do not expect the German economy to improve in 2025 either. The chemical industry as a whole will also continue to grow rather modestly. Nevertheless, we see a variety of impulses and dynamics in specific sales markets that give us the potential for further growth. As early as 2024, we saw a trend in the opposite direction in the cable & wire industry, the most critical sales market for our fine hydroxides. This industry is benefiting considerably from the expansion of renewable energies and even more from the hugely accelerated development and expansion of data centers for cloud computing, above all, for artificial intelligence. This is not the only area where we see further growth opportunities in 2025. Overall, we expect an increase in revenues in the range of 3% to 5% and an EBIT margin in the range of 7% to 9% in 2025.

Achieving our short-term revenues and earnings targets for 2025 will be an important milestone for us. However, our long-term strategy, combined with the current high level of investment activity, is crucial to the Company's sustainable organic growth. The market drivers for our products are intact worldwide. Our market position is excellent and gives us the support we need to withstand adverse environmental factors. If the environment improves overall or in specific key sales markets, we should be able to benefit disproportionately from the upturn. Our product mix is geared towards the future and is constantly being further developed. Our team of employees once again demonstrated outstanding commitment in 2024, underpinned by enormous expertise and high-quality standards. We would like to express our sincere thanks to our employees for their dedication. With these prerequisites in place, we are optimistic about 2025 and would be delighted if you, our customers, business partners and shareholders, would continue to accompany us on our journey.

Nabaltec's very sound market position provides support in the current environment, creating opportunities for the future

Schwandorf, March 2025

Yours,

JOHANNES HECKMANN
Chief Executive Officer

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.

Satisfactory development in relevant markets

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.

All transactions requiring approval in Financial Year 2024 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.

Dirk A. Müller elected to the Supervisory Board at Annual General Meeting on 25 June 2024

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.

Supervisory Board held four meetings in 2024, all members were present

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.

Supervisory Board was notified in detail of market trends, the risk and competition situation, as well as the development of sales, revenues and earnings

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

The Supervisory Board of Nabaltec AG from left to right:
Dirk A. Müller, Gerhard Witzany (Chairman of the Supervisory Board), Dr. Dieter J. Braun

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.

Annual financial statements for Nabaltec AG and Group for 31 December 2024 reviewed and approved by the Supervisory Board

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

GERHARD WITZANY
Chairman of the Supervisory Board

NABALTEC SHARE

The stock market 2024

ISIN/WKN: DE000A0KPPR7/A0K PPR
Since 24 November 2006, Nabaltec share has been listed in the Frankfurt Stock Exchange, where it is traded in the Scale market segment.

SHARE PERFORMANCE

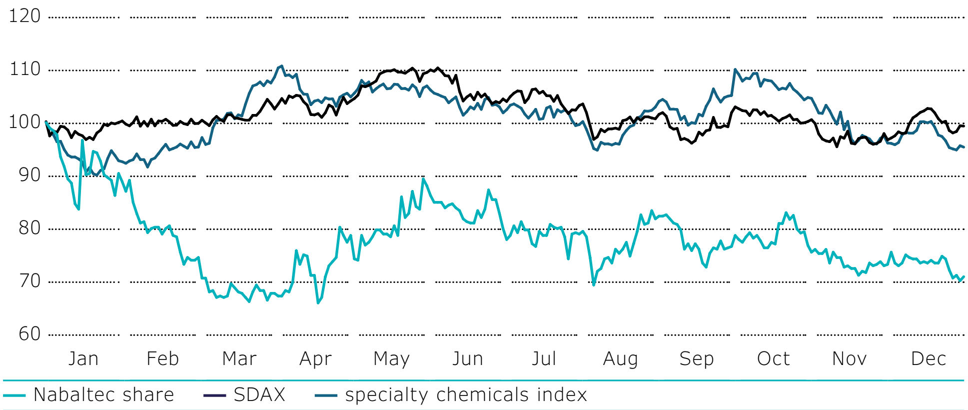
Economic weakness in Germany was particularly evident in industrial sector stocks

The stock markets in Germany showed a mixed performance in 2024. While German stocks in the leading DAX index posted significant gains (+18.8%), companies in the industrial-heavy MDAX and SDAX indices, which represent Germany's mid-sized businesses, were more affected by domestic economic weakness. For the manufacturing sector, conditions in Germany remained particularly challenging in 2024 due to high energy costs, strict regulations, and partially weak export demand combined with competition from China. In 2024, the MDAX ended at −5.7%, the SDAX, a relevant benchmark index, stood at −1.8%, and the specialty chemicals index was at −4.8%. The value of Nabaltec's share declined by 30.4% over the year, closing at EUR 13.50 on 31 December 2024, compared to EUR 19.40 at the previous year's closing date. As a result, Nabaltec's market capitalization was EUR 118.8 million at the end of 2024.

KEY DATA FOR NABALTEC SHARE (XETRA)

	2024	2023
Number of shares	8,800,000	8,800,000
Market capitalization (cutoff date, in EUR million)	118.8	170.7
Average price (in EUR)	14.87	20.44
High (in EUR)	19.10	28.80
Low (in EUR)	12.55	12.90
Closing price (cutoff date, in EUR)	13.50	19.40
Average daily turnover (in shares)	6,459	3,171
Earnings per share (in EUR)	1.62	1.30

PERFORMANCE OF NABALTEC SHARE IN 2024 (XETRA, INDEXED)



TRADING VOLUME

Daily average trading volume of 6,459 shares in 2024, corresponding to 42% of the free float

The daily average trading volume of the Nabaltec share on Xetra in 2024 was 6,459 shares, thus remaining at a high level. In the previous year, 3,171 shares were traded on a daily average. A total of approximately 1.64 million shares were traded on Xetra in the reporting year, corresponding to more than a doubling of the previous year's value of 0.80 million shares. The proportion of traded shares in the free float is therefore approximately 42%, compared to about 20% in the previous year. Nabaltec AG has voluntarily supported the tradability of the share since the beginning of the listing through designated sponsoring, which is currently being carried out by Baader Bank AG and Hauck Aufhäuser Lampe Privatbank AG.

EARNINGS PER SHARE

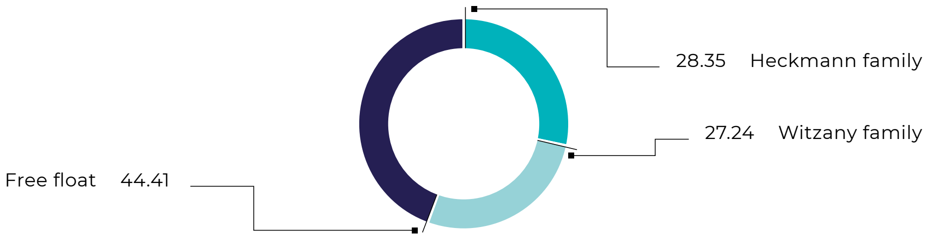
Earnings per share of EUR 1.62 in 2024

The earnings per share (EPS) in 2024 came to EUR 1.62. In the previous year, this key figure was EUR 1.30.

SHAREHOLDER STRUCTURE

The majority of the 8,800,000 Nabaltec shares continue to be held by the Heckmann and Witzany families. As of the reporting date, the Heckmann family held 28.35% of the company's capital stock and the Witzany family held 27.24%. The remaining 44.41% of the shares were in free float.

SHAREHOLDER STRUCTURE (IN %)



ANALYST RECOMMENDATIONS

The recommendations of the analysts of Baader Bank AG and NuWays AG regarding the Nabaltec share are positive for the long term.

Analyst price targets are at EUR 25.00 and EUR 20.00, each accompanied by a "buy" rating

NuWays AG analyzes the Nabaltec share continuously in research reports, publishing five studies and updates on the Nabaltec share in the past financial year. In all analyses, it issued a "buy" recommendation. Throughout the year the price target was at EUR 25.00.

Baader Bank AG also analyzes Nabaltec AG regularly, publishing three studies on the share in 2024. Over the course of the year, the rating remained constant at "buy" with a target price of EUR 20.00.

The analysts' recommendations of Nabaltec share can be found online at www.nabaltec.de/en/investor-relations/share.

CAPITAL MARKET COMMUNICATIONS

Nabaltec's reporting has continuously exceeded the prescribed minimum standards since its IPO

Since the start of its listing on the Frankfurt Stock Exchange in 2006, Nabaltec AG has continuously kept its investors informed, exceeding the prescribed minimum standards. Quarterly reporting in accordance with IFRS in German and English, the timely publication of the annual report, and coverage by regular analyst reports are some examples of this. Participation in the Scale market segment of the Frankfurt Stock Exchange also entails an increased transparency obligation.

In Financial Year 2024, Nabaltec AG continued its intensive investor relations activities. It participated in several investor and analyst events with participants from Germany and abroad. In 2024, these conferences were held in the form of face-to-face events, including the Spring Conference in May 2024, the Baader Investment Conference in September 2024 and the German Equity Forum in November 2024.

Financial communications activities were supplemented by regular earnings calls and discussions with representatives of the press, particularly in connection with the publication of the annual and quarterly results.

On the company's website, www.nabaltec.de/en, investors can find all the information they need about Nabaltec share (in the Investor Relations section) and about the company.

BASIC DATA FOR THE NABALTEC SHARE

ISIN (International Security Identification Number)	DE000A0KPPR7
Stock symbol	NTG
Stock exchanges	Frankfurt (Open Market), over-the-counter in Berlin, Düsseldorf, Hamburg, Munich, Stuttgart
Index membership (31 December 2024)	Scale All Share, Scale 30, DAXsector All Chemicals, DAXsubsector All Chemicals, Specialty

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CONSOLIDATED MANAGEMENT REPORT 2024

CONSOLIDATED MANAGEMENT REPORT

for Financial Year 2024

1. Description of the business enterprise

1.1 The Group's business model

BUSINESS OPERATIONS

Environmentally friendly and highly specialized products

Nabaltec AG develops, manufactures and distributes with its Group companies environmentally friendly and simultaneously highly specialized products based on mineral raw materials. The Nabaltec Group 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.

Outstanding growth prospects for Nabaltec products

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. Nabaltec 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 AND GROUP 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.

Nabaltec share listed since 2006 in the Open Market division of the Frankfurt Stock Exchange

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 a balanced and largely independent means of financing.

Nabaltec 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.

Naprotec LLC and Nashtec LLC bundled in Nabaltec USA Corporation

Nabaltec (Shanghai) Trading Co., Ltd., based in Shanghai, China, was formed in 2018. This company is a wholly-owned subsidiary of Nabaltec 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, the Nabaltec Group divided its operations into two product segments, each in turn comprised of market segments.

PRODUCT SEGMENT
"FUNCTIONAL FILLERS"

Market segments:

- Wire & Cable
- Resins, Dispersions & Adhesives
- Battery
- Rubber & Elastomers

PRODUCT SEGMENT
"SPECIALTY ALUMINAS"

Market segments:

- Refractory
- Technical Ceramics
- Polishing
- Adsorbents & Catalysts

1.2 Objectives and strategies

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

Product and process development are continually optimized

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.

Continuous investment in research and development activities

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_2 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 the Nabaltec Group, 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

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

Target agreement process defines responsibilities

Nabaltec has implemented a Group-wide 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 in the Group.

1.4 Basics of the remuneration system for corporate officers

The remuneration of the Management Board and Supervisory Board members is explained in greater detail in the Consolidated Notes (Section 7.4).

MANAGEMENT BOARD

Variable remuneration system for members of the 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 Nabaltec.

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.

In the interest of the company, members of the Supervisory Board are covered by a company D&O insurance

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 Nabaltec.

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

R&D activities play a key role in the company

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'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.

R&D activities remain marked in particular by challenges relating to electric mobility

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 retardancy in e-mobility battery systems are important areas of development for Nabaltec

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.

Innovative and environmentally friendly flame retardant products are the guarantors of the Nabaltec long-term growth

For years, the Group 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 Al_2O_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

The global economy grew steadily overall in 2024, but growth in the eurozone remained subdued, with Germany lagging behind the other eurozone countries

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.[1]

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.[2] 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.[3]

2.1.2 INDUSTRY SITUATION

Specialty chemicals manufacturers recorded a 2% decline in production in 2024

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 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%

1 IMF – World Economic Outlook, January 2025
2 Kiel Economic Report No. 119 (2024/Q4), Global economy in winter 2024
3 Kiel Economic Report No. 120 (2024/Q4), German economy in winter 2024

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.[4]

The long-term trend of growing demand for non-halogenated flame retardant fillers remains intact

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).[5] 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).[6]

2.2 Course of business

Nabaltec achieved second-strongest revenue in the company’s history in 2024, although development was slowed due to the economic situation

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 customer side, the focus remains on low stock levels with continued short-term and erratic order behavior. Nabaltec’s consolidated revenues amounted to TEUR 203,602 in 2024, the second-highest revenues in the company’s history after record year 2022 (TEUR 218,839).

4 Press release VCI, annual balance sheet 2024, 13 December 2024
5 MarketsandMarkets, “Flame Retardants Market, Global Forecast to 2028,” update study from 2023
6 IMARC Group, Study “Aluminum Oxide Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2023–2028” from 2023

Nabaltec's operating profit (EBIT) amounted to TEUR 22,258 in 2024, compared to TEUR 18,339 in the previous year (+21.4%). The EBIT margin (EBIT as a percentage of total performance) increased to 10.8% in 2024 (previous year: 9.1%). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to TEUR 34,177 in 2024, up from TEUR 31,003 in the previous year, corresponding to an increase of +10.2%.

On the revenue side, the forecast was slightly missed by 0.3 percentage points; the EBIT margin exceeded the forecast

With revenues up 1.7% over the previous year, Nabaltec fell slightly short of its forecast of slight revenue growth in the range of 2% to 4%. On the earnings side, Nabaltec's EBIT margin of 10.8% exceeded the forecast (EBIT margin in the range of 8% to 10%).

2.3 Situation

2.3.1 EARNINGS POSITION

The Nabaltec Group earned TEUR 203,602 in revenues in Financial Year 2024, compared to TEUR 200,133 in the previous year (+1.7%). At 8.8%, the increase in sales volume in 2024 was significantly disproportionate to revenues. The noticeable price pressure on the market was mainly due to overcapacity and strong competition.

In the first three months of 2024, Nabaltec's consolidated revenues amounted to TEUR 54,049, down 5.2% from the previous year (Q1/2023: TEUR 57,038). However, the start of 2024 already hinted at a positive trend reversal, as growth was already achieved again in the first quarter of 2024 compared to the quarters from the previous year. Sales volumes in the first quarter of 2024 were only 1.1% down on the first quarter of the previous year. Thanks to a very solid performance in the second quarter of 2024, in which sales momentum increased noticeably, particularly in the "Functional Fillers" product segment, the company achieved revenue growth of 10.7% to TEUR 54,323 (Q2/2023: TEUR 49,059). However, this very strong momentum could not be maintained over the rest of the year. At TEUR 49,793, the third quarter of 2024 was roughly on a par with the previous year (Q3/2023: TEUR 49,752). In the fourth quarter of 2024, consolidated revenue amounted to TEUR 45,437 after TEUR 44,284 (+2.6%).

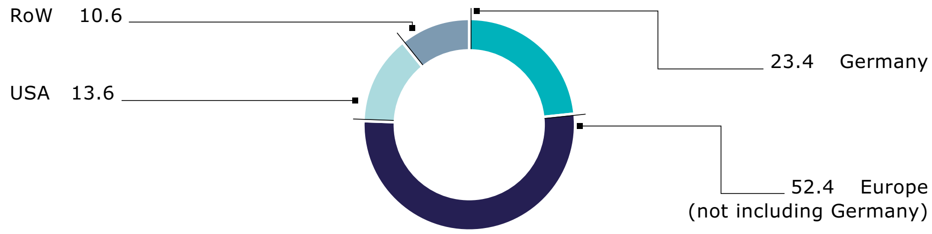
Revenue in the "Functional Fillers" product segment amounted to TEUR 148,028

The company's revenues by product segment developed as follows in Financial Year 2024: Nabaltec attained revenues in the "Functional Fillers" product segment of TEUR 148,028 in 2024, compared to TEUR 142,309 in the previous year, corresponding to an increase of 4.0%. With demand intact, sales volumes rose by 11.8% overall in 2024, although price concessions had to be accepted in some cases. Sales in the boehmites product range were disappointing, falling around a quarter short of the previous year. In total, revenue in this product range amounted to TEUR 12,496 after TEUR 17,320 in 2023. The share of boehmites in Group sales therefore fell to around 6% after around 9% in the previous year.

In the "Specialty Aluminas" product segment, revenues in 2024 amounted to TEUR 55,574, compared to TEUR 57,824 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 %)



Export ratio with 76.6% at a high level

For the year as a whole, the export share increased slightly to 76.6% (previous year: 75.0%), remaining at a very high level. Nabaltec's main customers are in Europe (excluding Germany) with a share of 52.4%. The share of sales in the US increased by 1.7 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).

Total performance in the year 2024 at TEUR 206,833

Nabaltec Group's total performance was TEUR 206,833 in 2024, compared to TEUR 201,104 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 and work in progress of TEUR 1,910 in 2024 after TEUR 556 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 4,285 at the end of the year (previous year: TEUR 2,770). In addition to currency gains (TEUR 1,277), these include income from the reversal of provisions and expired liabilities in the amount of TEUR 825 as well as subsidies in the amount of TEUR 493.

OPERATING EXPENSE RATIOS AS A PERCENTAGE OF TOTAL PERFORMANCE (IN %)

	2024	2023
Cost of materials	50.3	50.6
Personnel expenses	19.4	19.0
Other operating expenses	15.9	16.3

The depreciation ratio (depreciation as a percentage of total performance) was 5.8% in 2024, compared to 6.3% the year before. Depreciation amounted to TEUR 11,919 compared to TEUR 12,664 in the year before. Despite extensive investments, depreciation and amortization declined. Most of the plants under construction will not be completed and commissioned until 2025 and 2026.

Costs for raw material fell in 2024 with a slightly lower level of sales costs

At 50.3%, the cost of materials ratio (cost of materials as a percentage of total performance) was roughly at the previous year's level (50.6%). In absolute terms, the cost of materials amounted to TEUR 104,051 after TEUR 101,856 (+2.2%) due to increased sales volumes. The specific costs for raw materials and energy declined in 2024, while the price level in sales also fell.

The gross profit margin (gross profit as a percentage of total performance) increased slightly from 50.7% in the previous year to 51.8% in 2024. In absolute terms, gross profit in 2024 came to TEUR 107,067, compared to TEUR 102,018 the year before.

With 501 employees in the Group at year-end 2024 (31 December 2023: 516), the personnel expense ratio (personnel expenses as a percentage of total performance) increased minimally from 19.0% in the previous year to 19.4% in the reporting period. 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. In absolute terms, personnel expenses increased from TEUR 38,175 in 2023 to TEUR 40,106 in the reporting period.

At TEUR 32,784, other operating expenses were largely at the level of the previous year (TEUR 32,840). 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 15.9% compared to 16.3% in the previous year.

EBITDA 2024 at TEUR 34,177 (+10.2%)

Earnings before interest, taxes, depreciation and amortization (EBITDA) were TEUR 34,177 in the reporting period, compared to TEUR 31,003 the year before (+10.2%). The EBITDA margin (EBITDA as a percentage of total performance) amounted to 16.5% in 2024 (previous year: 15.4%).

Operating profit (EBIT) was TEUR 22,258 in 2024, compared to TEUR 18,339 in the previous year. The EBIT margin (EBIT as a percentage of total performance) was 10.8% in 2024 (previous year: 9.1%).

EBIT (IN TEUR)

Earnings before taxes (EBT) amounted to TEUR 20,179 in 2024 (previous year: TEUR 16,139). This includes the net financial income for 2024 of TEUR –2,079, which amounted to TEUR –2,200 in the previous year. In addition to interest expenses of TEUR 4,707, interest income of TEUR 2,628 could be realized in 2024 due to the sound cash situation.

Tax expenses came to TEUR 5,918 in Financial Year 2024 after TEUR 4,721 in the previous year.

Earnings per share in 2024 was EUR 1.62

The consolidated earnings for the financial year just closed was TEUR 14,261, compared to TEUR 11,418 in the previous year. This corresponds to an earnings per share (EPS) in 2024 of EUR 1.62 (previous year: EUR 1.30).

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

SEGMENT REPORT: DEVELOPMENTS IN THE PRODUCT SEGMENTS

FUNCTIONAL FILLERS (IN TEUR)

	2024	2023
Revenue	148,028	142,309
EBITDA	30,625	26,606
EBIT	21,506	16,929
Investments	25,818	12,318

In the "Functional Fillers" product segment, the fundamental market drivers are intact

Revenue in the "Functional Fillers" product segment improved by 4.0% in 2024, from TEUR 142,309 in the previous year to TEUR 148,028. Sales volumes in this segment rose by 11.8% in the same period. Nabaltec continues to anticipate positive momentum in sales over the medium term and also expects a positive price trend. In the long term, it is moreover still apparent in the "Functional Fillers" product segment that the fundamental market drivers for the products are intact.

REVENUES IN THE "FUNCTIONAL FILLERS" PRODUCT SEGMENT BY QUARTER (IN TEUR)

EBITDA in the "Functional Fillers" product segment rose from TEUR 26,606 in the previous year to TEUR 30,625 in the financial year.

"Functional Fillers" product segment was the focus of investments in 2024

With about 80% of total investment, the "Functional Fillers" product segment was again the focus of investments in 2024 within the Nabaltec Group. Capital expenditure was made primarily for the expansion of capacities in the boehmites and viscosity optimized hydrates product ranges, as well as for replacement investments and the optimization of production processes.

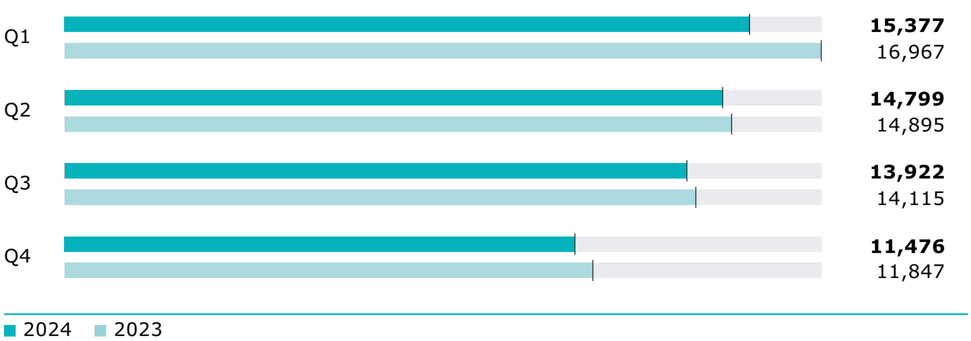
SPECIALTY ALUMINAS (IN TEUR)

	2024	**2023**
Revenue	55,574	57,824
EBITDA	3,552	4,397
EBIT	752	1,410
Investments	6,329	1,730

Revenue in the "Specialty Aluminas" product segment was TEUR 55,574 (–3.9%)

Revenues in the "Specialty Aluminas" product segment came to TEUR 55,574 in the reporting period, compared to TEUR 57,824 last year (–3.9%). Overall, sales volumes in the product segment increased by 2.3%. The weakness of the steel industry continues to leave its mark on this segment.

REVENUES IN THE "SPECIALTY ALUMINAS" PRODUCT SEGMENT BY QUARTER (IN TEUR)



EBITDA in the "Specialty Aluminas" product segment was TEUR 3,552 in the financial year just closed, compared to TEUR 4,397 in the previous year.

Around 20% of total investments went into the "Specialty Aluminas" product segment, primarily for replacement investments and process optimization.

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.

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

Nabaltec’s loans against borrower’s notes are subject to covenants tied to Group “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.

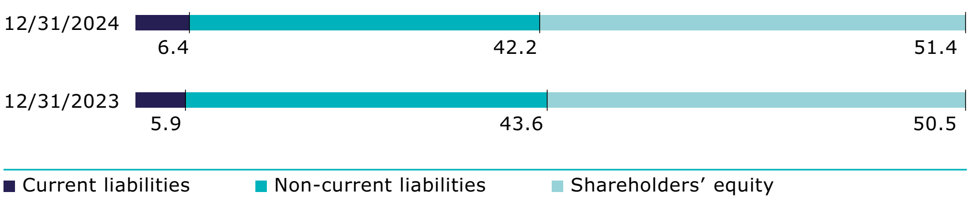
2.3.2.1 Capital structure

Equity increased to TEUR 153,210 in 2024

The capital stock of Nabaltec amounts to TEUR 8,800. Group equity increased to TEUR 153,210 as of 31 December 2024 after TEUR 141,810 in the previous year. The increase was due in particular to the positive consolidated result.

Non-current liabilities amounted to TEUR 125,893 as of 31 December 2024 and were therefore slightly above the previous year (TEUR 122,561 as of 31 December 2023). Current liabilities increased from TEUR 16,511 as of 31 December 2023 to TEUR 19,155. Higher current trade payables and income tax liabilities were the main reasons for this.

LIABILITIES STRUCTURE (IN %)



OTHER FINANCING INSTRUMENTS

Nabaltec has concluded lease agreements with terms of up to ten years. In Financial Year 2024, these were not recognized in the consolidated financial statements on the basis of the option under IFRS 16.5. Nabaltec also makes use of factoring on a continuous basis for trade receivables, in part as a way of minimizing default risks. Nabaltec Group does not use any other instruments which can be categorized as financial engineering.

2.3.2.2 Investments

Nabaltec invested TEUR 32,147 in 2024, primarily in expanding capacity in the boehmites and viscosity optimized hydrates product ranges

Nabaltec Group made TEUR 32,147 in investments in fixed assets in the financial year just closed, compared to TEUR 14,048 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 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 Cash flow

Nabaltec Group's operating cash flow increased to TEUR 35,159, compared to TEUR 16,452 in the previous year. Both the improved result for the period and significant changes in working capital had a positive impact on cash flow. Inventories were significantly reduced compared to the previous year and trade payables increased.

The cash outflow for investments rose to TEUR 32,103 in the past financial year compared to TEUR 13,994 in the previous year.

Dividend payment for Financial Year 2023 was TEUR 2,464

At TEUR –3,492, cash flow from financing activities in 2024 was on a par with the previous year (TEUR –3,413). This includes a dividend payment for Financial Year 2023 in the amount of TEUR 2,464. Interest paid amounted to TEUR 3,539 and interest received to TEUR 2,511.

Free cash flow at TEUR 3,056

The balance of cash flow from operating and investing activities results in a free cash flow of TEUR 3,056 for 2024. In the previous year, free cash flow amounted to TEUR 2,458.

Nabaltec Group's total funds, consisting of the sum of cash and cash equivalents, amounted to TEUR 86,527 on 31 December 2024, compared to TEUR 85,955 on the reporting date of the year before.

2.3.2.4 Financial position

The consolidated balance sheet total increased from TEUR 280,882 as of 31 December 2023 to TEUR 298,258 at the end of the reporting period. Non-current assets increased from TEUR 120,716 in the previous year to TEUR 157,014 as of 31 December 2024, including TEUR 41,479 in advance payments rendered and machinery in process of construction (31 December 2023: TEUR 15,428) and investments in time deposits of TEUR 15,000 (31 December 2023: TEUR 0).

Current assets fell from TEUR 160,166 as of 31 December 2023 to TEUR 141,244 as of the 2024 balance sheet date.

The Management Board considers the financial position to be stable.

ASSET STRUCTURE (IN %)

2.4 Financial and non-financial performance indicators

2.4.1 FINANCIAL PERFORMANCE INDICATORS

Revenue growth and EBIT margin are used as key performance indicators

The success of Nabaltec's operations is based on a long-term growth strategy. Group management aims to ensure profitable and capital-efficient growth for the Group. 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 also uses the following financial performance indicators to gauge Group 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.

RETURN ON EQUITY AND CAPITAL EMPLOYED (IN %)

	2024	2023
Return on equity	9.3	8.1
Return on capital employed (ROCE)	11.5	10.2

The return on equity is calculated as the ratio of consolidated 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 are not used for the internal management of the Group.

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 or the Group, but are considered by the company to be important for its future development and are therefore monitored on an ongoing basis.

Employees

Training ratio at a high level in the long term

At year-end 2024, the Nabaltec Group had a total of 501 employees (31 December 2023: 516) of whom 484 work in Germany (31 December 2023: 500). 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 9.0%. 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 offers employees extensive development opportunities and numerous measures as part of its company health management program

Nabaltec 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 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'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. Nashtec LLC in the US securely covered the market's main demand. Nabaltec was able to provide additional quantities from Germany at short notice to meet demand peaks. Nabaltec has intensified the expansion of its customer base with the products of 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 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).

Through its involvement in various associations, Nabaltec has full access to key markets

In the US and China, Nabaltec 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'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.

Signing of the UN Global Compact Charter as a commitment to protect human rights and the environment

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_2 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 Group. Nabaltec actively accepts responsibility for the environment: a commitment that extends well beyond its own site.

Reduction of CO_2 emissions by obtaining thermal energy from the neighboring waste-to-energy plant in Schwandorf

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 is doing its part at the head office in Schwandorf to reduce CO_2 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_2 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 foresees largely intact sales markets for its own products in 2025

Nabaltec sees largely stable sales markets for its own products in 2025, albeit 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 its January 2025 forecast, the IMF expects a global growth of 3.3%

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.[7]

7 *IMF – World Economic Outlook Update, January 2025*

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.[8]

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, Kiel 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 suffering from high production costs and growing bureaucracy, as the reason for the lack of industrial growth.[9]

Long-term outlook in key target markets is largely positive

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.

8 *Kiel Economic Report No. 120 (2024/04)*
9 *VCI, Press release on the annual financial statements 2024, 15 December 2024*

OUTLOOK ON THE COURSE OF BUSINESS

Nabaltec expects stable demand in the majority of its product ranges

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.[10] 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 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 Nashtec and to improve successively at 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 boehmites 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

Nabaltec is expecting revenue growth from 3% to 5% in 2025 and an EBIT margin in the range from 7% to 9%

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 10.8% in Financial Year 2024. The decline in the EBIT margin compared to the Financial Year 2024 is due to rising energy and personnel costs as well as an increase in depreciation and amortization. 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 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.

10 VCI, Press release on the annual financial statements 2024, 15 December 2024

3.2 Risks and opportunities report

RISK MANAGEMENT SYSTEM

For Nabaltec Group, 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 Group'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.

Effective risk management is decisive to secure the company's prospects in the long term

Nabaltec is constantly working to develop the company's and the Group'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.

Implementation of a strategic planning system in order to take advantage of medium- and long-term opportunities and to identify risks

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 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 to the value of assets. Likewise, negative effects on the sales market remain in the event of a resurgence of the pandemic situation.

PROCUREMENT MARKET

Supply of key energy sources is secured

Nabaltec 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 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 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 Group 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.

There were no breaches of the applicable covenants in the Financial Year 2024

Some of Nabaltec's loan agreements (cf. Section 6.10, "Current and non-current 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 a breach of the covenants.

Nabaltec uses genuine factoring to reduce the potential risk of default on customer receivables (cf. Section 6.4, "Trade receivables" in the notes). Factoring can be used to finance a significant portion of trade receivables.

PERSONNEL

Intensive continuing education and management training programs

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 and Group also offer 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

Production-specific risks are clear and manageable

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 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 within the company and the Group, 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

Statutory conditions at the moment are creating additional market opportunities

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_2 price. Changes in or new legal regulations may result in increased costs for Nabaltec.

OVERALL ASSESSMENT OF THE GROUP'S OPPORTUNITIES AND RISKS

Group risks are well managed

Based on the described constant monitoring of the markets relevant for Nabaltec, 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 and the Group'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 or the Group.

Schwandorf, 28 March 2025

Nabaltec AG
The Management Board

JOHANNES HECKMANN **GÜNTHER SPITZER** **DR. ALEXANDER RISCH**

CONSOLIDATED FINANCIAL STATEMENTS 2024 (IFRS)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Financial Year 1 January to 31 December 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	See Notes	1/1/–12/31/2024	1/1/–12/31/2023
Revenues	5.1	203,602	200,133
Change in inventories of finished goods and work in progress	5.2	1,910	556
Own work capitalized		1,321	415
Total performance		**206,833**	**201,104**
Other operating income	5.3	4,285	2,770
Cost of materials	5.4	–104,051	–101,856
Gross earnings		**107,067**	**102,018**
Personnel expenses	5.5	–40,106	–38,175
Depreciation	5.7	–11,919	–12,664
Other operating expenses	5.8	–32,784	–32,840
Operating profit (EBIT)		**22,258**	**18,339**
Interest and similar income	5.10	2,628	2,136
Interest and similar expenses	5.11	–4,707	–4,336
Earnings before taxes (EBT)		**20,179**	**16,139**
Taxes on income	5.12	–5,918	–4,721
Net after-tax earnings		**14,261**	**11,418**
Earnings per share (in EUR)	7.5	**1.62**	**1.30**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	See Notes	1/1/–12/31/2024	1/1/–12/31/2023
Net after-tax earnings		**14,261**	**11,418**
Items which may be reclassified to profit and loss in the future			
Currency translation (after taxes)	5.12	1,708	–1,042
Total		**1,708**	**–1,042**
Items which will not be reclassified to profit and loss in the future			
Actuarial gains and losses (after taxes)	5.12	–2,105	433
Total		**–2,105**	**433**
Other comprehensive income	5.12	**–397**	**–609**
Total comprehensive income		**13,864**	**10,809**

CONSOLIDATED BALANCE SHEET

for 31 December 2024

ASSETS

in TEUR	See Notes	12/31/2024	12/31/2023
Non-current assets		**157,014**	**120,716**
Intangible assets		1,482	880
Concessions, proprietary rights and similar rights and assets, as well as licenses to such rights and assets	6.1	207	219
Advance payments made	6.1	1,275	661
Property, plant and equipment		139,950	118,985
Land, leasehold rights and buildings, including buildings on unowned land	6.2	33,717	34,202
Technical equipment and machinery	6.2	59,696	64,012
Other fixtures, fittings and equipment	6.2	5,058	5,343
Advance payments and assets under construction	6.2	41,479	15,428
Other assets	6.6	15,000	0
Deferred tax assets	5.12	582	851
Current assets		**141,244**	**160,166**
Inventories		47,896	51,131
Raw materials and supplies	6.3	30,002	35,579
Work in process	6.3	1,607	1,585
Finished goods and merchandise	6.3	16,287	13,967
Other assets and accounts receivable		6,821	23,080
Trade receivables	6.4	633	1,447
Taxes receivable	6.5	1	517
Other assets	6.6	6,187	21,116
Cash and cash equivalents	6.7	86,527	85,955
TOTAL ASSETS		**298,258**	**280,882**

LIABILITIES

in TEUR	See Notes	12/31/2024	12/31/2023
Shareholders' equity		**153,210**	**141,810**
Subscribed capital	6.8	8,800	8,800
Capital reserve	6.8	47,029	47,029
Other earnings reserve	6.8	9,699	9,699
Profit carryforward	6.8	77,045	68,091
After-tax earnings		14,261	11,418
Other changes in equity with no effect on profit and loss	6.8	–3,624	–3,227
Non-current liabilities		**125,893**	**122,561**
Pension reserves	6.9	31,389	27,920
Other provisions	6.9	1,400	1,268
Accounts payable to banks	6.10	89,973	89,962
Deferred tax liabilities	5.12	3,131	3,411
Current liabilities		**19,155**	**16,511**
Accounts payable from income taxes	6.10	1,407	984
Other provisions	6.9	205	558
Accounts payable to banks	6.10	883	971
Trade payables	6.10	12,323	10,124
Other accounts payable	6.10	4,337	3,874
TOTAL LIABILITIES		**298,258**	**280,882**

CONSOLIDATED CASH FLOW STATEMENT

for the Financial Year 1 January to 31 December 2024

CONSOLIDATED CASH FLOW STATEMENT

in TEUR		See Notes	1/1/–12/31/2024	1/1/–12/31/2023
Cash flow from operating activity			**20,179**	**16,139**
Earnings before taxes (EBT)			**11,919**	**12,664**
+	Depreciation of fixed assets	5.7		
–/+	Income/loss from the disposal of assets		–2	–28
–	Interest income	5.10	–2,628	–2,136
+	Interest expenses	5.11	4,707	4,336
Net operating income before changes in working capital			**34,175**	**30,975**
+/–	Increase/decrease in provisions		–859	–545
–/+	Increase/decrease in trade receivables and other assets not attributable to investment of financing activity		743	4,037
+/–	Decrease/increase in inventories	6.3	3,235	–5,394
+/–	Increase/decrease in trade payables and other liabilities not attributable to investment or financing activity		2,670	–6,610
Cash flow from operating activity before taxes			**39,964**	**22,463**
–	Income taxes paid		–4,805	–6,011
Net cash flow from operating activity			**35,159**	**16,452**

CONSOLIDATED CASH FLOW STATEMENT

in TEUR		See Notes	1/1/–12/31/2024	1/1/–12/31/2023
Cash flow from investment activity				
+	Payments received from the disposal of property, plant and equipment		44	54
–	Payments made for investments in property, plant and equipment	6.2	–31,446	–13,609
–	Payments made for investments in intangible assets	6.1	–701	–439
Net cash flow from investment activity			**–32,103**	**–13,994**
Cash flow from financing activity				
–	Dividends		–2,464	–2,464
–	Interest paid		–3,539	–2,977
+	Interest received		2,511	2,028
Net cash flow from financing activity			**–3,492**	**–3,413**
Net change in cash and cash equivalents			**–436**	**–955**
Change in funds due to changes in exchange rates			**1,008**	**–604**
Funds at start of period		6.7	**85,955**	**87,514**
Funds at end of period		6.7	**86,527**	**85,955**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the Financial Year 1 January to 31 December 2024

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in TEUR	Subscribed capital	Capital reserve	Earnings reserve
1 January 2023	**8,800**	**47,029**	**9,699**
Dividend payments	—	—	—
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	**—**	**—**	**—**
31 December 2023	**8,800**	**47,029**	**9,699**
1 January 2024	**8,800**	**47,029**	**9,699**
Dividend payments	—	—	—
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	**—**	**—**	**—**
31 December 2024	**8,800**	**47,029**	**9,699**

Profit carryforward	Other changes in equity with no effect on profit and loss	Consolidated shareholders' equity
70,555	**–2,618**	**133,465**
–2,464	—	–2,464
—	433	433
—	–1,042	–1,042
—	–609	–609
11,418	—	11,418
11,418	**–609**	**10,809**
79,509	**–3,227**	**141,810**
79,509	**–3,227**	**141,810**
–2,464	—	–2,464
—	–2,105	–2,105
—	1,708	1,708
—	–397	–397
14,261	—	14,261
14,261	**–397**	**13,864**
91,306	**–3,624**	**153,210**

STATEMENT OF CONSOLIDATED FIXED ASSETS

for the Financial Year 1 January to 31 December 2024

FOR THE FINANCIAL YEAR 1 JANUARY TO 31 DECEMBER 2024

	Cost of acquisition/production					
in TEUR	**1/1/2024**	**Additions**	**Disposals**	**Reclassi-fication**	**Currency differences**	**12/31/2024**
Intangible assets	**4,325**	**701**	**0**	**0**	**0**	**5,026**
Concessions, proprietary rights and similar rights and assets, as well as licenses to such rights and assets	3,664	41	0	46	0	3,751
Advance payments	661	660	0	–46	0	1,275
Property, plant and equipment	**327,533**	**31,446**	**93**	**0**	**5,056**	**363,942**
Land, leasehold rights and building, including buildings on unowned land	66,751	918	1	77	1,261	69,006
Technical equipment and machinery	227,400	2,245	11	1,275	3,621	234,530
Other fixtures, fittings and equipment	17,954	911	81	35	108	18,927
Advance payments and assets under construction	15,428	27,372	0	–1,387	66	41,479
Total fixed assets	**331,858**	**32,147**	**93**	**0**	**5,056**	**368,968**

FOR THE FINANCIAL YEAR 1 JANUARY TO 31 DECEMBER 2023

	Cost of acquisition/production					
in TEUR	**1/1/2023**	**Additions**	**Disposals**	**Reclassi-fication**	**Currency differences**	**12/31/2023**
Intangible assets	**3,886**	**439**	**0**	**0**	**0**	**4,325**
Concessions, proprietary rights and similar rights and assets, as well as licenses to such rights and assets	3,659	5	0	0	0	3,664
Advance payments	227	434	0	0	0	661
Property, plant and equipment	**317,650**	**13,609**	**788**	**0**	**–2,938**	**327,533**
Land, leasehold rights and building, including buildings on unowned land	67,415	76	0	0	–740	66,751
Technical equipment and machinery	226,090	2,173	728	1,977	–2,112	227,400
Other fixtures, fittings and equipment	15,976	1,997	60	102	–61	17,954
Advance payments and assets under construction	8,169	9,363	0	–2,079	–25	15,428
Total fixed assets	**321,536**	**14,048**	**788**	**0**	**–2,938**	**331,858**

Depreciation						Book value	
1/1/2024	Additions	Disposals	Currency differences	12/31/2024		12/31/2024	12/31/2023
3,445	**99**	**0**	**0**	**3,544**		**1,482**	**880**
3,445	99	0	0	3,544		207	219
0	0	0	0	0		1,275	661
208,548	**11,820**	**51**	**3,675**	**223,992**		**139,950**	**118,985**
32,549	1,834	1	907	35,289		33,717	34,202
163,388	8,775	11	2,682	174,834		59,696	64,012
12,611	1,211	39	86	13,869		5,058	5,343
0	0	0	0	0		41,479	15,428
211,993	**11,919**	**51**	**3,675**	**227,536**		**141,432**	**119,865**

Depreciation						Book value	
1/1/2023	Additions	Disposals	Currency differences	12/31/2023		12/31/2023	12/31/2022
3,311	**134**	**0**	**0**	**3,445**		**880**	**575**
3,311	134	0	0	3,445		219	348
0	0	0	0	0		661	227
198,861	**12,530**	**763**	**–2,080**	**208,548**		**118,985**	**118,789**
31,274	1,796	0	–521	32,549		34,202	36,141
155,945	9,667	712	–1,512	163,388		64,012	70,145
11,642	1,067	51	–47	12,611		5,343	4,334
0	0	0	0	0		15,428	8,169
202,172	**12,664**	**763**	**–2,080**	**211,993**		**119,865**	**119,364**

CONSOLIDATED NOTES

for the Financial Year 1 January to 31 December 2024

1. General

Nabaltec AG, with registered office in Schwandorf, Germany,[1] 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 aluminium AG in 1995 and was transformed into a joint-stock company in 2006.

The corporate purpose pursuant to § 2 of the Articles of Association is the manufacture of products based on mineral raw materials, particularly aluminum hydroxide and aluminum oxide, and the distribution of those products.

The shares of Nabaltec AG have been listed in the open market division of the Frankfurt Stock Exchange since 24 November 2006. They have been listed in the new "Scale" segment since 1 March 2017.

The present consolidated financial statements were approved by the Management Board on 28 March 2025.

2. Accounting policies

The recognition and measurement methods presented below are consistently applied.

2.1 Principles of accounting

The consolidated financial statements for the Financial Year 1 January to 31 December 2024 were prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU, as well as the provisions of the German Commercial Code which are to be observed additionally in accordance with § 315e (1) of the German Commercial Code. The IFRS include the International Financial Reporting Standards and International Accounting Standards (IAS) published by the International Accounting Standards Board, as well as the interpretations by the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC).

1 *Nabaltec AG, Alustraße 50-52, 92421 Schwandorf, Germany*

These are the consolidated financial statements of Nabaltec AG. All valid standards adopted by the EU were applied insofar as they are relevant for Financial Year 2024.

Nabaltec AG's financial year runs from 1 January to 31 December of each year.

The consolidated financial statements are presented in Euros (EUR). Unless otherwise indicated, all values are rounded up or down to the nearest thousand Euros (TEUR) using commercial rounding. It should be noted that differences may arise when using rounded numbers and percentages.

Disclosures distinguish between current and non-current assets and liabilities, which in some cases are detailed in the Consolidated Notes according to their time to maturity.

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

2.2 Accounting standards applied

All accounting standards whose application is mandatory for annual periods beginning on 1 January 2024 were applied for Financial Year 2024. This particularly includes the following standards and interpretations, which were to be applied for the first time:

- **Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current and Long-term Liabilities with Covenants:** In January 2020 and October 2022, the IASB published amendments to IAS 1 "Presentation of Financial Statements" to clarify the requirements for classifying liabilities as current or non-current if an entity has to fulfill ancillary conditions in its loan agreements (known as covenants). The amendments in 2022 will eliminate ambiguities in the amendments from 2020, which relate in particular to ancillary conditions that do not have to be fulfilled on the reporting date but during the year. It is now clearly stated that only those ancillary conditions that a company must fulfill on or before the balance sheet date influence the classification of a liability as current or non-current. Covenants that a company only has to fulfill after the balance sheet date are irrelevant for classification as of the balance sheet date. In these cases, the company must report in the notes on an existing immediate repayment risk of the debt, which is still reported as non-current, in the event of a breach of the covenant within the next twelve months. If there is a breach of covenant on or before the balance sheet date, as a result of which the liability is immediately repayable at the lender's request, a liability only continues to be recognized as non-current if the borrower has a right on the balance sheet date to defer settlement for at least twelve months after the balance sheet date. Otherwise, the debt is to be classified as current. Here, too, it was clarified that the assessment of whether such a prolongation right exists must be based exclusively on the circumstances on the balance sheet date. The right must be substantial. This is only the case if the lender has agreed to defer repayment by more than twelve months prior to the balance sheet date. Subsequent approval, even if given before the financial statements are approved for publication, may no longer be taken into account. The probability that an existing prolongation right will be exercised is not relevant for the classification. This means that a debt is to be classified as non-current if there is a right of prolongation, even if it is expected to be settled within the next twelve months. Conversely, a company that does not have a prolongation right as of the balance sheet date must recognize a liability as current, regardless of potential refinancing options. The amendments are applicable retroactively and had no impact on the consolidated financial statements.

- **Amendments to IFRS 16 – Lease Liabilities in a Sale and Leaseback:** The IASB published amendments to IFRS 16 "Leases" on 22 September 2022. The amendment relates to the accounting of lease liabilities from sale and leaseback transactions and stipulates that a lessee must measure the lease liability following a sale in such a way that it does not recognize any amount in profit or loss that relates to the retained right of use. The newly inserted paragraphs use examples to explain possible procedures, particularly in the case of variable lease payments. There was no impact on the consolidated financial statements.
- **Changes to IAS 7 and IFRS 7 – Supplier Finance Arrangements:** On 22 May 2023, the IASB issued amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures," which in particular introduce additional disclosure requirements in connection with supplier financing agreements (reverse factoring agreements) and aim to increase the transparency of such agreements and their impact on the liabilities, cash flows and liquidity risk in a company's financial statements. In addition, the amendments contain clarifications regarding the characteristics of supplier financing agreements. The amendments had no impact on the consolidated financial statements.

The following standards and interpretations, which have been published but are not yet mandatory, have not been applied early:

- **Amendments to IAS 21 – Lack of Exchangeability:** On 15 August 2023, the IASB published amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates." The background to the amendments are differences in accounting practice with regard to the recognition of a lack of exchangeability. The amendments regulate the exchange rate to be used if the closing rate is not observable, thereby closing a loophole in IAS 21. If a currency is not exchangeable, information must be disclosed in the notes enabling users of the financial statements to gain an understanding of how the non-exchangeable currency affects the reporting entity's financial, liquidity and earnings position as well as cash flows. The amendments are to apply in reporting periods beginning on or after 1 January 2025. Earlier application of the amendments is permitted, according to IASB. The amendments are not to have an impact on the consolidated financial statements.
- **IFRS 18 – Presentation and Disclosure in Financial Statements:** The IASB published "IFRS 18 – Presentation and Disclosure in Financial Statements" on 8 April 2024. IFRS 18 will replace IAS 1, "Presentation of Financial Statements." The new standard essentially introduces the following new requirements. Companies are required to classify all income and expenses on the income statement into one of five categories: operating, investing, financing, income tax or discontinued operations. In addition, companies are required to present a newly defined subtotal "operating result." The companies' profit or loss for the period is not to change as a result. In addition, certain company-specific performance

indicators ("management-defined performance measures," MPMs) must be disclosed in a separate note in the consolidated financial statements. Improved guidelines for grouping information within the financial statements have also been introduced. In addition, all companies are required to use the operating result as the starting point for the cash flow statement if they present the cash flow from operating activities using the indirect method. These amendments are to take effect in annual reporting periods beginning on or after 1 January 2027, subject to adoption into EU law. Earlier application of the amendments is permitted, according to IASB. The effects of the new standard are currently being analyzed, particularly with regard to the structure of the consolidated income statement, the cash flow statement and the additional disclosure requirements for MPMs. The amendments will have a material impact on the consolidated financial statements.

- **IFRS 19 – Subsidiaries without Public Accountability – Disclosures:** On 9 May 2024, the IASB published "IFRS 19 – Subsidiaries without Public Accountability: Disclosures." IFRS 19 allows certain subsidiaries to apply IFRS accounting standards with reduced disclosure requirements in the notes. IFRS 19 may be applied by a subsidiary if the subsidiary itself is not subject to public reporting requirements and its parent company prepares IFRS consolidated financial statements. A public accountability requirement exists particularly if the subsidiary has listed equity or debt instruments on a public market. If a subsidiary applies all IFRS standards in its individual or consolidated financial statements, the optional application of IFRS 19 substantially reduces the scope of the disclosures to be made in the notes compared to the other IFRS standards. However, the provisions on recognition, measurement and disclosure of the other IFRS standards must be applied. A subsidiary that applies IFRS 19 must clearly state in its explicit and unreserved declaration of compliance with IFRS standards that IFRS 19 has been applied. These amendments will take effect in annual reporting periods beginning on or after 1 January 2027, subject to adoption into EU law. Earlier application of the amendments is permitted, according to IASB. Due to a lack of relevancy, the amendments are not to have an impact on the consolidated financial statements.
- **Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments:** On 30 May 2024, the IASB published amendments to IFRS 9 and IFRS 7, "Classification and Measurement of Financial Instruments." The adopted amendments clarify the classification of financial assets that are linked to environmental, social and governance (ESG) and similar characteristics. In practice, it was discussed how such ESG characteristics affect subsequent accounting, i.e. accounting at amortized cost or fair value. Subsequent accounting depends on the cash flow characteristics of the financial asset. With the amendments, the IASB wishes to clarify how the contractual cash flows of corresponding instruments are to be assessed in this context. In addition, the amendment addresses the fulfillment of liabilities through electronic payment systems. The discussion focused on problems with the application of the derecognition rules in IFRS 9 with regard to financial assets and financial liabilities in the case of electronic funds transfers. The amendments clarify when a financial asset or financial liability is to be derecognized. In addition, an option is introduced that allows a company to derecognize a financial liability before it delivers cash on the settlement date, provided certain criteria are met. With the amendments, the IASB has also introduced additional disclosure requirements

with regard to investments in equity instruments measured at fair value through other comprehensive income and financial instruments with contingent features (e.g. ESG objectives). These amendments will take effect in annual reporting periods beginning on or after 1 January 2026, subject to adoption into EU law. Earlier application of the amendments is permitted, according to IASB. The Group does not expect any effects on the consolidated financial statements; early adoption by Nabaltec is not planned.

- **Annual Improvements to IFRS Accounting Standards – Volume 11:** On 18 July 2024, the IASB published "Annual Improvements to IFRS Accounting Standards – Volume 11." The IASB's annual improvements are limited to amendments that either clarify the wording of an IFRS standard or correct relatively minor unintended consequences, oversights or conflicts between requirements in the standards. The amendments affect a total of five standards. IFRS 1, "First-time Adoption of International Financial Reporting Standards," improves the comprehensibility of hedge accounting requirements for first-time adopters of IFRS. With regard to IFRS 7, "Financial Instruments: Disclosures," the disclosures on the gain or loss from derecognition, the disclosures on credit risks and the disclosures on deviations of the transaction price from the fair value are specified. With regard to IFRS 9, "Financial Instruments," ambiguities concerning the derecognition of a lease liability and the determination of the transaction price are eliminated. Furthermore, ambiguities in IFRS 10, "Consolidated Financial Statements," regarding the determination of a de facto agent and a potential ambiguity regarding the term "cost method" in IAS 7, "Statement of Cash Flows," are eliminated. These amendments will take effect in annual reporting periods beginning on or after 1 January 2026, subject to adoption into EU law. Earlier application of the amendments is permitted, according to IASB. The amendments are not to have an impact on the consolidated financial statements.
- **Amendments to IFRS 9 and IFRS 7 – Contracts Relating to Nature-Dependent Electricity:** On 18 December 2024, the IASB published amendments to IFRS 9 and IFRS 7, "Contracts for the Supply of Nature-Dependent Electricity." The amendments are intended to support companies in taking better account of the effects of power purchase agreements (PPAs) in their financial statements. Accounting challenges currently exist for such agreements, particularly with regard to the application of the own-use exemption and hedge accounting in accordance with IFRS 9. The scope of application of the regulations extends to contracts for nature-dependent electricity supply, in which a company is exposed to fluctuations in the underlying quantity of electricity, as the source of electricity generation is dependent on natural conditions (e.g. the weather). Such contracts regularly stipulate that the buyer will purchase the electricity produced by a particular plant in proportion to its share. This entails the risk that the company will have to buy electricity during a certain interval that it cannot use at that time. Even if a company is forced to sell unused electricity due to the design and functioning of the electricity market, the own-use exemption under IFRS 9.2.4 ff. is still applicable to the aforementioned contracts from the time the new regulations become applicable if the company has been a net buyer of electricity under the contract to date and is expected to remain so for the entire residual term of the contract. The amendments also contain simplifications regarding hedge accounting, e.g. it is possible to designate a variable nominal volume as a hedged underlying transaction in a cash flow hedging relationship. In addition to the above amendments, new disclosure requirements for contracts

for nature-based electricity supply are included. These amendments will take effect in annual reporting periods beginning on or after 1 January 2026, subject to adoption into EU law. Earlier application of the amendments is permitted, according to IASB. According to the current situation, the amendments are not to have an impact on the consolidated financial statements.

2.3 Subsidiaries and consolidated companies

The consolidated financial statements include the financial statements of the parent company and the companies it controls (its subsidiaries), insofar as they are material for presentation of the financial, earnings and liquidity position. The company obtains control when it

- can exercise power over the investee;
- is exposed to variable returns from its investment; and
- has the ability to affect those returns through its power over the investee.

The composition of the Group is evident from the table below:

NUMBER OF COMPANIES

	12/31/2024	12/31/2023
Nabaltec AG and fully consolidated subsidiaries		
Domestic	1	1
Foreign	4	4

The following subsidiaries were included in the consolidated financial statements of Nabaltec AG as fully consolidated companies:

SUBSIDIARY

			Share of capital and voting rights	
Name of subsidiary	Main business	Registered office	12/31/2024 in %	12/31/2023 in %
Nashtec LLC	Production	Corpus Christi, USA	100.00	100.00
Nabaltec USA Corporation	Administration and distribution	Corpus Christi, USA	100.00	100.00
Naprotec LLC	Production	Chattanooga, USA	100.00	100.00
Nabaltec (Shanghai) Trading Co., Ltd.	Marketing and distribution	Shanghai, China	100.00	100.00

There has been no change to the consolidation base since the consolidated financial statements for 2023.

In Financial Year 2018, Nabaltec AG acquired land and buildings in Chattanooga, Tennessee, USA, for the construction of a production plant for refined hydroxide. Naprotec LLC was formed as a production company for this purpose. The shares in Naprotec LLC were contributed into the newly formed subsidiary Nabaltec USA Corporation in Financial Year 2018. The shares in Nashtec LLC were also contributed into Nabaltec USA Corporation.

Nabaltec AG also formed Nabaltec (Shanghai) Trading Co., Ltd. in October 2018, based in Shanghai, China. The formation of this trading company represents the logical continuation of Nabaltec's expansion of operations in Asia.

All financial statements of the consolidated companies, which are prepared in accordance with national law, were reconciled to IFRS and adapted to the Group's accounting policies.

The reporting dates of all companies included in the consolidated financial statements are 31 December.

2.4 Consolidation methods

All intercompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in full on consolidation. The cost of acquisition is equal to the fair value of the assets paid, the equity instruments issued, and the liabilities incurred and assumed on the transaction date (the "date of exchange"), plus the costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities in connection with a business combination are measured upon initial consolidation at their fair value as of the acquisition date, regardless of the amount of non-controlling interests. The amount by which the cost of acquisition exceeds the Group's share in the net assets of the subsidiary, measured at fair value, is recognized as "goodwill." If the cost of acquisition is lower than the net assets of the acquired subsidiary, measured at fair value, the difference is recognized immediately in the consolidated statement of comprehensive income, following additional review.

The impact of all material intra-Group transactions is eliminated by netting out income and expenses and accounts receivable and payable between Group companies. Interim results from intra-Group sales of assets which have yet to be resold to third parties are eliminated. The tax deferrals required in accordance with IAS 12 are performed on temporary differences arising from consolidation measures.

The results of subsidiaries which are acquired or sold over the course of the year are included in the consolidated statement of comprehensive income from the time the Group begins to exercise control until the time that such control ceases.

2.5 Currency translation

The consolidated financial statements are prepared in Euro.

Foreign-currency monetary items (liquid funds, accounts receivable, accounts payable) in the financial statements of consolidated companies which are prepared in the local currency are measured at the closing rate. Exchange differences are recognized in profit and loss. Non-monetary items denominated in foreign currency are recognized at the historical rates.

The translation of the financial statements of the consolidated companies, which are prepared in a foreign currency, is performed based on the functional currency concept in accordance with IAS 21, "The effects of changes in foreign exchange rates," using the modified closing rate method. Since the subsidiaries essentially operate independently in financial, economic and organizational terms, the functional currency is identical to each company's national currency.

Accordingly, assets and liabilities are translated at the closing rate, shareholders' equity at the historical rate and income and expenses at the average monthly rate. Differences arising from currency translation are not recognized in profit and loss and are instead recognized separately in shareholders' equity under "other changes in shareholders' equity with no effect on profit and loss."

Currency differences relative to currency translation in the year before are recognized in shareholders' equity under "other changes in equity with no effect on profit and loss."

Initial historical costs and depreciation of fixed assets are translated at the exchange rate in effect on the last reporting date, while depreciation and all other transactions during the year are translated at the average monthly exchange rate. The translation of the foreign subsidiaries' fixed assets results in translation differences which are presented in separate columns in the statement of fixed assets.

3. Use of assumptions and estimates

Preparation of the consolidated financial statements in accordance with IFRS requires management to make certain assumptions and estimates which affect the measurement of assets and liabilities, the disclosure of contingent assets and liabilities as of the reporting date and the recognition of income and expenses. Due to the uncertainty associated with these assumptions and estimates, it may become necessary under certain circumstances to make substantial adjustments to the book values of the affected assets and liabilities in future periods. Assumptions, estimates and discretionary decisions are subject to increased uncertainty compared to previous years due to an increasingly complex and uncertain macroeconomic and geopolitical environment, particularly as a result of geopolitical conflicts, ongoing inflation, altered interest rates and growing concerns about a slowdown in economic growth in key markets. Effects on the consolidated financial statements may also arise from volatile foreign exchange rates, payment defaults, changing revenue and cost structures and uncertain forecasts with respect to the amount and timing of cash flows. These factors may affect the fair values and carrying amounts of assets and liabilities and the amount and timing of income realization. As a result, negative deviations from the assumptions made in advance may require impairment of goodwill, while positive deviations may lead to the reversal of impairments. Estimates and discretionary decisions of relevance to the consolidated financial statements have been updated with due regard for available information about expected economic performance, as well as government measures in specific countries.

These assumptions and estimates relate primarily to the following:

- **Pensions** and other **post-employment employee benefits:** pension plans are measured based on actuarial calculations. Actuarial measurement is performed based on assumptions with regard to discount rates, expected income from plan assets, future increases in wages and salaries, mortality and future pension increases. Such estimates are subject to considerable uncertainty in view of the long-term nature of these plans. Provisions for pensions and similar obligations amounted to TEUR 31,389 on 31 December 2024 (previous year: TEUR 27,920). Further details are presented in Section 6.9, "Current and non-current provisions."
- Recognition of **deferred taxes:** in assessing the realizability of deferred taxes, the Management Board ascertains the likelihood that all deferred tax assets will be realized. The ability to realize deferred tax assets is ultimately contingent upon whether sufficient taxable income is earned in the periods in which temporary differences are deductible. If that is not the case, the deferred tax assets are not used and are therefore not recognized. Deferred tax assets as of 31 December 2024 (prior to netting out with deferred tax liabilities) amounted to TEUR 6,678 (previous year: TEUR 6,141).

- **Impairment** of non-financial assets: impairment tests of other intangible assets and property, plant and equipment are performed as the circumstances require and are generally based on the estimated future discounted net cash flows which are to be expected from continued use of the asset and from disposal of the asset at the end of its useful life. Factors such as diminished revenues, resulting in lower net cash flows, as well as changes in discounting factors, may result in an impairment. Improved factors can, if necessary, lead to write-ups.

Actual results in future periods may deviate from estimates. If better information becomes available, changes are made with effect on profit and loss.

4. Major accounting policies

4.1 Revenue realization

Revenues from the sale of goods are recognized in accordance with the criteria established in IFRS 15 in the amount of the expected consideration once the customer obtains control over the goods and can derive benefits from them.

The point in time at which control over the delivered goods is transferred typically confirms to the time of delivery or the contractual date for the passage of risk. The Group's revenues are realized exclusively at specific points in time. Accordingly, the timing of revenue realization within the Group does not involve significant discretionary decisions. Customers' payment targets are set within narrow periods and no financing components exist.

Revenues are diminished by variable consideration (cost of sales and discounts).

For more detailed information, please see Section 5.1, "Revenues."

4.2 Realization of expenses

Expenses are recognized on an accrual basis. Operating expenses are recognized in profit and loss at the time of their accrual, or at the time the service is utilized.

4.3 Research and development costs

Nabaltec Group invests part of its financial resources in research and development performances. In addition to internal development activities relating to the individual optimization of purchased software, this particularly includes research and development activities for the improvement of existing products and processes and the development of new products and processes.

Research costs are recognized as expenses in the period in which they accrued. The Group only recognizes development costs in connection with individual projects as intangible assets if it can demonstrate the technical feasibility that the asset will be completed so that it will be available for internal use or sale, as well as its intention to complete the asset and use or sell it. The Group must also show that the asset will generate a future economic benefit, the availability of resources to complete the asset and the ability to reliably determine the expenses attributable to the asset during its development.

Following the first-time recognition of development costs, the cost model is applied, i.e. the asset is recognized at cost less accrued depreciation and impairment costs. Costs include directly attributable personnel expenses and other direct costs, as well as a reasonable share of overhead costs. The capitalized amounts are depreciated over the useful life of the asset once it is commissioned.

Capitalized development costs are tested for impairment once a year if the asset has yet to be used or if there are indications of impairment over the course of the year.

Nabaltec generally capitalizes all material development costs which accrue in the development phase of internally developed software. Amortization of these costs (generally using the straight-line method) over the expected useful life begins at the time the fully developed software becomes technically usable.

Since the Group’s development projects are often subject to official approval procedures and other unpredictable events, the requirements for the capitalization of costs accruing prior to approval are generally not met, or the amount of such costs in the brief period between the research/approval and market launch is immaterial.

No development costs were capitalized as of 31 December 2024 (previous year: TEUR 0).

4.4 Intangible assets

Purchased intangible assets are recognized at cost less depreciation. Depreciation of intangible assets is generally performed in a straight-line fashion over the useful life of the asset.

The depreciation term is as follows:

- IT software 4 to 5 years

The residual values of assets, useful lives and depreciation methods are examined at the end of each year and adapted if necessary. No such adjustments have been made as of 31 December 2024.

Intangible assets with an indefinite useful life do not exist.

Reference is made to Section 4.3, "Research and development costs," for the capitalization of development costs as self-created intangible assets.

4.5 Property, plant and equipment

Property, plant and equipment are recognized at cost less depreciation, in accordance with the expected useful life of the asset. The cost includes a reasonable share of attributable overhead costs in addition to direct costs as well as construction period interest, if applicable.

Depreciation on property, plant and equipment is performed using the straight-line method.

The depreciation terms are as follows:

- Production and office buildings 20 to 50 years
- Technical equipment and machinery 5 to 22 years
- Fixtures, fittings and equipment 3 to 20 years

The residual values of assets, useful lives and depreciation methods are examined at the end of each year and adapted if necessary. No such adjustments have been made as of 31 December 2024.

4.6 Borrowing costs

Borrowing costs directly associated with the acquisition, construction or production of qualified assets (i.e. assets which take a substantial period of time to get ready for use or sale) are included in the cost of the asset until such time as the asset is ready for its intended use or sale; see Section 6.2, "Property, plant and equipment."

Income earned from the temporary investment of specifically borrowed funds is subtracted from capitalizable borrowing costs until those funds are spent on qualified assets.

All other borrowing costs are recognized with effect on profit and loss in the period in which they accrue.

4.7 Government grants

Government investment subsidies are deducted from the cost of the relevant asset (IAS 20.24, alternative 2). They are reversed over the useful life of the subsidized asset in the form of reduced depreciation.

Government grants that are paid as compensation for expenses already incurred are recognized in the consolidated income statement in the period in which the corresponding claim arises.

4.8 Leases with the Group as lessee

The Group makes an evaluation upon the commencement of each contract to determine whether the contract establishes or contains a lease in accordance with IFRS 16. That is the case if the contract entitles a party to control use of an identified asset in exchange for payment of a fee over a defined period of time.

In accordance with IFRS 16, the Group recognizes right-of-use assets and corresponding lease liabilities at present value, provided those assets or liabilities are material. Exercising the option in accordance with IFRS 16.4, the Group does not apply the rules to leases of intangible assets.

Nabaltec has resolved to take advantage of the exemption of IFRS 16.5 and not to recognize rights of use and lease liabilities based on low-value assets or for short-term leases. The Group recognizes lease payments accruing in connection with leases in straight-line fashion over the term of the lease.

The Group recognized no right-of-use assets or corresponding lease liabilities as of 31 December 2024 due to materiality considerations (previous year: TEUR 0).

4.9 Impairment of non-financial assets

The capitalized book value of intangible assets with a limited useful life and property, plant and equipment is checked for impairment based on the expected future cash flows arising from use of the asset (discounted at a rate commensurate with the risk) and based on the net sale price of the asset (impairment test) if certain events or market developments indicate an adjustment of the estimated useful life of the asset, or that the value of the asset has decreased. On each reporting date, an assessment is made as to whether indications are present that non-current assets may be impaired. If such indications exist, the recoverable amount of the asset is determined and compared to its book value. If individual assets do not generate separate cash inflows that are largely independent of those of other assets or groups of assets, the impairment test is performed based on the smallest overarching cash-generating unit. In addition, intangible assets which are not yet ready for use are tested for impairment annually. If the net book value of the asset is higher than the recoverable amount (the higher of the asset's value in use and net realizable value), a write-down is performed. The determination of expected future cash flows takes into account current and expected future income as well as technological, economic and general developments and developments in the specific field of business. If the reason for an earlier write-down no longer applies, a write-up to the amortized cost of the asset is performed, to the extent permissible.

4.10 Financial assets

Upon initial recognition, financial assets are classified and measured as follows in accordance with IFRS 9:

- financial assets at amortized cost (AC);
- debt instruments at fair value through other comprehensive income (FVOCI): investments in debt instruments recognized at fair value with changes recognized in other comprehensive income (FVOCI – debt);
- equity instruments at fair value through other comprehensive income (FVOCI): equity investments recognized at fair value with changes recognized in other comprehensive income (FVOCI – equity);
- financial assets at fair value through profit and loss (FVTPL): investments at fair value with changes in value in profit and loss (FVTPL).

Financial assets are not reclassified after initial recognition unless the Group changes its business model for the management of financial assets. In this case, all affected financial assets are reclassified on the first day of the reporting period which follows the change in the business model.

Financial assets are recognized at amortized cost if two of the following conditions are met and if the asset is not designated as a financial asset at fair value through profit and loss (FVTPL):

- the asset is held within a business model whose objective is achieved by holding financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is designated as a financial asset held at fair value through other comprehensive income (FVOCI) if one of the following two conditions are met and if the instrument is not designated as a financial asset at fair value through profit and loss (FVTPL):

- the debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition of an equity investment not held for trading, the Group may irrevocably elect to recognize subsequent changes in the fair value of the investment in other comprehensive income. This election is made individually for each investment.

All financial assets not held at amortized cost or at fair value through other comprehensive income (FVOCI) are recognized at fair value through profit and loss (FVTPL). This includes all derivative financial assets as well as financial instruments held for trading which are voluntarily designated as financial assets at fair value through profit and loss (FVTPL).

INITIAL MEASUREMENT

Upon initial recognition, financial assets are measured at fair value. For financial assets which are not measured at fair value through profit and loss, the measurement includes transaction costs which are directly attributable to the acquisition of the asset.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Group entered into an obligation to buy or sell the asset or liability. Regular way purchases and sales are purchases or sales of financial assets which call for the assets to be delivered within a period defined by market rules or conventions.

SUBSEQUENT MEASUREMENT

Financial assets at amortized cost (AC)

Assets at amortized cost are measured using the effective interest method in subsequent measurement. Impairment costs are subtracted from the amortized cost of the asset. Interest income, exchange rate gains and losses and impairments are recognized in profit and loss. Gains or losses from derecognition are also recognized in profit or loss.

Debt instruments at fair value through other comprehensive income (FVOCI)

These assets are recognized at fair value in subsequent measurement. Interest income calculated using the effective interest rate method, exchange rate gains and losses and impairments are recognized in profit or loss. Other net gains or losses are recognized in other comprehensive income. Upon derecognition, cumulative other comprehensive income is reclassified as profit or loss.

Equity investments at fair value through other comprehensive income (FVOCI)

These assets are recognized at fair value in subsequent measurement. Dividends are recognized as income in profit and loss unless the dividends are clearly being paid in order to cover part of the cost of the investment. Other net gains or losses are recognized in other comprehensive income and are never reclassified as profit or loss.

Financial assets at fair value through profit and loss (FVTPL)

These assets are recognized at fair value in subsequent measurement. Net gains and losses, including any interest or dividend income, are recognized in profit and loss.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognized when the company loses its ability to dispose over contractual rights to the cash flows comprising the financial asset.

If the Group transfers its contractual rights to the cash flows generated by an asset but neither transfers nor retains substantially all of the risks and rewards associated with ownership of the asset, so that the Group retains its ability to dispose over the transferred asset, the Group continues to recognize the transferred asset to the extent that it has a continuing involvement in the asset.

In some cases, trade receivables are sold to a factor in order to secure early payment. The affected receivables are derecognized at the time of the sale, since all risks and opportunities associated with ownership of the receivables are transferred to the buyer. The security deposit charged by the factoring partner is recognized under other current financial assets, consistent with the general rules of IFRS 9.

4.11 Impairment of financial assets

On each reporting date, a test is performed to determine whether financial assets or groups of financial assets are impaired. An impairment loss is recognized immediately in profit and loss.

Financial assets are subject to a standardized "expected loss impairment model," which is broken down into a simplified approach for trade receivables and the three-stage general approach for all other financial assets. In the three-stage approach, expected losses upon acquisition of the asset are recognized in the amount of the present value of the expected losses over 12 months (Level 1). If there is a significant increase in credit risk, the loss allowance is to be increased up to the amount of the expected losses over the lifetime of the credit risk (Level 2). If there is objective evidence of impairment, interest is calculated based on the net carrying amount (the carrying amount minus the loss allowance; Level 3).

Trade receivables are recognized at amortized cost less reasonable allowances. Allowances on accounts receivable are performed based on the expected loss.

Allowances are performed on a case-by-case basis if doubts exist as to the recoverability of other assets recognized at amortized cost or financial instruments at fair value through other comprehensive income (FVOCI).

4.12 Inventories

Inventories are measured at cost or at net realizable value, whichever is lower.

Raw materials and supplies are recognized upon addition at cost plus ancillary costs less price reductions. Costs are determined by applying the weighted average method.

Finished goods and work in process are capitalized at their production cost. Production costs include directly attributable production costs as well as a share of attributable fixed and variable overhead production costs. The share of overhead costs is determined based on normal employment. Cost of sales, cost of general administration and borrowing costs are not capitalized.

Finished goods are combined into measurement units as part of a group valuation.

On the reporting date, inventories are written down to account for risks arising from extended storage or diminished realizability, taking into account their net realizable value.

4.13 Cash and cash equivalents

Cash and cash equivalents recognized include cash on hand, bank balances and short-term deposits within original terms to maturity of a maximum of three months. The same definition is used for the purposes of consolidated cash flow statement. Accordingly, the Group's funds correspond to the "cash and cash equivalents" reported in the balance sheet. Measurement is performed at amortized cost.

4.14 Taxes

ACTUAL TAXES ON INCOME

Actual tax liabilities and refund claims for the current and all earlier periods are recognized in the amount of the expected payment to or refund from the tax authority. This amount is calculated based on the tax rates and laws in effect as of the reporting date.

DEFERRED TAXES

Deferred tax assets and liabilities are recognized for all temporary differences between tax and IFRS measurement and for consolidation measures with effect on profit and loss using the balance sheet method in accordance with IAS 12, "Income taxes." Pursuant to IAS 12.34, deferred tax assets for loss carryforwards or temporary differences may only be recognized to the degree that it is likely that future taxable income will be earned so as to enable deduction of these loss carryforwards.

Deferred taxes are calculated based on the tax rates in effect at the time of realization, based on the current legal situation. Changes in tax rates are taken into account insofar as they can be expected with adequate certainty.

Deferred tax assets and liabilities are netted out where possible.

4.15 Shareholders' equity

Shareholder contributions and payments into the capital reserve are recognized, less transaction costs directly associated with the acquisition of shareholders' equity, and with due regard for a possible tax effect.

4.16 Other provisions

Pursuant to IAS 37, “Provisions, contingent liabilities and contingent assets,” provisions are recognized insofar as a present obligation towards third parties arises from a past event which is likely to result in a future payment and which can be reliably estimated. This means that the probability of occurrence must be higher than 50 %. Provisions are recognized for identifiable risks and contingent liabilities in their probable amount and recourse claims are not taken into account. Non-current other provisions are discounted. The settlement amount includes cost increases as of the reporting date.

Provisions were made for existing service anniversary bonus obligations established by works agreements using the same calculation assumptions as for pension reserves and pension-like liabilities (see following). Service anniversary bonus obligations are calculated using the projected unit credit method.

4.17 Pension reserves

Pension reserves are calculated using the projected unit credit method in accordance with IAS 19. This method takes into account known pensions and vested rights as of the reporting date as well as expected future increases in pensions and salaries, based on a careful assessment of the relevant factors. The calculation is based on an actuarial opinion with biometric assumptions.

The (net) interest component is determined at the start of the period by multiplying (net) pension obligations, i.e. pension liabilities less plan assets, by the discount rate for measurement of the pension obligation. As a result, the interest expense resulting from the compounding of the obligation is netted out with the expected income from plan assets, with the result to be recognized as profit and loss. Expected income from plan assets is assumed to be in the amount of the discount rate.

Deviations between the actual return on plan assets and/or the actual discount rate as of the reporting date and the expected discount rate (= the expected return on plan assets) are recognized as other comprehensive income, like other actuarial gains and losses, as a remeasurement component.

The discount rate for (net) pension obligations is determined based on the yields of high-quality fixed-interest corporate bonds.

The service time component (“service cost”), which is to be recognized as profit and loss, includes both current service costs and past service costs arising from changes in the plan.

4.18 Financial liabilities

Financial liabilities in terms of IFRS 9 are classified as “financial liabilities at fair value through profit and loss” or “other liabilities.”

The Group classifies its financial liabilities upon initial recognition and reviews that classification at the end of each year, to the extent reasonable and permissible.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial liabilities at fair value through profit and loss are measured at fair value upon initial recognition. Income and losses due to changes in fair value are immediately recognized as profit and loss. This category includes derivative financial instruments with negative market values. Income and losses from financial liabilities measured at fair value are recognized as profit and loss.

OTHER LIABILITIES

Loans are measured at fair value upon initial recognition less directly associated transaction costs. They are not designated as financial liabilities at fair value through profit and loss.

Following initial recognition, interest-bearing loans are measured at amortized cost using the effective interest method. Differences between the historical cost and the repayment amount are recognized as profit and loss in accordance with the effective interest method.

Financial liabilities, all of which are classified as other liabilities, are measured upon initial recognition at the fair value of the consideration received less associated transaction costs. Following initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized once they are extinguished, i.e. once the underlying obligation is satisfied, cancelled or expired.

5. Notes to the consolidated statement of comprehensive income

5.1 Revenues

Revenues are mainly earned from supplying customers with aluminum hydroxide- and aluminum oxide-based products. No other services are provided to customers. Contracts typically come about through individual customer orders. In other words, the contracts consist exclusively of a single performance obligation, i.e. the delivery of goods. A combination of contracts or contractual modifications is not relevant.

With regard to determination of the transaction price, consideration for Nabaltec is comprised of fixed and variable components. The fixed consideration is the fixed amount specified in the individual order. Variable consideration includes discounts and bonuses, which are subtracted from revenues in the period in which they accrue. Because the terms of the contracts are short (individual orders), there are no significant financing components. Non-cash consideration is not paid.

Nabaltec has currently no contracts with multiple performance obligations. Accordingly, there is no need to allocate the transaction price based on stand-alone selling prices.

Revenue is realized at a specific point in time. In particular, no products exist which have no alternative use for the company due to practical or contractual limitations. The point in time at which control over the delivered goods is transferred typically conforms to the time of delivery and/or the contractual date for passage of risk.

For the breakdown of revenues into product segments, reference is made to the segment reporting and the associated notes in Section 7.7, “Segment reporting.”

5.2 Own work capitalized

Own work in the amount of TEUR 1,321 (previous year: TEUR 415) was capitalized in Financial Year 2024 for various technical equipment and machinery, including capitalized interest in the amount of TEUR 689 (previous year: TEUR 182).

5.3 Other operating income

Other operating income is comprised as follows:

OTHER OPERATING INCOME

in TEUR	2024	2023
Currency gains	1,277	1,004
Other	721	320
Income from the reversal of expired liabilities	606	0
Government grants	493	4
Non-cash remuneration	239	238
Income from the reversal of reserves	219	20
Service water deliveries	200	181
Rents	162	166
Analysis Centre services	87	104
Shunting and track work	86	106
Magazine and scrap sales	72	76
Insurance indemnities	44	44
Gains from the disposal of property, plant and equipment	44	28
Personnel services	35	32
Reversal of allowances for claims	0	447
Total	**4,285**	**2,770**

In Financial Year 2024, government grants mainly consist of a reimbursement of TEUR 412 resulting from the regulation of measures to prevent carbon leakage through national fuel emissions trading (BECV aid).

5.4 Cost of materials

Cost of materials is comprised as follows:

COST OF MATERIALS

in TEUR	2024	2023
Cost of raw materials, supplies and of purchased goods	101,025	99,448
Cost of purchased services	3,026	2,408
Total	**104,051**	**101,856**

The amount of inventory write-downs or impairments recognized as an expense amounted to TEUR 722 (previous year: TEUR 573).

5.5 Personnel expenses

Personnel expenses are comprised as follows:

PERSONNEL EXPENSES

in TEUR	2024	2023
Wages and salaries	33,599	31,903
Social security contributions	5,879	5,589
Expenses for pension obligations	447	498
Other pension expenses	181	185
Total	**40,106**	**38,175**

Expenses for pension obligations meet the criteria for a defined benefit plan in terms of IAS 19.

Other pension expenses consist of employer subsidies to employee pension plans meeting the criteria of a defined contribution plan in terms of IAS 19.

The company’s share of statutory pension insurance contributions, in the amount of TEUR 2,370 (previous year: TEUR 2,301), are included in social security contributions, which are paid monthly.

5.6 Employees

The average number of employees in the Group has changed as follows:

EMPLOYEES

	2024	2023
Industrial workers	250	262
Employees	213	208
Minimally employed workers	3	4
Total	**466**	**474**

In addition, an average of 40 trainees were employed during the year (previous year: 38).

5.7 Depreciation

Depreciation of fixed assets is evident from the above presentation of the Statement of Consolidated Fixed Assets.

If there are indications of impairment, the company performs an impairment test for intangible assets and property, plant and equipment, in which the book value of the cash-generating units is compared against the realizable value. The realizable value of each cash-generating unit was determined by calculating the value in use with the help of the discounted cash flow method. These discounted cash flows are based on three-year forecasts using management-approved projections. The cash flow forecasts take into account past experience and management's best estimate of the company's future development. Forecasted cash flows are discounted using a risk-adequate discount rate.

5.8 Other operating expenses

Other operating expenses are comprised as follows:

OTHER OPERATING EXPENSES

in TEUR	2024	2023
Freight	11,856	10,347
Outside services	7,853	8,795
Sales commissions	3,262	3,361
Other	1,345	1,406
Insurance	1,152	1,661
Other administrative costs	1,147	1,091
Lease payments (rents)	1,095	940
Other taxes	1,088	1,045
Legal and consulting expenses	942	770
Losses from currency exchange	884	1,548
Ancillary personnel expenses	784	792
Travel expenses	693	671
Advertising expenses	565	413
Allowances on accounts receivable	76	0
Loss from the disposal of fixed assets	42	0
Total	**32,784**	**32,840**

5.9 Research and development

All research and development costs for the year, in the amount of TEUR 5,167 (previous year: TEUR 4,862), were recognized as expenses.

5.10 Interest and similar income

Interest and similar income are composed as follows:

INTEREST AND SIMILAR INCOME

in TEUR	2024	2023
Income from plan assets (pension liability insurance)	116	109
Interest income from bank balances	2,512	2,027
Total	**2,628**	**2,136**

5.11 Interest and similar expenses

Interest and similar expenses are shown in the following table:

INTEREST AND SIMILAR EXPENSES

in TEUR	2024	2023
Interest expenses to banks	2,873	2,633
Interest expenses from compounding of provisions	1,253	1,165
Interest expenses from factoring	558	523
Commission on bank guarantees	12	8
Interest expenses from other compounding	11	7
Total	**4,707**	**4,336**

5.12 Taxes on income

Taxes on income break down as follows:

TAXES ON INCOME

in TEUR	2024	2023
Actual taxes:		
Tax expense for current year	5,712	4,456
Tax expense/income for prior years	–9	8
Deferred taxes:		
Accrual and reversal of temporary differences	31	16
Recognized in other comprehensive income not through profit and loss	184	241
Total	**5,918**	**4,721**

Expenses for income tax for Financial Year 2024 consist of current trade and corporate income tax plus the solidarity mark-up as well as foreign income taxes (US subsidiaries and Nabaltec Shanghai).

Deferred taxes are calculated based on the tax rates in effect or expected at the time of realization, taking into account tax rules in effect or adopted as of the reporting date. The calculation of deferred taxes in Germany was based on a tax rate of 29.13% (previous year: 29.13%). This number is comprised of the 15% corporate income tax rate, which remains unchanged, the unchanged 5.50% solidarity mark-up and the trade tax rate of 13.30% (previous year: 13.30%). Taxes for the foreign companies were calculated using the applicable national tax rates.

The effects of taxes in other comprehensive income, recognized as part of consolidated shareholders' equity, break down as follows for each component:

	Before taxes		Deferred taxes		After taxes	
in TEUR	2024	2023	2024	2023	2024	2023
Foreign currency translation	2,389	–1,461	–681	419	1,708	–1,042
Actuarial gains and losses	–2,969	611	865	–178	–2,105	433
Total	**-580**	**–850**	**184**	**241**	**-397**	**-609**

The table below shows the tax reconciliation of the expected tax expense in each year with the actual tax expense recognized in the consolidated income statement:

RECONCILIATION

	2024	2023
Tax rate	**29.13%**	**29.13%**
in TEUR		
Earnings before taxes	**20,179**	**16,139**
Expected tax expense	**5,878**	**4,701**
Deviations		
1. Different foreign tax rate	–120	–78
2. Adjustment for tax expense for prior years	–10	8
3. Revaluation of loss carryforward USA	0	31
4. Unrecognized temporary differences USA	74	0
5. Utilization of previously unrecognized losses	0	–50
6. Non-deductible expenses	95	106
7. Other	1	3
Tax expense according to the consolidated statement of comprehensive income	**5,918**	**4,721**

Deferred tax assets and liabilities are as follows:

	Consolidated balance sheet		Consolidated income statement	
in TEUR	**12/31/2024**	**12/31/2023**	**2024**	**2023**
Deferred tax assets				
Other assets	587	577	10	10
Pension reserves	3,493	2,674	819	–265
Other provisions	230	237	–7	–8
Loss carryforward	2,361	2,614	–253	–448
Other	7	39	–32	–114
Gross total, deferred tax assets	**6,678**	**6,141**	**537**	**–825**
Netting	–6,096	–5,290	0	0
Net total, deferred tax assets	**582**	**851**	**537**	**–825**
Deferred tax liabilities				
Fixed assets	7,108	7,367	217	731
Inventories	969	931	–38	–330
Other	1,150	403	–747	408
Gross total, deferred tax liabilities	**9,227**	**8,701**	**–568**	**809**
Netting	–6,096	–5,290	0	0
Net total, deferred tax liabilities	**3,131**	**3,411**	**–568**	**809**

The deferred tax assets on loss carryforwards relate entirely to the existing loss carryforward of Nabaltec USA Corporation of TEUR 11,242 (previous year: TEUR 12,449). This can be used in compliance with the minimum taxation rules applicable in the United States. Deferred tax claims for loss carryforwards are only recognized insofar as the company has adequate taxable temporary differences or insofar as there is convincing substantive evidence that adequate taxable income will be available in the future for which unused tax losses can be utilized. Based on management's assumptions and assessments as to future business performance, there is convincing substantive evidence for the realization of these tax claims. This assessment is based on past experiences, as well as currently available information and forecasts. Accordingly, deferred tax assets on loss carryforwards only in the amount of TEUR 2,361 (previous year: TEUR 2,614) were recognized for companies which had negative taxable income in the current or previous year and whose deferred tax assets on loss carryforwards were not offset by deferred tax liabilities.

Such loss carryforwards in the US are deductible up to 80% of current taxable income.

Deferred tax assets and liabilities in the US are netted out with deferred tax assets in connection with loss carryforwards.

6. Notes to the consolidated balance sheet

6.1 Intangible assets

With regard to the change in intangible assets, reference is made to the above presentation of the “Statement of Consolidated Fixed Assets.”

Intangible assets largely consist of IT software and proprietary rights.

No intangible assets had been transferred by way of security as of 31 December 2024, as was the case in the prior year as well.

Material obligations to acquire intangible assets did not exist.

6.2 Property, plant and equipment

The change in property, plant and equipment is shown in the Statement of Consolidated Fixed Assets, which is presented above.

As in the year before, no property, plant and equipment served as collateral or land charges for debt.

Borrowing costs of TEUR 689 were capitalized in Financial Year 2024 for the long-term production of various technical equipment, buildings and operating facilities (previous year: TEUR 182). The average financing cost rate used to determine the capitalizable borrowing costs was 3.00 % (previous year: 3.00 %).

6.3 Inventories

Inventories are comprised as follows:

INVENTORIES

in TEUR	12/31/2024	12/31/2023
Raw materials and supplies	30,002	35,579
Work in process	1,607	1,585
Finished goods and merchandise	16,287	13,967
Total	**47,896**	**51,131**

As in the previous year, no inventories serve as collateral for accounts payable to banks.

The impairment of inventories, which is recognized as an expense, amounted to TEUR 722 (previous year: TEUR 573).

6.4 Trade receivables

Trade receivables are as follows:

TRADE RECEIVABLES

in TEUR	12/31/2024	12/31/2023
Gross trade receivables	848	1,586
Individual allowances	–215	–139
Total	**633**	**1,447**

All trade receivables are not interest-bearing and have a residual term of less than one year.

Trade receivables as of the reporting date were diminished by TEUR 34,874 (previous year: TEUR 30,076) through a non-recourse factoring arrangement, in which the factor assumes the default risk for the receivables. We refer to Section 7.2, "Disclosures concerning financial instruments," with regard to the development of the allowance account and the age structure of accounts receivable.

6.5 Taxes receivable

Income tax claims in the amount of TEUR 1 (previous year: TEUR 517) relate to tax refund claims against foreign tax authorities, while in the previous year they related to refund claims against domestic tax authorities resulting from corporate income tax and the solidarity surcharge.

6.6 Other assets

Other assets are comprised as follows:

OTHER FINANCIAL ASSETS

in TEUR	12/31/2024	12/31/2023
Fixed-term deposits with duration > 3 months	15,000	15,000
Accounts receivable from factoring	3,086	2,830
Other	1,386	796
Other financial assets	**19,472**	**18,626**

OTHER NON-FINANCIAL ASSETS

in TEUR	12/31/2024	12/31/2023
VAT receivable	1,269	2,122
Accrued assets	446	368
Other non-financial assets	**1,715**	**2,490**
Total	**21,187**	**21,116**

The accounts receivable from factoring recognized as of 31 December 2024, in the amount of TEUR 3,086 (previous year: TEUR 2,830), consist primarily of security deposits in connection with factoring arrangements.

Of the other assets, TEUR 15,000 (previous year: TEUR 0) have a remaining term of more than one year.

6.7 Cash and cash equivalents

Cash and cash equivalents were comprised as follows as of the reporting date:

CASH AND CASH EQUIVALENTS

in TEUR	12/31/2024	12/31/2023
Bank balances	86,522	85,951
Cash on hand	5	4
Total	**86,527**	**85,955**

Bank balances earn interest at variable interest rates for sight deposits. Short-term deposits are made for a variety of terms, ranging from one day to as high as three months depending on the Group’s needs. They earn interest in each case at the rates in effect for short-term deposits.

For the purposes of the consolidated statement of cash flows, as in the previous year, there are no differences in cash and cash equivalents compared with the cash and cash equivalents reported in the statement of financial position as of the reporting date.

Cash and cash equivalents are not subject to any restrictions on disposal.

6.8 Shareholders' equity

The changes in Nabaltec AG's shareholders' equity are shown in the Statement of Consolidated Shareholders' Equity.

SUBSCRIBED CAPITAL

Fully paid-in capital (capital stock) amounted to TEUR 8,800 on the reporting date (previous year: TEUR 8,800) and consists of 8,800,000 bearer shares, with each share representing EUR 1.00 of the capital stock. Each share confers one vote.

AUTHORIZED CAPITAL

The Management Board, with the Supervisory Board's approval, was 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 TEUR 4,400 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 subscription rights with the approval of the Supervisory Board (Authorized Capital 2021/I).

CONDITIONAL CAPITAL

By resolution of the shareholders in general meeting on 16 June 2021, the share capital of the company was conditionally increased by up to TEUR 4,400 by issuing up to 4,400,000 new non-par-value bearer shares (Conditional Capital 2021/I). The conditional capital serves exclusively to provide shares to holders of warrants and convertible bonds issued by the company based on the authorization of the shareholders of 16 June 2021.

No such bonds have been issued to date.

CAPITAL RESERVE

As of 31 December 2024, the capital reserve amounted to TEUR 47,029 (previous year: TEUR 47,029). The capital reserve results in part from the capital increase executed in September 2017. With an issue price of EUR 23.00 per share, the capital increase generated a premium in the amount of TEUR 17,600. At the same time, transaction costs in the amount of TEUR 335 (after taxes) were subtracted. The capital reserve also includes a premium from the IPO, which took place in 2006. This resulted from the issuance of 2,000,000 shares at a price of EUR 15.50 per share, with each share representing EUR 1.00 of the capital stock, so that a premium of EUR 14.50 was charged per share, for a total of TEUR 29,000; this was offset by transaction costs of TEUR 1,060 (after taxes).

EARNINGS RESERVE

As of 31 December 2024, earnings reserves amounted to TEUR 9,699 (previous year: TEUR 9,699).

For Financial Year 2024, the Management Board will propose to distribute a dividend in the amount of EUR 0.29 per share, i.e., a total of TEUR 2,552, from the retained earnings of Nabaltec AG determined in accordance with the principles of German commercial law.

PROFIT/LOSS CARRIED FORWARD

The profit/loss carried forward results from the accumulated consolidated net profit/loss for the year less the dividends distributed by the parent company.

We refer to the consolidated statement of changes in equity regarding changes in earnings carryforwards.

OTHER CHANGES IN EQUITY WITH NO EFFECT ON PROFIT AND LOSS

Differences arising from currency translation, actuarial gains and losses from pension reserves and from corresponding deferred taxes are recognized separately in shareholders’ equity under this item description. As of 31 December 2024, other changes in equity with no effect on profit and loss amounted to a cumulative total of TEUR –3,624 (previous year: TEUR –3,227).

6.9 Current and non-current provisions

OTHER PROVISIONS

The development of other provisions is shown in the tables below:

FINANCIAL YEAR 2024

in TEUR	01/01/2024	Addition	Utilization	Reversal	12/31/2024
Provisions for personnel expenses	1,268	255	123	0	1,400
Provisions for environmental conservation and disposal	358	0	139	219	0
Other provisions	200	204	199	0	205
Total	**1,826**	**459**	**461**	**219**	**1,605**

FINANCIAL YEAR 2023

in TEUR	01/01/2023	Addition	Utilization	Reversal	12/31/2023
Provisions for personnel expenses	1,286	98	116	0	1,268
Provisions for environmental conservation and disposal	358	0	0	0	358
Other provisions	219	199	218	0	200
Total	**1,863**	**297**	**334**	**0**	**1,826**

Provisions for personnel expenses, in the amount of TEUR 1,400 (previous year: TEUR 1,268), consist of anniversary pay obligations. These obligations were measured using the projected unit credit method, in which anniversary pay obligations are funded by single premiums for the annual growth in vested rights, with due regard for trend assumptions. As a biometric foundation for the calculation, the Heubeck 2018 G benchmark tables were used. The measurement was also based on the assumption of an actuarial interest rate of 3.50 %, a salary trend of 2.75 %, pension trend p. a. of 2.00 %, fluctuation rate of 1.00 %.

The provisions for environmental conservation and disposal include cleaning expenses relating to discontinuation of the mullite production area. The heavy fuel oil tank was demolished in 2024, which led to the reversal of the provision.

PENSION RESERVES

The Group has launched defined benefit pension plans which provide for a portion of the Group's employees in the period after retirement. These are final salary pension plans for Management Board members and employees based on the pension rules. The pension plans are in effect for employees who joined the company prior to 1 May 1995 and who are employed for an unlimited term as of this reporting date. As a result, there can be no additions to the group of pension beneficiaries. Pension liability insurance premiums are paid for a portion of the plans. Because of how the plans are structured, the employer is exposed to actuarial risks, of which the most significant are interest rate risk and longevity risk. The age of the persons covered by the pension plans is in a range from 60 to 65 years. Pension obligations are calculated based on a retirement age of 63 (pension rules) and 65 (Management Board members).

The tables below show the composition of the pension expenses recognized in the consolidated statement of comprehensive income as well as amounts recognized in the consolidated balance sheet for the individual pension plans:

PENSION EXPENSES

in TEUR	2024	2023
Current service cost	447	498
Net interest expense	1,123	1,045
Pension expenses	**1,570**	**1,543**
Actual income from plan assets	60	59

The net interest expense is comprised of the interest expense, in the amount of TEUR 1,204 (previous year: TEUR 1,118), less expected income from plan assets in the amount of TEUR 81 (previous year: TEUR 73). The interest share of the funds transferred to pension reserves and income from plan assets is recognized in net interest income. Actuarial gains and losses are recognized in other comprehensive income and have developed as follows:

DEVELOPMENT OF ACTUARIAL GAINS AND LOSSES

in TEUR	
Actuarial losses as of 1 January 2023	–5,329
Profit from changes in biometric and financial assumptions	877
Experience profits	–252
Income from plan assets	–14
Actuarial losses as of 31 December 2023	**–4,718**
Profit from changes in biometric and financial assumptions	–2,599
Experience losses	–349
Losses from plan assets	–21
Actuarial losses as of 31 December 2024	**–7,687**

Changes in the present value of defined benefit obligations are as follows:

DEFINED BENEFIT OBLIGATIONS

in TEUR	
Defined benefit obligations as of 1 January 2023	29,931
Interest expense	1,118
Current service cost	498
Benefits paid	–1,021
Actuarial gains/losses	–625
Defined benefit obligations as of 31 December 2023	**29,901**
Interest expense	1,204
Current service cost	446
Benefits paid	–1,095
Actuarial gains/losses	2,948
Defined benefit obligations as of 31 December 2024	**33,404**

Of the TEUR 33,404 in defined benefit obligations as of 31 December 2024 (previous year: TEUR 29,901), a sum in the amount of TEUR 10,498 (previous year: TEUR 9,654) is covered by pension liability insurance with a premium reserve of TEUR 2,015 (previous year: TEUR 1,981).

Pension payments in the amount of approximately TEUR 1,136 are expected in Financial Year 2025 and TEUR 1,202 in Financial Year 2026.

Changes in the fair value of plan assets are as follows:

FAIR VALUE OF PLAN ASSETS

in TEUR	
Fair value of plan assets as of 1 January 2023	1,947
Employer contributions	36
Benefits paid	–61
Expected return	73
Actuarial gains/losses	–14
Fair value of plan assets as of 31 December 2023	**1,981**
Employer contributions	36
Benefits paid	–61
Expected return	81
Actuarial gains/losses	–22
Fair value of plan assets as of 31 December 2024	**2,015**

Plan assets consist of the asset value of a pension liability insurance policy, which is to be treated as part of plan assets pursuant to IAS 19.7 (b). The Group expects contributions to plan assets to total TEUR 36 in Financial Year 2025.

The recognized value of pension reserves can be reconciled as follows with the present value of the defined benefit liability:

in TEUR	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Present value of defined benefit liability	33,404	29,901	29,931	45,181	46,370
Fair value of plan assets	2,015	1,981	1,947	1,912	1,878
Pension reserves	31,389	27,920	27,985	43,269	44,492

The basic assumptions for the calculation of post-employment pension obligations are shown below:

in %	2024	2023
Discount rate	3.50	4.10
Salary trend	2.75	2.75
Pension trend	2.00	2.00
Fluctuation	1.00	1.00

Post-employment mortality among 65-year-old retirees in accordance with Heubeck's 2018 G benchmark tables

In the financial year, the underlying pension trend was adjusted by a further 8% across the board to take account of inflation.

The following would be the effects on the pension liability if the actuarial assumptions change:

PENSION LIABILITY

in TEUR	+25 BP	–25 BP
Discount rate	32,281	34,588
Salary trend	33,590	33,219
Pension trend	34,365	32,483

The above sensitivity analysis is based on a scenario where one assumption changes while all the others remain constant. In reality, however, it is not unlikely for changes in multiple assumptions to be correlated.

The methods and types of assumptions used for the sensitivity analysis have not changed since the previous period.

6.10 Current and non-current accounts payable

BOOK VALUES

in TEUR		Book value	thereof term ≤ 1 year	thereof term > 1–5 years	thereof term > 5 years
Accounts payable to banks	12/31/2024	90,856	883	89,973	—
	12/31/2023	90,933	971	44,982	44,980
Trade payables	12/31/2024	12,323	12,323	—	—
	12/31/2023	10,124	10,124	—	—
Accounts payable from income taxes	12/31/2024	1,407	1,407	—	—
	12/31/2023	984	984	—	—
Other accounts payable	12/31/2024	4,337	4,337	—	—
	12/31/2023	3,874	3,874	—	—
Total	**12/31/2024**	**108,923**	**18,950**	**89,973**	**—**
	12/31/2023	**105,915**	**15,953**	**44,982**	**44,980**

ACCOUNTS PAYABLE TO BANKS

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 boehmites product range and for viscosity optimized aluminum hydroxides, which are primarily used as composite materials in electromobility. 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. No covenant violations are expected for 2025 either.

TRADE PAYABLES

Trade payables have a residual term of up to 90 days.

The book values of trade payables are equal to their fair value due to this short-term nature.

ACCOUNTS PAYABLE FROM INCOME TAXES

This includes outstanding tax payments in Germany and subsidiaries resulting from local income taxes for the financial year just closed.

OTHER ACCOUNTS PAYABLE

Current accounts payable consist of the following financial and non-financial obligations:

OTHER ACCOUNTS PAYABLE

in TEUR	12/31/2024	12/31/2023
Financial statements and auditing	229	251
Other	82	94
Professional association	8	27
Other current financial liabilities	**319**	**372**

in TEUR	12/31/2024	12/31/2023
Bonuses and other performance-based compensation	2,326	1,900
Outstanding vacation claims	1,098	972
Amounts owed to the tax office	333	344
Other excise duties	207	204
Social expenses owed	46	49
Inventor compensation	7	32
Demographic Contribution II	1	1
Other current non-financial liabilities	**4,018**	**3,502**
Other current liabilities (total)	**4,337**	**3,874**

Amounts owed for bonuses and performance-based compensation accrue depending on the degree to which the targets are met. Amounts owed for outstanding vacation claims depend on the individual employees.

Amounts owed to the tax office consist primarily of wage and church tax for the financial year just closed which has yet to be paid as of the reporting date.

Due to the short-term nature of these obligations, the book values of the other current accounts payable are approximately equal to their fair value.

7. Other disclosures

7.1 Other financial liabilities

LIABILITIES ARISING FROM LEASES WITH THE GROUP AS LESSEE

The Group has financial liabilities arising from lease agreements. As of the reporting date, 31 December 2024, no lease agreements existed for various technical equipment and machinery within the context of sale-and-leaseback transactions. The residual terms of all contracts are largely between one and ten years.

A total of TEUR 1,095 (previous year: TEUR 940) in expenses arising from leases (short-term leases and leases of low-value assets) was recognized in the current year.

Total future lease payments have the following maturities:

in TEUR	12/31/2024	12/31/2023
Lease payments within 1 year	1,911	898
Lease payments, 1–5 years	7,920	7,169
Lease payments, over 5 years	5,467	4,968
Total	**15,298**	**13,035**

The total of future lease payments includes future payment obligations in the amount of TEUR 6,780 (previous year: TEUR 6,780) for leases that have already been entered into but have not yet commenced.

CONTINGENT LIABILITIES AND GUARANTEES

The following contingent liabilities were recorded at year-end:

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

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 management 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 management assumes that the payment obligations will be met on an ongoing basis due to the company's positive liquidity situation.

As of 31 December 2024, purchase commitments amounted to TEUR 21,008 (previous year: TEUR 10,132) from investment orders.

7.2 Disclosures concerning financial instruments

BOOK VALUE, MEASUREMENT AND FAIR VALUE BY MEASUREMENT CATEGORY

The table below shows the book values and fair values of all financial instruments recognized in the consolidated financial statements:

in TEUR	Measurement category pursuant to IFRS 9	Book value 2024	Book value 2023	Fair value 2024	Fair value 2023
Financial assets					
Trade receivables	AC	633	1,447	633	1,447
Other assets and accounts receivable					
Other non-derivative accounts receivable and financial assets	AC	19,472	18,626	19,472	18,626
Cash and cash equivalents	AC	86,527	85,955	86,527	85,955
Financial liabilities					
Financial liabilities at amortized cost					
Accounts payable to banks	AC	90,856	90,933	90,856	90,933
Trade payables	AC	12,323	10,124	12,323	10,124
Other financial liabilities					
Other non-derivative financial liabilities	AC	319	372	319	372

The following abbreviations are used for the measurement categories pursuant to IFRS 9:

ABBREVIATIONS		
AC	Amortized Cost	Financial instruments recognized at amortized cost
FVOCI (debt)	Fair Value through Other Comprehensive Income – debt instrument	Debt instruments at fair value, with no effect on profit and loss (recycling)
FVOCI (equity)	Fair Value through Other Comprehensive Income – equity instrument	Equity instruments at fair value, with no effect on profit and loss (non-recycling)
FVTPL	Fair Value through Profit and Loss	Financial instruments at fair value through profit and loss

The fair value of the loans and other financial assets corresponds approximately to the book value.

Cash and cash equivalents, trade receivables and other accounts receivable have a residual term of less than one year. As a result, their book value as of the reporting date approximates their fair value.

NET INCOME BY MEASUREMENT CATEGORY

Income and expenses from financial instruments are presented below using the measurement categories in IFRS 9:

MEASUREMENT CATEGORY PURSUANT TO IFRS 9

in TEUR		From interest	From subsequent measurement: At fair value	Currency translation	Impairment	Net income 2024
Amortized cost	AC	2,511	—	604	-76	3,039
Fair Value through Other Comprehensive Income – debt instrument	FVOCI (debt)	—	—	—	—	—
Fair Value through Other Comprehensive Income – equity instrument	FVOCI (equity)	—	—	—	—	—
Fair Value through Profit and Loss	FVTPL	—	—	—	—	—
Other Liabilities	AC	-3,442	—	-211	—	-3,653
Total 2024		**-931**	**—**	**393**	**-76**	**-614**

MEASUREMENT CATEGORY PURSUANT TO IFRS 9

in TEUR		From interest	From subsequent measurement: At fair value	Currency translation	Impairment	Net income 2023
Amortized cost	AC	2,027	—	-641	447	1,833
Fair Value through Other Comprehensive Income – debt instrument	FVOCI (debt)	—	—	—	—	—
Fair Value through Other Comprehensive Income – equity instrument	FVOCI (equity)	—	—	—	—	—
Fair Value through Profit and Loss	FVTPL	—	—	—	—	—
Other Liabilities	AC	-3,163	—	97	—	-3,066
Total 2023		**-1,136**	**—**	**-544**	**447**	**-1,233**

In the consolidated statement of comprehensive income, interest income and expenses from financial instruments are recognized under “interest and similar income” and “interest and similar expenses.” Interest income from financial assets in the “amortized cost” measurement category largely consists of interest income from current account balances and short- and long-term deposits. Interest expenses from financial liabilities in the “other liabilities” measurement category largely consist of interest expenses for accounts payable to banks.

The total interest expense for the loan against borrower's note, calculated using the effective interest method, was TEUR 2,884 (previous year: TEUR 2,640).

Currency translation income and expenses for financial assets in the "amortized cost" measurement category and financial liabilities in the "other liabilities" measurement category result from shares in companies which are not fully consolidated, trade payables and receivables and accounts payable to banks which are denominated in foreign currency. They are recognized under "other operating income" and "other operating expenses."

Impairments largely consist of transfers to and reversals of individual allowances on trade receivables. These amounts are recognized under "other operating income" and "other operating expenses."

DEFAULT RISK

Default risks arise primarily from trade receivables. Factoring transactions are used in order to minimize default risks. Under these contractual arrangements, the risk that the debtor will be unable to pay is transferred to the counterparty. As a result, the relevant amounts are derecognized in their entirety and are no longer recognized as trade receivables. The exceptions are trade receivables which are not accepted by the factor, e.g. because a credit limit has been exceeded.

The amounts recognized in the balance sheet have been adjusted by the allowance for unrecoverable claims, which was estimated by management using the expected loss model. Individual allowances are made whenever an indication exists that accounts receivable are uncollectible. These indications are based on intensive contacts within the framework of receivables management.

The default risk in the event of counterparty default in connection with the Group's financial assets, such as trade receivables, cash and cash equivalents and other assets, is no higher than the book value of the relevant instruments.

There is no major concentration of default risks within the Group, as these risks are spread out over a large number of counterparties and customers. Trade receivables are also insured through credit default insurance. As in the previous year, there were no restrictions on ownership or disposal.

The table below shows the change in allowances on trade receivables:

in TEUR	**2024**	**2023**
1 January	**139**	**586**
Transfers	76	0
Reversals	0	–447
31 December	**215**	**139**

The age structure of trade receivables is as follows:

in TEUR	Book value	Neither overdue nor impaired	Overdue but not impaired			
			< 3 months	3–6 months	> 6–12 months	> 12 months
12/31/2024	**633**	**633**	**0**	**0**	**0**	**0**
12/31/2023	1,447	1,447	0	0	0	0

As far as trade receivables are concerned which are neither in default nor written down, there was no indication as of the reporting date that the debtors will be unable to meet their payment obligations.

No trade receivables were overdue or impaired due to modified conditions.

Time deposits in the amount of TEUR 15,000 (previous year: TEUR 15,000) also show no signs that the banks concerned will be unable to meet their payment obligations.

No other financial assets were impaired. No impairments were expected in that regard as of the reporting date.

LIQUIDITY RISK

The Group routinely monitors the risk of a liquidity shortage, taking into account e.g. the terms to maturity of financial assets and liabilities as well as expected cash flows from business activities. The Group's goal is to use bank overdrafts and loans to continually meet liquidity requirements while at the same time ensuring utmost flexibility. The Group has existing unutilized credit limits in the amount of TEUR 2,000 as of 31 December 2024 (previous year: TEUR 2,000).

The table below shows the contractually stipulated (undiscounted) cash flows in connection with financial liabilities. It includes all financial liabilities held as of the reporting date for which payments had been contractually stipulated. Estimates of future new obligations were not included. Amounts denominated in foreign currencies were translated using the exchange rate as of the reporting date. Variable interest payments on financial instruments were determined based on the fixed interest rates in effect most recently prior to the reporting date. Financial liabilities which are payable at any time are assigned to the earliest maturity category.

CASH FLOWS (UNDISCOUNTED)

in TEUR		Total	thereof term ≤ 1 year	thereof term > 1–5 years	thereof term > 5 years
Accounts payable to banks	12/31/2024	100,493	3,416	97,077	—
	12/31/2023	105,788	4,013	56,043	45,732
Trade payables	12/31/2024	12,323	12,323	—	—
	12/31/2023	10,124	10,124	—	—
Other financial liabilities	12/31/2024	319	319	—	—
	12/31/2023	372	372	—	—
Total (financial liabilities)	**12/31/2024**	**113,135**	**16,058**	**97,077**	**0**
	12/31/2023	**116,284**	**14,509**	**56,043**	**45,732**

FOREIGN EXCHANGE RISK

The Group's foreign exchange risks result from its operations. While the individual Group companies operate predominantly with their respective functional currencies, they are exposed to foreign exchange risks in connection with expected payments outside of their functional currency.

In accordance with IFRS 7, foreign exchange risks are presented using sensitivity analyses, which show the effects on pre-tax earnings (due to changes in the measurement of financial assets and liabilities with effect on profit and loss) and possibly shareholders' equity of the Euro going up or down in value relative to all other foreign currencies. These analyses focus on financial instruments which are denominated in a currency other than the local functional currency, and which are monetary in nature. Accordingly, differences arising from the translation of foreign statements into the Group currency, Euros, due to changes in exchange rates are not recognized, in accordance with the requirements of IFRS 7. As in the previous year, there were no effects on shareholders' equity as of the balance sheet date, as there were no currency derivatives designated as cash flow hedges.

	Rate change in %	Impact on pre-tax earnings in TEUR	Impact on shareholders' equity* in TEUR
2024			
USD	+10	463	0
USD	–10	–463	0
2023			
USD	+10	269	0
USD	–10	–269	0

* not including the impact on pre-tax earnings

INTEREST RATE RISK

The Group's exposure to the risk of fluctuations in market interest rates results primarily from financial accounts payable to banks carrying variable interest rates. The Group's interest expenses are managed through a combination of fixed-interest and variable-interest debt.

Interest rate risks are modeled in accordance with the requirements of IFRS 7 using sensitivity analyses, which show the effects of hypothetical changes in market interest rates on current interest payments, income and expenses as follows in the context of pre-tax earnings and possibly shareholders' equity:

	Increase/ decrease in basis points	Impact on pre-tax earnings in TEUR	Impact on shareholders' equity* in TEUR
2024			
Europe	+100	578	0
USA	+100	0	0
Europe	–100	–578	0
USA	–100	0	0
2023			
Europe	+100	579	0
USA	+100	0	0
Europe	–100	–579	0
USA	–100	0	0

* not including the impact on pre-tax earnings

As in the previous year, there were no effects on shareholders' equity as of the balance sheet date, as there were no interest rate derivatives designated as cash flow hedges.

7.3 Additional disclosures concerning capital management

Nabaltec AG employs a solid capital management scheme in order to enable the Group to remain on track for growth and to ensure its ability to meet its payment obligations. A particular goal is to maintain an enduring balance between equity and debt.

Nabaltec AG's shareholders' equity and debt items recognized in connection with capital management as of 31 December 2024 and 2023 are shown below:

	12/31/2024 in TEUR	12/31/2023 in TEUR	Change in %
Shareholders' equity	**153,210**	**141,810**	**8.04**
as % of total capital	62.77	60.93	3.02
Non-current financial debt	89,973	89,962	0.01
Current financial debt	883	971	–9.06
Debt*	**90,856**	**90,933**	**–0.09**
as % of total capital	37.23	39.07	–4.71
Total capital for capital management purposes	**244,066**	**232,743**	**4.87**

* The company defines debt as accounts payable to banks.

Equity decreased by TEUR 11,400 in the financial year just closed to TEUR 153,210, largely due to positive consolidated earnings of TEUR 14,261 and the opposite effect of the increase in actuarial losses by TEUR 2,105.

Debt decreased by TEUR 77 in the financial year just closed to TEUR 90,856, largely due to changes in current account liabilities.

Together, these effects resulted in an increase in the equity ratio (shareholders' equity as a percentage of total capital) to 62.77% in 2024, up from 60.93% in the previous year. The ratio of debt to capital for capital management purposes decreased from 39.07% to 37.23% on 31 December 2024.

In the future, the Group will endeavor to steadily optimize its financial management, together with continuous monitoring and management of its equity ratio.

The goal of this financial management is to finance all necessary investments, to present a high level of solvency to Nabaltec AG's business partners, and to optimize the cost of capital.

Nabaltec AG is not subject to any capital adequacy requirements in accordance with its Articles of Association. For covenants arising from loan contracts, reference is made to Section 6.10, "Current and non-current accounts payable."

7.4 Transactions with related parties

Persons and companies are considered to be related parties in terms of IAS 24, “Related party disclosures,” if one of the parties has the ability, directly or indirectly, to control or exercise a significant influence over the other party, or if one of the parties is engaged in joint management of the company.

The following persons and companies have been identified as related parties:

- members of the Management Board (see Section 7.8, “Corporate officers”) and their close family members;
- members of the Supervisory Board (see Section 7.8, “Corporate officers”) and their close family members;
- companies which are directly or indirectly controlled by members of the Management Board or Supervisory Board.

The members of the Management Board received short-term remuneration in the total amount of TEUR 2,475 in Financial Year 2024 (previous year: TEUR 2,248). Moreover, no addition was made to provisions for anniversary bonuses of TEUR 0 (previous year: TEUR 0). In addition, a total of TEUR 591 was spent on post-employment benefits (previous year: TEUR 581).

The members of the Supervisory Board received a total of TEUR 84 in remuneration in Financial Year 2024 (previous year: TEUR 84).

The following accounts receivable and payable existed as of 31 December 2024 and 2023 vis-à-vis related parties and companies:

	Accounts receivable		Accounts payable	
in TEUR	**12/31/2024**	**12/31/2023**	**12/31/2024**	**12/31/2023**
Companies controlled by Supervisory Board members	0	0	0	0
Companies controlled by Management Board members	4	4	130	0

In addition to Management and Supervisory Board compensation, the following transactions with related parties were recognized in Financial Years 2024 and 2023:

	Deliveries and services performed and other income		Deliveries and services received and other expenses	
in TEUR	**2024**	**2023**	**2024**	**2023**
Companies controlled by Supervisory Board members	0	0	0	0
Companies controlled by Management Board members	35	32	1,106	1,347

Transactions with companies controlled by Management Board members include human resources services and other services (income in the amount of TEUR 35, previous year: TEUR 32) and investment planning (expenses in the amount of TEUR 1,106, previous year: TEUR 1,347).

7.5 Earnings per share

The number of outstanding shares changed as follows over the Financial Year:

NUMBER OF SHARES

	2024	**2023**
Outstanding common shares as of 1 January	8,800,000	8,800,000
No transactions took place in these years	0	0
Outstanding common shares as of 31 December	8,800,000	8,800,000
Average undiluted number of outstanding common shares	**8,800,000**	**8,800,000**

To calculate undiluted earnings per share, the earnings attributable to holders of common shares in the company are divided by the weighted average number of common shares in circulation during the year.

In accordance with IAS 33, “Earnings per share,” the calculation of diluted earnings per share must also take into account the effects of potential common shares. Dilutive effects on the earnings do currently not exist. Accordingly, the undiluted earnings per share is equal to the diluted earnings per share for Financial Years 2024 and 2023.

Earnings per share are therefore as follows:

EARNINGS PER SHARE

	2024	2023
Consolidated after-tax earnings	14,261	11,418
Average undiluted number of outstanding common shares	8,800,000	8,800,000
Earnings per share	**1.62**	**1.30**

We also refer to the statements in Section 6.8, "Shareholders' equity."

7.6 Disclosures concerning the consolidated cash flow statement

The consolidated cash flow statement shows the origin and use of cash flows. A distinction is made between cash flow from operating activity and cash flow from investment and financing activity in accordance with IAS 7, "Statement of Cash Flows."

The item presented in Section 6.7, "Cash and cash equivalents," is included in the funds presented in the consolidated cash flow statement.

Interest paid and received and taxes on income are directly evident from the consolidated cash flow statement.

The changes in liabilities to banks attributable to financing activities on the balance sheet result from changes in current account liabilities amounting to TEUR −88 and from non-cash accrued interest on original transaction costs amounting to TEUR 11.

7.7 Segment reporting

The operating segments conform to the Group's business segments. The Group's risks and internal organizational and reporting structures are largely determined by the products which are manufactured in the various segments.

BUSINESS SEGMENTS

Nabaltec is divided into two product segments, "Functional Fillers" and "Specialty Aluminas." Each segment represents a strategic business unit with distinct products and markets.

The "Functional Fillers" division primarily manufactures and distributes non-halogenated flame-retardant fillers for the plastics and cable industry, as well as additives.

In the "Specialty Aluminas" division, ceramic materials and ceramic bodies are manufactured and distributed for a wide range of applications in technical ceramics and in the refractory industry.

The "Others" column consists of assets and liabilities which are not attributable to any individual segment. It is comprised primarily of liquid and other assets (segment assets) as well as accounts payable to banks, pension/anniversary reserves and deferred taxes on the liabilities side (segment liabilities).

Transfer prices between the business segments are generally determined based on typical market conditions in accordance with the arm's length principle. Segment revenues, expenses and earnings include transfers between business units which are eliminated over the course of consolidation. No transactions between the business segments took place in the 2024 and 2023 Financial Years.

FINANCIAL YEAR ENDING ON 12/31/2024

in TEUR	Functional Fillers	Specialty Aluminas	Other	Nabaltec Group
Revenues				
Revenues from non-Group customers	148,028	55,574	—	203,602
Segment earnings				
EBITDA	30,625	3,552	—	34,177
EBIT	21,506	752	—	22,258
Assets and liabilities				
Segment assets	151,757	44,974	101,527	298,258
Segment liabilities	14,466	3,806	126,776	145,048
Other segment data				
Investments				
– Property, plant and equipment	25,327	6,119	—	31,446
– Intangible assets	491	210	—	701
Depreciation				
– Property, plant and equipment	9,058	2,762	—	11,820
– Intangible assets	61	38	—	99

FINANCIAL YEAR ENDING ON 12/31/2023

in TEUR	Functional Fillers	Specialty Aluminas	Other	Nabaltec Group
Revenues				
Revenues from non-Group customers	142,309	57,824	—	200,133
Segment earnings				
EBITDA	26,606	4,397	—	31,003
EBIT	16,929	1,410	—	18,339
Assets and liabilities				
Segment assets	138,315	41,612	100,955	280,882
Segment liabilities	11,628	3,912	123,532	139,072
Other segment data				
Investments				
– Property, plant and equipment	12,033	1,576	—	13,609
– Intangible assets	285	154	—	439
Depreciation				
– Property, plant and equipment	9,593	2,937	—	12,530
– Intangible assets	84	50	—	134

REGIONAL DATA

Regions are defined for Germany, rest of Europe, USA and rest of world.

FINANCIAL YEAR ENDING ON 12/31/2024

in TEUR	Germany	Rest of Europe	USA	Rest of world	Total
Revenues					
Revenues from non-Group customers	47,616	106,759	27,763	21,464	203,602
Other segment data					
Segment assets	256,063	—	38,835	3,360	298,258
Investments					
– Property, plant and equipment	30,615	—	831	—	31,446
– Intangible assets	701	—	—	—	701

FINANCIAL YEAR ENDING ON 12/31/2023

in TEUR	Germany	Rest of Europe	USA	Rest of world	Total
Revenues					
Revenues from non-Group customers	50,049	103,963	23,811	22,310	200,133
Other segment data					
Segment assets	239,772	—	37,002	4,108	280,882
Investments					
– Property, plant and equipment	12,635	—	974	—	13,609
– Intangible assets	439	—	—	—	439

More than 10% of total revenues in Financial Year 2024 were earned from a single customer. This customer’s revenue amounted to TEUR 20,865 and is included in the “Functional Fillers” product segment. More than 10% of total revenues in Financial Year 2023 were not earned from a single customer.

The Group’s non-current assets are located in Germany and the US. Non-current assets are defined as assets which are used in business operations and which are intended to remain in the company for more than twelve months. The allocation to the various regions is determined by the location of the respective assets.

7.8 Corporate officers

MANAGEMENT BOARD

◆ Mr. Johannes Heckmann	(Chief Executive Officer)
◆ Mr. Günther Spitzer	(Chief Financial Officer)
◆ Dr. Alexander Risch	(Chief Operating Officer)

SUPERVISORY BOARD

◆ Mr. Gerhard Witzany	(Chairman)
◆ Dr. Dieter J. Braun	(Vice Chairman)
◆ Prof. Dr.-Ing. Jürgen G. Heinrich	until 25 June 2024
◆ Mr. Dirk A. Müller	as of 25 June 2024

7.9 Major events occurring after the reporting date

No major events occurred after the reporting date.

7.10 Auditor's fees

The auditor's fee for auditing services (including the 2024 consolidated financial statements) amounts to TEUR 138 (previous year: TEUR 134). The auditor received a fee in the amount of TEUR 18 (previous year: TEUR 12) for other assurance services, and a fee of TEUR 55 (previous year: TEUR 32) for tax advisory services. As in the previous year, other services have not been provided.

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 consolidated financial statements of Nabaltec AG, Schwandorf, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2024, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2024 to 31 December 2024, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group 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 consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January 2024 to 31 December 2024, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated 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 consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group 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 Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities 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 consolidated financial statements and on the group 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 consolidated financial statements, not the audited content of the group 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 consolidated financial statements and on the group 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 consolidated financial statements, with the audited content of the group 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 CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated 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 consolidated financial statements, the executive directors are responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated 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 group 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 group management report.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated 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 consolidated financial statements and on the group 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 consolidated financial statements and this group 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 consolidated financial statements and of the group 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 consolidated financial statements and of arrangements and measures relevant to the audit of the group 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.
- 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 Group'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 consolidated financial statements and in the group 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 Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the group 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:	Signed:
Alexander Hofmann	Johannes Gräbner
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

ANNUAL FINANCIAL STATEMENTS NABALTEC AG 2024

(GERMAN COMMERCIAL CODE, SHORT VERSION)

BALANCE SHEET

for 31 December 2024

ASSETS

in TEUR		12/31/2024	12/31/2023
A.	**Non-current assets**		
I.	**Intangible assets**		
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**
II.	**Property, plant and equipment**		
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**
III.	**Financial assets**		
1.	Shares in affiliated companies	3,607	3,607
2.	Loans to affiliated companies	30,223	32,137
		33,830	**35,744**
		134,510	**113,951**
B.	**Current assets**		
I.	**Inventories**		
1.	Raw materials and supplies	21,448	25,337
2.	Finished goods and merchandise	13,404	11,524
		34,852	**36,861**
II.	**Accounts receivable and other assets**		
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**
III.	**Cash on hand and in banks**	**77,743**	**79,643**
		135,308	**141,571**
C.	**Prepaid expenses**	**415**	**340**
TOTAL ASSETS		**270,233**	**255,862**

LIABILITIES

in TEUR		12/31/2024	12/31/2023
A.	**Shareholders' equity**		
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.	**Special item for investment grants**	**0**	**0**
C.	**Provisions**		
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**
D.	**Accounts payable**		
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 – thereof relating to taxes: TEUR 333 (PY: TEUR 344) – thereof relating to social security: TEUR 45 (PY: TEUR 45)	460	484
		100,712	**98,496**

	12/31/2024	12/31/2023
TOTAL LIABILITIES	**270,233**	**255,862**

INCOME STATEMENT

for the Financial Year 1 January to 31 December 2024

in TEUR	01/01/–12/31/2024		01/01/–12/31/2023	
1. Revenue		204,308		199,960
2. Increase or decrease in finished goods		1,831		1,035
3. Own work capitalized		1,321		416
Total performance		**207,460**		**201,411**
4. Other operating income – thereof from currency translation: TEUR 1,270 (PY: TEUR 986)		3,318		1,933
		210,778		**203,344**
5. Cost of materials:				
a) Cost of raw materials, supplies and purchased goods – thereof income from other periods from energy cost reimbursement: TEUR 0 (PY: TEUR 409)	–113,265		–111,913	
b) Cost of purchased services	–1,174	–114,439	–767	–112,680
Gross profit		**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 – thereof for pensions: TEUR 897 (PY: TEUR 1,532)	–6,519		–6,875	
7. Amortization/depreciation of intangible assets and property, plant and equipment	–8,802		–9,336	
8. Other operating expenses – thereof from currency translation: TEUR 870 (PY: TEUR 1,538)	–30,102	–76,861	–29,670	–75,879
		19,478		**14,785**
9. Income from investments – thereof from affiliated companies: TEUR 1,778 (PY: TEUR 1,642)	1,778		1,642	
10. Other interest and similar income	2,506		2,023	
11. Depreciation on financial assets and current securities – thereof from affiliated companies: TEUR 58 (PY: TEUR 56)	–58		–56	
12. Interest and similar expenses – thereof from discounts: TEUR 685 (PY: TEUR 653)	–4,128	98	–3,817	–208
Net before tax result		**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
16. Net result for the year		**13,897**		**10,088**
17. Profit carried forward		**48,702**		**41,078**
18. Accumulated profit		**62,599**		**51,166**

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**

FINANCIAL CALENDAR 2025

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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Statements relating to the future

This annual report 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.

Nabaltec AG

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