

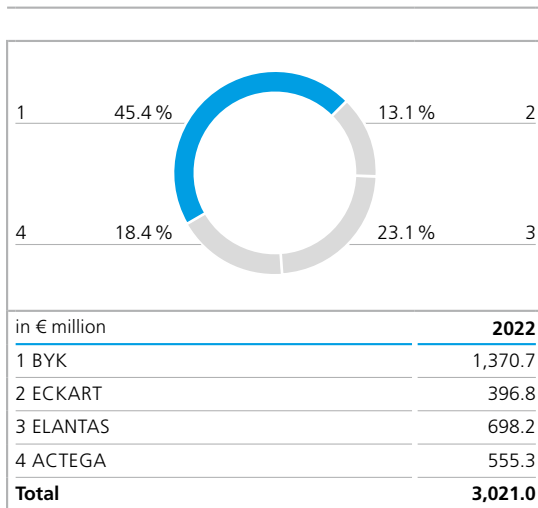


Group Profile 2022

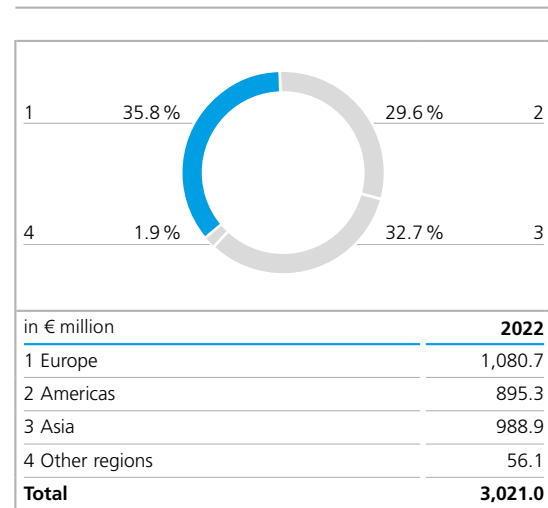
ALTANA's divisions



Sales by division



Sales by region



Key figures at a glance

	2021	2022	Δ %
in € million			
Sales	2,666.5	3,021.0	13
Earnings before interest, taxes, depreciation and amortization (EBITDA)	481.7	452.2	-6
<i>EBITDA margin</i>	18.1%	15.0%	
Operating income (EBIT)	322.8	287.5	-11
<i>EBIT margin</i>	12.1%	9.5%	
Earnings before taxes (EBT)	275.0	305.5	11
<i>EBT margin</i>	10.3%	10.1%	
Net income (EAT)	195.2	232.4	19
<i>EAT margin</i>	7.3%	7.7%	
Research and development expenses	179.7	192.9	
Capital expenditure on intangible assets and property, plant and equipment	149.3	103.5	-31
Cash Flow from operating activities	244.4	201.6	-18
<i>Return on capital employed (ROCE)</i>	9.6%	7.9%	
ALTANA Value Added (AVA)	66.2	12.3	-81

	Dec. 31, 2021	Dec. 31, 2022	Δ %
in € million			
Total assets	3,636.0	3,961.5	9
Shareholders' equity	2,675.4	2,951.6	10
Net debt (-)/Net financial assets (+) ¹	67.7	144.7	>100
Headcount	6,731	6,957	3

¹ Comprises cash and cash equivalents, current financial assets, current marketable securities, loans granted, debt, and employee benefit obligations.

	2021	2022	Δ %
WAI 1 (number of reported occupational accidents with lost work time of one day or more per million working hours)	2.1	2.5	19
WAI 2 (number of reported occupational accidents with lost work time of more than three days per million working hours)	1.5	2.0	33
WAI 3 (number of lost work days due to reported occupational accidents per million working hours)	25.2	23.1	-8
Total CO ₂ equivalents (Scope 1 + Scope 2) ² (t)	102,851	92,629	-10
<i>of which offset by compensation (Scope 1)² (t)</i>	33,351	40,729	22
Specific CO ₂ equivalents (Scope 1 + Scope 2) ² (kg/kg finished goods)	0.17	0.16	-6

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

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

Table of Contents

1	Letter from the Management Board
6	About This Report
7	Sustainability Management
12	Corporate Bodies and Management
14	Report of the Supervisory Board
19	Shaping the Future Together
44	Group Management Report
45	Group Basics
52	Business Development
64	Innovation, Employees, Environment, and Safety
71	Declaration on Corporate Governance
75	Subsequent Events
75	Expected Developments
87	Products
92	Safety and Health
96	Environment
102	People
105	Social Commitment
110	Consolidated Financial Statements (condensed version)
111	ALTANA Group Consolidated Income Statement
112	ALTANA Group Consolidated Statement of Financial Position
114	ALTANA Group Consolidated Statement of Cash Flows
116	Reference to the Consolidated Financial Statements
118	Management Board Responsibility Statement
120	Multi-Year Overview
122	Global Compact: Communication on Progress (COP)

Legal Disclaimer

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

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

Dear Ladies and Gentlemen,

2022 was a year in which we were preoccupied with various developments that were not within our immediate sphere of influence, first and foremost the war against Ukraine. The human suffering this war is causing takes precedence over all economic interests. For this reason, we ensured back in March that until further notice none of our products would be supplied to Russia or Belarus and no raw materials would be sourced from these countries, even in cases where this would have been legal under the sanctions adopted. In addition, we donated a quarter of a million euros to UN refugee aid at the beginning of the year.

2022 was also marked by dramatically increased raw material and energy prices and a significant decline in sales volumes due to the subdued mood on the markets.

Under these conditions, we were not able to achieve the strong sales volume and earnings of the previous year. But despite this very challenging and volatile environment, we succeeded in generating sales exceeding three billion euros for the first time and closed the fiscal year with significant sales growth overall compared with 2021.

The past year once again underlined two admirable characteristics of the entire ALTANA team: Our company is extremely resilient even in very turbulent times – primarily due to our financial and innovative strength as well as our largely decentralized and thus flexible and customer-oriented setup. And secondly, we not only react to external influencing factors, but actively make important contributions to meeting the great challenges of our time, chief among them climate change.

We are continuing to push forward our program to make ALTANA a climate-neutral and in the long term carbon-free company. As a result, we are living up to our responsibility and our climate protection aspirations in keeping with the UN Global Compact initiative for responsible and sustainable corporate management. Our sites around the world made considerable progress in this regard last year. In November 2022, for example, BYK in Shanghai began operating a 2,000 square meter solar plant.



ALTANA's Management Board from left to right:

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

An important example of our ability to act at present is the natural gas independence of our sites in continental Europe. Together with our local employees, we have converted our energy supply in such a way that, if need be, we could continue to produce without natural gas, although the further impact of the war against Ukraine on the energy and raw material markets and on demand cannot be reliably estimated.

We are shaping our future and that of our environment, now more than ever, by continuing to invest in new technologies and digitization in a targeted and determined manner. For example, we acquired a stake in the technology startup Saralon in December 2022. The company specializes in the development of inks for printed electronics, which can already be used to print batteries, for example. In line with our corporate venturing strategy, we support up-and-coming startups not only financially, but also with our expertise – in this case, due to our ELANTAS division's many years of market experience. At the same time, we at ALTANA benefit from the young company's startup mentality.

In 2022, a team at ACTEGA, among others, showed what can emerge from a vibrant spirit of research and entrepreneurship when it received the ALTANA Innovation Award for its ROTARflow invention. This solution, which is unique in the market, improves efficiency in the production of cans for preserved foods and beverages and enhances sustainability using modern digitization technologies.

In an increasingly complex world, it is particularly important to set the right priorities. What these will be in the coming years is delineated in the new edition of our Keep Changing Agenda which – like ALTANA itself – has been constantly evolving since 2016. Sustainability in all its dimensions plays a key role here, as do the people at ALTANA who bring the mix of continuity and change typical of our company to life and make it a success.

For us on ALTANA's Management Board, 2023 also began with changes. After more than 20 years of close and successful cooperation, Dr. Christoph Schlünken began his well-deserved retirement at the end of 2022. He very successfully helped shape and hallmark ALTANA's growth and corporate culture. For these achievements, we would like to

take this opportunity to express our great appreciation and gratitude to Dr. Schlünken. Dr. Tammo Boinowitz took over Dr. Schlünken's responsibilities at the beginning of this year. As the Management Board team, we look forward to working together in the new constellation.

In addition to the people who work in the ALTANA Group, it is primarily the dialog with our external stakeholders that is fundamental for our sustainable success. The past year has once again shown us all how important values such as trust, respect, and tolerance are. For ALTANA, they have long been the foundation of our work. Whether it is the close cooperation with our customers, which with the necessary pinch of courage spawns groundbreaking innovations, the joint struggle for sustainable solutions with our suppliers, or the intensive exchange with up-and-coming new talents – we are convinced that only together can we meet the diverse challenges of our time. That is the reason why we significantly intensified the dialog with our stakeholders in 2022 and sought their opinions on the materiality of various sustainability issues in a comprehensive expert survey. Excerpts from these discussions can be found in the magazine section of this report. We would like to thank all the experts who not only shared their views with us, but also our ambition to bring about sustainable change.

We would like to express our sincere thanks to our employees for their extraordinarily high level of commitment and their personal contribution in 2022. Our thanks also go to our customers and business partners as well as to the members of the Supervisory Board for their constructive support and their trust in ALTANA's work.

Martin Babilas

Dr. Tammo Boinowitz

Stefan Genten

About This Report

Corporate Report 2022

The Corporate Report for 2022 encompasses the annual and sustainability reports. With it, the ALTANA Group informs the public, its employees and business partners, as well as public authorities, nongovernmental organizations, and all other interested parties about the Group's development in economic, ecological, and social respects. In addition to the Group Management Report, which also contains information on corporate governance, and the Consolidated Financial Statements (condensed version), this report contains a description of ALTANA's understanding of sustainable management and the progress the Group has made in implementing it in the past fiscal year. As a result, this report for 2022 updates the content that was published in the 2021 Corporate Report (published on March 18, 2022). At the same time, it serves as the annual Communication on Progress of the UN Global Compact.

The Reporting Period

All financial and human resources information in the Group Management Report and the Consolidated Financial Statements for 2022, as well as the environmental key performance indicators and data on occupational health and safety, refer to the period from January 1 to December 31.

Reporting Principles

In terms of the Group Management Report and the Consolidated Financial Statements, the reporting adheres to the specifications of the International Financial Reporting Standards (IFRS), as applicable in the EU, and the additional requirements of German commercial law pursuant to section 315 e of the German Commercial Code (HGB). As in the

previous years, this was audited and confirmed by an independent auditor. The complete Consolidated Financial Statements including the Notes to the Consolidated Financial Statements are available online at www.altana.com/consolidated_financial_statements_2022.

ALTANA reports in accordance with the standards of the Global Reporting Initiative (GRI). The report is also based on the framework of the International Integrated Reporting Council (IIRC). The accident indicators WAI 1, WAI 2, and WAI 3, as well as selected energy indicators, including greenhouse gas emissions, are presented in the Group Management Report and were part of the audit carried out by an independent auditing company. These and other sustainability indicators can be found in detail online at www.altana.com/facts_figures_sustainability_2022.

Details on the selection of relevant reporting content in accordance with the GRI standards and on the definition of the sustainability topics important for the ALTANA Group and its stakeholders can be found in the following section. A detailed list of all criteria in accordance with the GRI standards on which ALTANA provides information is available online at www.altana.com/facts_figures_sustainability_2022. This report is available in German and English.

Sustainability Management

ALTANA's Understanding of Sustainability

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

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

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

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

The View of Our Stakeholders

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

In the 2022 fiscal year, ALTANA once again conducted a materiality analysis with a stakeholder survey. The aim of the project was to identify or confirm the sustainability topics that are essential for business operations with the involvement of the relevant stakeholders. In doing so, ALTANA oriented itself both to the current GRI standards (2021)

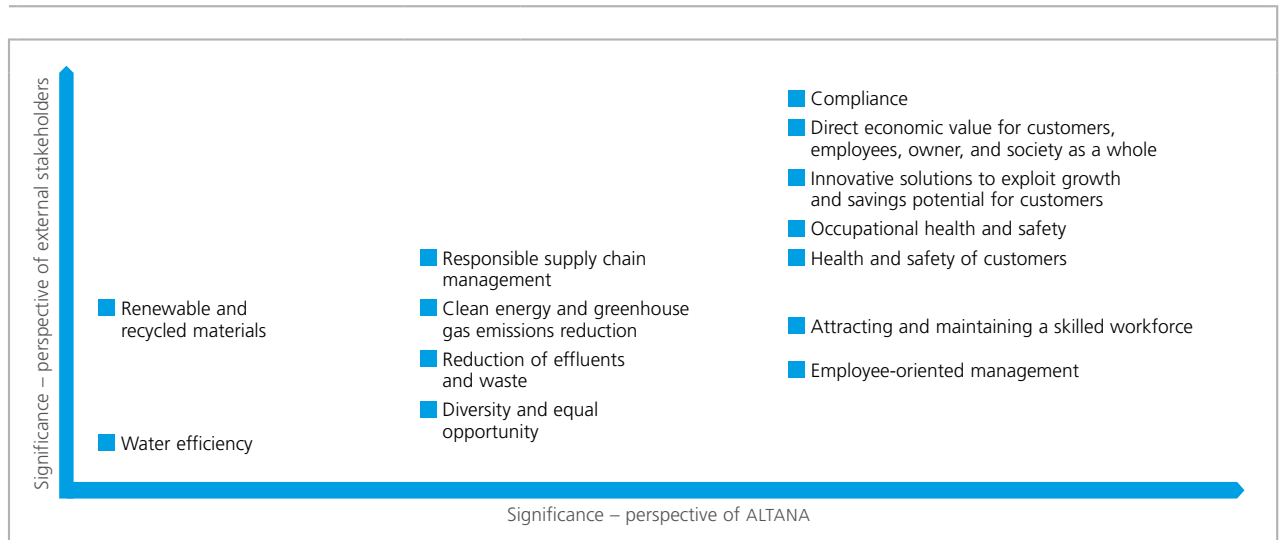
and already to the future European reporting framework ESRS (European Sustainability Reporting Standards), which is currently being developed on the basis of the European Commission's Corporate Sustainability Reporting Directive. The analysis was implemented based on the principle of dual materiality. The focus was on both the impact of ALTANA's business activities on the environment and society and the impact of sustainability issues on its business activities. To this end, ALTANA, with the support of a service provider specializing in sustainability, conducted around 30 expert interviews with selected stakeholders who are familiar with the company and sustainability issues, including direct customers, brand owners, suppliers, employees, local politicians, and representatives from the fields of education, science, and research. In addition, an online survey was conducted among these and other stakeholders, in which all 34 sustainability topics were assessed.

The results of the stakeholder survey will be available in the first half of 2023 and will be included in ALTANA's 2023 corporate report. It is planned to conduct a sound opportunity and risk analysis with regard to the environment, climate protection and climate adaptation, employee rights, human rights, social standards, and compliance along the entire value chain. The insights gained from this examination will be incorporated into the company's corporate strategy.

Objective Evaluation of Sustainability

To be able to measure not only the company's business performance but also its involvement in all areas of sustainability, alongside key performance indicators and certified management systems, ALTANA is using objective external evaluations increasingly. The assessments of the rating company EcoVadis play a special role. EcoVadis analyzes four topics based on leading standards (GRI, UN Global Compact, and ISO 26000): environment, labor and human rights,

ALTANA Materiality Matrix



ethics, and sustainable procurement. EcoVadis has become the leading assessment platform for the chemical industry. Tens of thousands of companies now work with EcoVadis.

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

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

Organization of Sustainability

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

Sustainable Development Goals

ALTANA has been a member of the UN Global Compact since 2010 and commits to integrating the ten principles into the company and to observing the general goals of the United Nations (see the Communication on Progress of Global Compact on page 122).

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

UN Sustainable Development Goals (SDGs)



SDGs with special relevance for ALTANA



Occupational Health and Safety

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

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



Training and Education

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

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



Gender Equality

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

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



Sustainable Economic Growth and Decent Work

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

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



Innovation: New Products and Technologies

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

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



Climate Protection Measures

Ecologically sound economic activity is a key component of ALTANA's corporate strategy. Our goal is to reduce our greenhouse gas emissions in Scope 1 (direct emissions), Scope 2 (indirect emissions), and parts of Scope 3 to zero by 2025. In addition, ALTANA's products contribute to improving climate protection in

the value chain. ALTANA controls the Group's efficiency regarding energy consumption and the resulting greenhouse gas emissions with the help of defined performance indicators and defined targets. Further information can be found in the Group Management Report, in the "Environment" and "Products" chapters as well as in the environmental performance indicators with targets in the Management Approaches "Energy" and "Emissions."

Corporate Bodies and Management

Management Board

Martin Babilas

Chairman

Responsibility:

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

Dr. Tammo Boinowitz

Responsibility:

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

Stefan Genten

Responsibility:

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

The Executive Management Team

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

(in alphabetical order)

Dr. Tammo Boinowitz

President Division BYK

Thorsten Kröller

President Division ACTEGA

Ravindra Kumar

President Division ELANTAS

Volker Mansfeld

Head of Corporate Development

Carina Meier-Hedde

Chief Human Resources Officer

Dr. Christian Przybyla

President Division ECKART

Dr. Petra Severit

Chief Technology Officer

The Supervisory Board

Dr. Matthias L. Wolfgruber
Chairman

Ulrich Gajewiak¹
Deputy Chairman

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

Dr. Sven Abend

Jürgen Bembenek¹

Dr. Anette Brüne¹

Antje Gerber

Armin Glashauser¹

Klaus Koch¹

Prof. Dr. Frank Richter

Dr. Jens Schulte

Stefan Soltmann¹

Supervisory Board Committees

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

Human Resources Committee

Dr. Matthias L. Wolfgruber (Chairman)

Jürgen Bembenek

Ulrich Gajewiak

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

Audit Committee

Dr. Jens Schulte (Chairman)

Armin Glashauser

Prof. Dr. Frank Richter

Stefan Soltmann

Mediation Committee

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

Dr. Matthias L. Wolfgruber (Chairman)

Ulrich Gajewiak

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

Klaus Koch

¹ Employee representative

As of January 1, 2023 in each case; details on the corporate bodies can be found in the complete Consolidated Financial Statements (www.altana.com/consolidated_financial_statements_2022), page 77 ff.

Report of the Supervisory Board

The Supervisory Board of ALTANA AG, carrying out the functions stipulated by law and the Articles of Association, closely followed the work of the Management Board and monitored its management activities in the 2022 fiscal year. The Supervisory Board dealt in depth with the situation and development of the company as well as with various current issues. The Supervisory Board was regularly informed by the Management Board about the respective agenda items through presentations and oral reports in meetings. The Supervisory Board also regularly received additional written reports. Between Supervisory Board meetings, the Chairman of the Management Board informed the Chairman of the Supervisory Board about significant developments and events, and discussed pending or planned decisions with him. The Supervisory Board was involved in all major company decisions.

Meetings of the Supervisory Board

In the 2022 fiscal year, the Supervisory Board held four regular meetings and one constitutive meeting. At the regular meetings, the economic situation and the development perspectives of the ALTANA Group, as well as important events, such as the war against Ukraine and its effects on ALTANA, were discussed and deliberated on in detail. In addition to regular reporting on ALTANA's sales, earnings, and financial development, the Supervisory Board dealt in depth with the strategy of ALTANA and its individual divisions. In addition, the Supervisory Board discussed the situation, development, and plans of the ELANTAS division in greater depth in fiscal 2022, following intensive deliberations on the other divisions in the previous year. Against the backdrop of the inflation-related cost increases in various areas, the Supervisory Board received a detailed report in September on the procurement of raw materials, energy, logistics, and other goods and services. It took this opportunity to discuss aspects of sustainability and new purchasing regulations. Another focus of the Supervisory Board's work in 2022 was Environment, Health & Safety. In this context, the Supervisory Board was informed in particular about the implementation of the Group's sustainability targets and new regulations, such as ALTANA's increasingly comprehensive sustainability reporting. The Supervisory Board received regular updates on the company's investment in the Israeli Landa Corporation Ltd. (Landa Digital Printing) and, at one of its meetings in 2022, a detailed report on the results of a strategic assessment of this investment. The Supervisory Board also informed itself about the work of ALTANA X, the company's Lean Six Sigma program. At its December meeting, the Supervisory Board dealt in depth with and approved the corporate planning for the next three years and the budget for 2023. As scheduled, the Supervisory Board conducted a self-assessment and discussed the results. Mr. Genten was reelected as a member of the Management Board, and Dr. Schlünken was reelected as a member of



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

the Management Board for a further two months until the end of 2022. As the successor to Dr. Schlünken, who retired at the end of 2022, the Supervisory Board elected Dr. Tammo Boinowitz as a member of the Management Board with effect from January 1, 2023. At the Supervisory Board's constituent meeting following the Ordinary Annual General Meeting in March of the year, Professor Dr. Richter was elected as a member of the Audit Committee after Dr. Trius stepped down from the Supervisory Board and the Audit Committee as scheduled at the end of the Annual General Meeting.

Meetings of the Committees

The Human Resources Committee met thrice in the year under review. In addition, it passed a resolution by written circulation. At its meetings, it discussed recommendations to the Supervisory Board on the payment of variable compensation components for 2021 and the payments from the ALTANA Equity Performance Program 2017 and 2018 to the Management Board members, as well as the targets for the short term bonuses of the Management Board members for 2023 and the allocation values in the ALTANA Equity Performance Program of the Management Board members for 2023. In the course of the reelections of the

Management Board members and the appointment of a new Management Board member, the Human Resources Committee made recommendations on the employment contracts of the three Management Board members and also drew up a recommendation for a model for future employment contracts. The Audit Committee met twice in the year under review and reported regularly to the Supervisory Board. In the presence of the auditor as well as members of the Management Board, the Audit Committee discussed the annual financial statements of ALTANA AG and the ALTANA Group. In addition, it dealt with the statutory audit process mandating the auditor, the setting of audit fees, monitoring the auditor's independence, and the approval of non-auditing services of the auditor. Furthermore, the Audit Committee addressed the identification and monitoring of risks in the Group, the Group's internal auditing activities, ALTANA's Compliance Management System, as well as the good corporate governance. At its March meeting, the Audit Committee assessed the quality of the audit of the financial statements and informed itself about the status of the implementation of the Group's SAP roadmap. In December of the reporting year, the Audit Committee dealt with the financing strategy and an adjusted ALTANA Value Added concept. The Mediation Committee pursuant to section 27 (3) of the German Co-Determination Act did not meet in the 2022 fiscal year.

Annual Financial Statements

The Annual Financial Statements of ALTANA AG, the Consolidated Financial Statements for the year ended December 31, 2022, and the Management Report of ALTANA AG, as well as the Group Management Report, were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which was appointed by the Annual General Meeting and engaged by the Audit Committee of the Supervisory Board, and it issued an unqualified audit opinion in each case. The system for early risk recognition set up for the ALTANA Group pursuant to section 91 of the German Stock Corporation Act was audited, and the examination revealed that the monitoring system is suitable in all material respects for the early recognition, with reasonable assurance, of developments endangering the ability of the company to continue as a going concern.

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

The Supervisory Board inspected the documentation and dealt with it in depth at its balance sheet meeting in the presence of the auditor, who reported on the main results of the examination. The Supervisory Board is in agreement with the findings of the audit without objections and in its meeting of March 16, 2023, approved the Annual Financial Statements and Consolidated Financial Statements prepared by the Management Board. The Annual Financial Statements are thereby adopted. The Supervisory Board evaluated the Management Board's proposal for the use of the net profit and is in agreement with its recommendation.

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

The Management Board prepared a report in accordance with section 312 of the German Stock Corporation Act on relations with affiliated companies for the 2022 fiscal year. The Supervisory Board inspected this report and found it to be accurate. The auditor issued the following audit opinion:

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

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

Personnel Changes

On March 16, 2022, the Ordinary Annual General Meeting of ALTANA AG elected Ms. Angela Cackovich and Dr. Sven Abend as members of the Supervisory Board until the end of the Annual General Meeting in 2027. The term of office of Dr. Engel-Bader and Dr. Trius as members of the Supervisory Board and, in the case of Dr. Trius, also as a member of the Audit Committee ended at the end of the Annual General Meeting. The Supervisory Board elected Professor Dr. Richter as a new member of the Audit Committee on March 16, 2022.

Ms. Cackovich resigned as a member of the Supervisory Board effective June 20, 2022, and an Extraordinary General Meeting on June 24, 2022, elected Ms. Antje Gerber as a member of the Supervisory Board until the end of the Annual General Meeting in 2027. The scheduled elections of employee representatives to the Supervisory Board took place

on February 1, 2023. The election confirmed the current members: Dr. Brüne as representative of senior management, Mr. Bembenek, Mr. Gajewiak, and Mr. Glashauser as employee representatives, and Mr. Koch and Mr. Soltmann as union representatives.

The Supervisory Board would like to thank the members of the Management Board and the management as well as the employees of the Group for their achievements and commitment during the last fiscal year. This year the Supervisory Board would like to express its special thanks to Dr. Christoph Schlünken. Dr. Schlünken retired at the end of 2022 after helping shape ALTANA for more than 20 years, including more than eight years as a member of the Management Board. During this time, he made a significant contribution to ALTANA's success and embodied our values like few others. We are therefore all the more pleased to welcome Dr. Tammo Boinowitz to the Management Board at the beginning of this year, a colleague who has all the prerequisites for continuing the Management Board's very successful work.

Wesel, March 16, 2023

The Supervisory Board

Dr. Matthias L. Wolfgruber
Chairman of the Supervisory Board



Trust is the basis
for innovation
and growth – and
thus also for
social progress.

TRUST.



Martin Babilas
CEO of ALTANA AG



“GROWTH OCCURS WHEN IDEAS ARE BOLDLY DRIVEN FORWARD. THE BASIS FOR THIS IS TRUST.” **Susanne Klatten**

— **Together and sustainably:** As a family entrepreneur, Susanne Klatten grants creative freedom and makes sure that it is used responsibly.



Dr. Klatten, ALTANA has been owned by your family for a long time. You’ve been a member of the Supervisory Board for 30 years. What has characterized this longstanding cooperation?

SUSANNE KLATTEN: When I go to ALTANA in Wesel, it’s like coming home. And it makes me happy when employees say in

surveys, “We work for a family.” As a family entrepreneur, I grant people freedom and expect them to use it responsibly. We want to achieve something together and sustainably.

What role does trust play when it comes to doing business sustainably?

MARTIN BABILAS: The longstanding trust of our owner and our financial strength enable ALTANA to think and act long-term. This gives the company staying power, enabling it, for example, to invest courageously in the future even in economically challenging times and to give startups the time they need to bring products to market. Innovation takes time, and therefore requires trust. The fact that we have it puts us in a very fortunate position. But

we don’t want to rest on our laurels; we want to keep proving that we’ve earned trust in the best sense of the word.

SUSANNE KLATTEN: ALTANA boldly drives ideas forward. And its sustained successes speak for themselves. All of this bolsters my confidence again and again. I want to encourage such commitment. Only daring, innovative companies can survive in the long run and contribute to the sustainable development of society.

Where does ALTANA make such a contribution?

MARTIN BABILAS: There are many examples. First and foremost are our innovative solutions, which not only make many everyday products more sustainable, but also repeatedly change entire markets

Susanne Klatten is an entrepreneur and member of the Supervisory Board of ALTANA AG. She holds 100 percent of the shares in ALTANA AG through the investment company SKion.

Martin Babilas is the CEO of ALTANA AG. He has held various positions in the company since 1998.



— **Progress** arises when you trust people and simultaneously believe in their capabilities. This enables ALTANA to invest courageously in the future, even in economically challenging times.



“WE’RE IN THE FORTUNATE POSITION OF BEING ABLE TO THINK LONG-TERM AND ACT SUSTAINABLY.” **Martin Babilas**

in the long term. Examples include the expansion of electromobility and resource-conserving packaging production.

Dr. Klatten, you are a passionate entrepreneur. Is it sometimes hard for you not to be able to accompany every ALTANA project down to the last detail?

SUSANNE KLATTEN: No. That’s exactly what trust means: It’s not me who runs the company, but ALTANA’s management. I’m convinced that people need creative freedom in order to act responsibly and dedicatedly. That applies to the entire team, by the way. I’m always fascinated by how passionate and goal-oriented the people at ALTANA are.

MARTIN BABILAS: As CEO, I trust my teams and have a lot of confidence in them. We want to empower people to achieve progress. ALTANA’s decentralized structure reflects this very clearly.

There are countless investment opportunities. What do you want to achieve with your involvement in ALTANA?

SUSANNE KLATTEN: ALTANA is a good example of a family-owned company that doesn’t shy away from disruption. On the contrary, the company is constantly developing solutions to meet the major challenges of our time, especially in the area of climate protection. Such commitment is not only important for business growth, but also for ensuring that our so-

ciety remains technologically independent. In this way, we can preserve the values that bind us together.



We can only achieve ambitious climate protection targets through dialog. Because dialog accelerates the research process – and enables innovations.

DIALOG.



Carina Kraft
Head of Sustainability, BYK



“WE WANT TO HELP OTHER ACTORS IN THE VALUE CHAIN REDUCE THEIR CARBON FOOTPRINT.” **Dr. Roger Jakeman**

— **Working together** in partnership and sharing a common vision are the foundations for developing innovative solutions.



What role do companies like AkzoNobel and BYK play in making the world more sustainable?

DR. ROGER JAKEMAN: The interesting thing about the coatings industry is that it has such a broad scope – so whether we’re protecting and enhancing the phone in your hands, the buildings you live and

work in, or the rovers exploring distant frontiers on Mars, we at AkzoNobel are always finding innovative and exciting ways to make products more sustainable and longer lasting. And this, of course, applies to BYK too – because we use your products to make ours.

CARINA KRAFT: Our additives can be found in hundreds of value chains. As a company, BYK is therefore in a position to create sustainable value through its own innovative solutions – for customers, the environment, and future generations. We accept this responsibility and as a result are already shaping tomorrow today.

DR. ROGER JAKEMAN: It’s about pushing boundaries and finding inventive ways to collectively make a positive contribution to an ever-changing world. Look at AkzoNobel – up to 98 % of the carbon in our value chain can be ascribed to up- and downstream activities. We need to collaborate in order to make an impact.

CARINA KRAFT: Sustainability is a complex issue. So, continuous exchange along the supply chain is needed. One example of this is the idea behind the concept of Portfolio Sustainability Assessment, a methodology that assesses the sustainability of a product, depending on the area in which it is used. The results enable us to further improve our product portfolio.

Dr. Roger Jakeman is AkzoNobel’s Chief Technology Officer, responsible for the company’s research and development activities. He also drives the paint and coatings manufacturer’s innovation and sustainability agenda with the Paint the Future Collaborative Sustainability Challenge, in which business partners jointly develop approaches to protect the climate.

Carina Kraft is Head of Sustainability at BYK. Together with her team, she supports colleagues in their efforts to make processes and products more sustainable.

Why is it important to work together along the entire value chain?



— **Specialty chemicals solutions** create sustainable value for customers, the environment, and future generations.



“THROUGH DIALOG, WE CAN MORE QUICKLY DEVELOP EFFECTIVE SOLUTIONS TO ACHIEVE CLIMATE GOALS.” **Carina Kraft**

Why is constant dialog key to driving innovation to achieve sustainability?

CARINA KRAFT: By entering into dialog with our partners, we can speed up the time-consuming process of developing new products because then we can take feedback into account at an early stage of the research process. This gives us the opportunity to more quickly find effective solutions that help us achieve climate targets.

DR. ROGER JAKEMAN: We all have ambitious targets when it comes to addressing climate change, but we won't achieve them in isolation. It's about dialog and working together, being bold, anticipating future needs, and leading from the front – even if sometimes the conversations

are difficult. People are the driving force behind rethinking what's possible.

What are the most important challenges that BYK and AkzoNobel need to address together?

DR. ROGER JAKEMAN: We're in an exciting period of transformation. BYK is a key and major supplier, so it's definitely about your products and their carbon footprint. However, more importantly overall, it's what we can do together to help other actors in the value chain reduce their own footprint. Therefore, we want to spend our time with reliable suppliers with the same vision as us. I am looking forward to continuing our very solid partnership with BYK.

CARINA KRAFT: The time we spend on intensive collaboration on joint projects is time well spent. Within the framework of AkzoNobel's Paint the Future Collaborative Sustainability Challenge, for example, I made many additional valuable contacts. We are already looking forward to continuing the challenge.



What does it
take to bring
new products
to market?
Shared visions,
cooperative
partnerships,
and speed!

COURAGE.



Harald Jasper
Managing Director, ACTEGA Metal Print



“WE’RE MOVING FORWARD TO CHANGE THE WORLD.” **Matt Dass**

— **ECOLEAF**, an environmentally friendly technology, was first used in digital printing at Springfield Solutions in Hull, England.



Sustainability is on everyone’s lips. How much pressure is there to change things in the packaging and printing industry?

MATT DASS: Our customers are increasingly asking us to find sustainable solutions. That’s extra motivation! Because as a company, we are already leading the

way in efforts to make a positive difference in the world. Springfield Solutions is committed to the “Oh Yes! Net Zero” initiative. Our common goal is to be UK’s first carbon-free region by 2040.

HARALD JASPER: That’s exactly what we support. ACTEGA invests in sustainable solutions and new technologies that can change the industry. Sustainability is the key driver of innovative new product developments like ECOLEAF.

by around 50 percent compared to conventional cold and hot foil. As a result, ECOLEAF is revolutionizing the so-called metallization process. The technology can be integrated into any common label printing press and finishing equipment. Instead of plastic-coated foil rolls, a type of liquid foil is used.

Mr. Dass, you decided to support the time-intensive test phase. Why?

MATT DASS: We’re always looking for new technologies. That is part of our corporate culture. One main reason we decided to cooperate with ACTEGA is the shared vision. We want to develop innovative and sustainable products and establish them in the market. ECOLEAF has the potential to become the standard

Matt Dass is Joint Managing Director and responsible for innovation at Springfield Solutions, a company specializing in digital packaging assets. The trained graphic designer took his first steps in the company founded by his father at the age of three.

Harald Jasper is Managing Director of the Group’s internal startup ACTEGA Metal Print. Since 2018, he has been largely responsible for the development of ECOLEAF helping shape the technology so that it is tailored even better to market and customer needs.

What exactly is behind ECOLEAF?

HARALD JASPER: Simply explained: The technology places metal particles on the packaging only where they are needed. In the manufacture of eye-catching metallic label finishes, for example, carbon-dioxide emissions can therefore be reduced



— **Life cycle analysis:** ECOLEAF currently realizes a carbon footprint reduction of greater than 50% compared to hot and cold foil.



“SUSTAINABILITY IS THE KEY DRIVER OF INNOVATIVE PRODUCT DEVELOPMENTS LIKE ECOLEAF.” **Harald Jasper**

process for the production of metallic finishes.

Ultimately, however, you can never know at the beginning of the test phase whether your commitment will be rewarded.

MATT DASS: That's right. And that's why courage is extremely important when it comes to developing new technologies. I always say: Let's try it out! If it works, great! If it doesn't, we have to learn quickly from the experience and correct our actions. In this way we can gain a lasting competitive edge.

HARALD JASPER: And in order to extend our lead, we have to keep improving the product. At ECOLEAF, we have 100 percent control of the entire technology.

This provides us with flexibility and speed to continuously improve the technology on the equipment and chemistry side.

What needs to happen for ECOLEAF to permanently change the market?

HARALD JASPER: We have to develop the technology quickly. In addition to dedicated and highly qualified employees, feedback from our customers is essential. The product development is more like a marathon than a sprint.

MATT DASS: We've already carried out a lot of test runs in our production. The team processes the feedback that is collected – mainly on adhesives, primers, and color pigments – quickly. Often, within just a few days, engineers were working right at our production site. Together with

ACTEGA, we want to improve the technology as a whole.

HARALD JASPER: In recent months, our development steps have been based to a large extent on the cooperative partnership with Mr. Dass and his team. The commitment is outstanding.



The recycled raw materials market is growing. Through collaboration along the entire supply chain, sustainable products can be created from them.

COLLABORATION.



Annika Mergner
Head of Marketing & Technical Service Automotive Coatings, ECKART



“NEW RESEARCH PROJECTS ENHANCE QUALITY AND MAKE SECONDARY ALUMINUM COMPETITIVE.” **Massimo Grifone**

— **ECKART** was the first customer for which Cauvin Metals purchased sustainable aluminum.



On the topic of secondary aluminum: What trends can be observed?

ANNIKA MERGNER: In Europe, requests for sustainable solutions and the possibility of using recycled aluminum are increasing. This development can also be observed worldwide. ECKART plans to use secondary aluminum in production starting this year. In concrete terms, we are re-

placing primary aluminum proportionally with recycled aluminum. As a result, we are improving the carbon footprint of our products.

Mr. Grifone, how are you responding to this change as a retailer?

MASSIMO GRIFONE: We are supporting this development by bringing together the requirements of manufacturers such as ECKART and the specifications that producers of recycled aluminum can deliver. As a family business with over 130 years of tradition, Cauvin Metals has changed many times. Our recipe for success is open communication.

MASSIMO GRIFONE: Secondary aluminum is becoming competitive! There are many reasons for this, two of which I would like to highlight. On the one hand, the carbon tax is increasing the price of primary aluminum. In addition, the growing demand is giving rise to new development and research projects that are boosting the quality of recycled aluminum.

ANNIKA MERGNER: By using high-quality secondary aluminum, we are making a contribution to reducing carbon emissions across the entire value chain. To fully exploit the potential, ECKART is developing products that are based up to 100 percent on recycled aluminum. In doing so, we work closely with customers, designers, and raw material suppliers along the entire supply chain. Only together

Massimo Grifone is Commercial Director at Cauvin Metals. The company, based in Genoa, Italy, has been active in the distribution of non-ferrous metals and steel products since 1890.

Annika Mergner is Head of Marketing & Technical Service Automotive Coatings at ECKART. Across all market segments at ECKART, she is working on increasing the use of high-quality secondary aluminum.

What is driving the demand for recycled aluminum?



— **Resource efficiency:** At the site in Hartenstein, Bavaria, more and more products are being developed in which secondary aluminum is used.



“ECKART USES RECYCLED ALUMINUM TO REDUCE THE CARBON FOOTPRINT OF ITS PRODUCTS.” **Annika Mergner**

can we initiate change and develop sustainable product solutions.

How can we ensure that products made from secondary aluminum meet our high standards of quality?

ANNIKA MERGNER: An iterative development process is the key to success. Feedback from our customers regarding optical properties, purity, and durability is particularly important. This enables us to increase the quality, develop solutions explicitly for a specific market, and make products more sustainable in the long run.

MASSIMO GRIFONE: We have already taken a big step together to reduce the carbon footprint of the products. We buy sustainable aluminum for ECKART, which is produced using renewable energies.

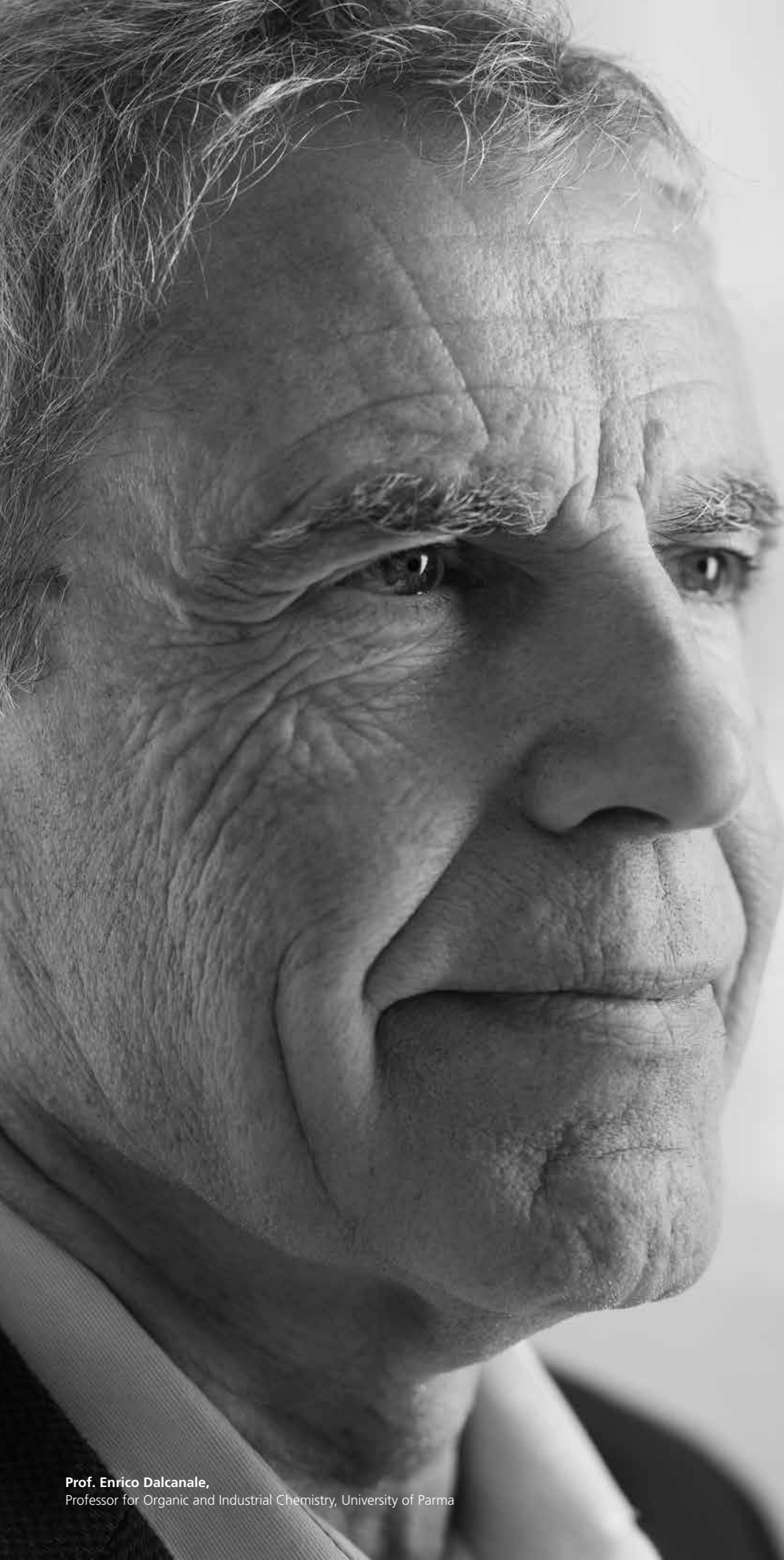
ECKART was the first customer with whom we concluded contracts for the purchase of sustainable aluminum. As a consequence, the company has transformed our business activities.

Is sustainable aluminum an alternative to secondary aluminum?

ANNIKA MERGNER: The interplay is decisive. We have to coordinate the use of resources from different sources. In this way, we can utilize our resources responsibly, also with an eye to future generations.

MASSIMO GRIFONE: The positive effect must be made visible. To achieve this, we need to measure the impact of our actions in a consistent way. That's why I'm involved in the Rocky Mountain Institute's

Horizon Zero program, which aims to develop a uniform definition for calculating a carbon footprint. Trusting exchange with ECKART provides valuable information to this end.



With bio-based,
durable products,
we make the
world more sus-
tainable – out
of respect for the
environment
and future gener-
ations.

RESPECT.



Dr. Davide Malinverno
Research & Development Manager Engineering Materials at ELANTAS



“BY DISCUSSING CHALLENGES OPENLY, WE GROW TOGETHER. THIS IS MOTIVATING.” **Prof. Enrico Dalcanale**

— **Cutting-edge research:** For more than 40 years Professor Enrico Dalcanale has been working in research, and for 15 years he has been developing pioneering innovations together with ELANTAS.



Professor Dalcanale, what will the next groundbreaking discovery be?

PROF. ENRICO DALCANALE: In 15 to 20 years from now I can look back and tell you (laughs). On the one hand, academic research is spearheaded by social developments. On the other, students define

research priorities based on their interests. Currently, projects that enable sustainable product solutions are on the rise. Often, the focus is on reducing the carbon footprint of polymers.

Can chemical innovations really make the world more sustainable?

PROF. ENRICO DALCANALE: I’m convinced of that! But teamwork is required. For university research, we need cooperation with companies like ELANTAS. This gives us a complete picture and enables us to research chemical innovations that are in demand on the market.

DR. DAVIDE MALINVERNO: ELANTAS already has composite materials with a bio-based content of 30 to 50 percent in its portfolio. These are used, for example, in

the marine industry to produce hulls, decks, and superstructures. Our goal is to significantly increase the proportion of renewable raw materials. In addition to collaboration with partners along the supply chain, research projects with universities are a key driver of innovation.

What is needed for successful research projects?

DR. DAVIDE MALINVERNO: Personal relationships are very important. I’ve known Professor Dalcanale since I was a student. This is the basis for trusting and respectful collaboration. Plus, the University of Parma is only a few minutes’ drive from our site in Collecchio. That makes communication extremely easy.

Professor Enrico Dalcanale is a professor in the department of Chemistry, Life Sciences and Environmental Sustainability at the University of Parma. For 15 years, he and his team have been researching pioneering innovations together with ELANTAS.

Dr. Davide Malinverno, Research & Development Manager Engineering Materials at ELANTAS, supports ideas until they are ready for the market. He oversees the development and technical assistance for the engineering materials product group that operates in composite industry and adhesives applications.



— **Teamwork:** To develop sustainable product solutions many different colleagues from research to sales are working on the project.



“ELANTAS OFFERS COMPOSITE MATERIALS WITH A BIO-BASED CONTENT OF 30 TO 50 PERCENT – WITH AN UPWARD TREND.”

Dr. Davide Malinverno

PROF. ENRICO DALCANALE: The open exchange between ELANTAS and my team promotes our partnership. The cross-fertilization between innovative science and real-world problems fosters common growth. That's very motivating. My highly talented students also benefit from this, as they can already conduct research close to the market during their studies and gain insights into a chemical company.

DR. DAVIDE MALINVERNO: What fascinates me during the visits is the energy and creativity with which we develop ideas. This works because experts with different backgrounds are brought together to tackle concrete projects and exchange ideas on current research issues and technical details.

And what is the newest, most promising idea for respectful use of resources?

PROF. ENRICO DALCANALE: We need to further increase the lifetime of products. That's why we're researching self-diagnostic materials that indicate the state of damage. As a result, only the parts that are defective need to be replaced. At the same time, unexpected production downtimes can be avoided because components are replaced before they lose their functionality.

We also pursue self-healing and reshapable composites to allow their reuse as structural materials.

DR. DAVIDE MALINVERNO: Another research focus is on the development of reversible sealing materials. With these

systems, it will be possible to disassemble parts without losing quality, allowing the product to be reused.

Increasing the amount of bio-based material is only a part of the solution. To improve sustainability, we also need to extend the life of our products, to preserve renewable resources for a longer time.



ALTANA works with young talent at an early stage. This enhances the quality of training and fosters entrepreneurial thinking.

QUALITY.



Dr. Christian Schaumberg
Head of Science Relations, ALTANA



“I TAKE AWAY TIPS AND ADVICE FROM DISCUSSIONS WITH THE COMPANY. THAT PROVIDES ORIENTATION.” **Anna Rustler**

— **Inspiration** for their university research is provided by exchange with chemists who develop specialty chemicals solutions.



Ms. Rustler, Dr. Schaumberg, what was your first impression of ALTANA?

ANNA RUSTLER: What I found to be a distinguishing feature of ALTANA was the very personal exchange. Everyone in the company received us amicably and talked openly about their work.

Anna Rustler is a member of the federal board of the JungChemikerForum (JCF). The organization has around 9,000 student, trainee, and young members. The JCF is part of the Gesellschaft Deutscher Chemiker (GDCh), the largest chemical society in continental Europe.

Dr. Christian Schaumberg is Head of Science Relations at ALTANA AG. From September 2012 to September 2014, he was a member of the JCF's federal board.

DR. CHRISTIAN SCHAUMBERG: I was also impressed by the personal and individual contact. In addition, I saw ALTANA as a company that is interested in technology and is future-oriented. After almost seven years, I can say that my first impression has been confirmed.

ALTANA supports the JCF's industry tour, which gives young talent insights into the company's research and production. How important is this exchange?

ANNA RUSTLER: We benefit a lot from the tour because we get a behind-the-scenes look, so to speak. This enables us to better assess whether the company fits our personal values. As a chemist, I want to make a difference. And in order to ad-

vance sustainability, we need chemistry. I was particularly pleased to see how ambitiously ALTANA is pursuing the goal of climate neutrality, and how openly we discussed the potential for improvement.

What can we as a company learn from those conversations?

DR. CHRISTIAN SCHAUMBERG: Many talented people want to come up with sustainable solutions. As a company, we need to do an even better job of communicating that colleagues at ALTANA can do exactly that – day in and day out. After all, people come into contact with ALTANA products almost every day.

At the same time, after having many personal conversations with young talents I have seen that they can feel insecure.



— **Industry tour:** During visits to sites, young talents can have a look at production and get career tips.



“BY GAINING INSIGHTS INTO THE WORK, YOUNG TALENTS BECOME FAMILIAR WITH THE CORPORATE CULTURE AT AN EARLY STAGE.”

Dr. Christian Schaumberg

This is because academics often don't know what to expect when they make the leap from university research to the company. By giving them insight into what it's like to work at ALTANA, we reduce entry barriers. Also, young talents become familiar with our corporate culture early on during their training.

ANNA RUSTLER: I agree. On the industry tour, I was surprised by the diversity of the teams at ALTANA.

Does personal exchange help even more than gaining insight into the company?

ANNA RUSTLER: Both are important! For us, exchange with former members is especially valuable because they understand how people work at universities and

in companies. From the conversation with Mr. Schaumberg for example I got tips and advice that I hadn't even asked for. This is because he knows both sides.

What would further improve the quality of the exchange?

DR. CHRISTIAN SCHAUMBERG: We have to network on a long-term basis. To do so, it is crucial to maintain contact with young chemists – even beyond the industry tour. In personal exchanges, we can act as a kind of personal advisor regarding career entry. As a result, people can stay in contact with us throughout their studies.

ANNA RUSTLER: That's an excellent idea. For one thing, this would enable the companies to share information. In addi-

tion, we have the opportunity to ask questions on a personal level. That would further promote the exchange.

DR. CHRISTIAN SCHAUMBERG: Our brief brainstorming session has made it clear that we need personal exchange and commitment. I know from my own experience how time-consuming work at the JCF can be. Thank you very much for your dedication, Ms. Rustler, and that of the entire JCF team!

Group Basics

Organization and Legal Structure

The ALTANA Group is a global supplier of specialized chemical products and related services for different branches of industry and application fields. In the 2022 fiscal year, the Group's 66 consolidated subsidiaries achieved sales exceeding € 3.0 billion for the first time. The ALTANA Group employs around 7,000 people.

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

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

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

The decentralized organizational structure combines the individual operating units' ability to act swiftly and cater to the needs of markets and customers with the advantages of a financially strong and internationally active group. The organization is designed to adapt flexibly to changed market conditions and a volatile economic environment. In addition, new activities can be integrated into the organization in a short time.

Business Activity and Divisions

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

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

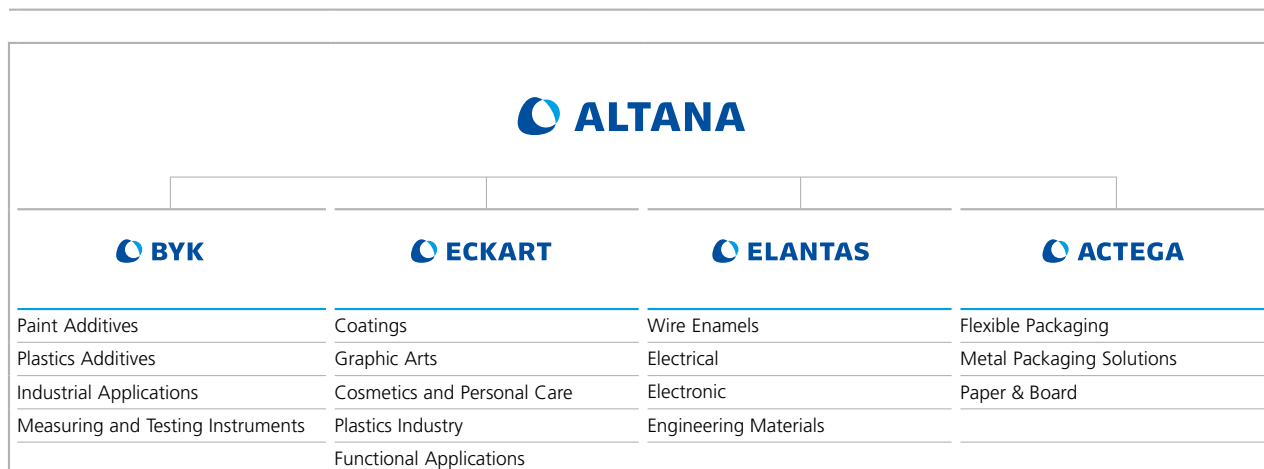
Activities of the Divisions

BYK

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

Wetting and dispersing additives, one of the division's main product groups, help improve the even distribution of

Business divisions and areas of application



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

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

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

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

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

fields of application are continually tapped for existing or new products.

ECKART

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

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

ECKART GmbH is the division's operating management company. It produces a large part of the effect pigments it sells worldwide in southern Germany (Hartenstein and Wackersdorf). Other manufacturing sites are located in Switzerland and Finland, as well as in the U.S. and China.

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

The effect pigments are marketed predominantly via the division's own sales structures, but also by sales partners. ECKART's most important customers include international manufacturers of coatings, printing inks, and plastics. Other

important customers are manufacturers in the construction industry and the cosmetics sector. ECKART achieves more than half of its sales in Europe. Its next largest sales regions are Asia and the Americas.

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

ELANTAS

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

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

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

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

its most important sales markets are the U.S., India, and Italy.

On the basis of comprehensive expertise in the manufacture and application of liquid insulating systems, the division is steadily expanding its activities. It seeks to tap new application fields and thus growth potential by developing new insulating materials and applying specific polymerization knowhow. The global trend towards electromobility should ensure additional growth in this area.

ACTEGA

The ACTEGA division's portfolio is tailored to the needs of the packaging and graphic arts industries. It produces specialty coatings, printing inks, adhesives, and sealants used by customers to achieve functional and visual effects.

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

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

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

of packaged foods. In addition, ACTEGA product solutions help improve the sustainability of packaging materials.

In recent years, the division has invested in a targeted way in the acquisition and further development of existing and new technologies in order to tap new growth potential in the medium to long term for its business, to prepare its entry into new markets, and thus further expand its market position. In 2022, for example, ACTEGA launched on the market the more sustainable ECOLEAF and Signite decorating solutions for the label industry for the first time with pilot systems. As a result, it aims to supply longstanding and new customers with innovative solutions even better and more flexibly today and in the future.

Important Influences on Business Development

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

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

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

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

example stronger price fluctuations are expected for significant raw-materials markets.

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

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

Strategy and Control System

Strategy

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

Our top financial priority is to sustainably increase the company's value. To achieve this aim, we consistently gear ALTANA to profitable growth in future-oriented specialty chemicals markets.

At ALTANA, profitable growth is based on several pillars. The primary ones are to expand our operating activities in existing markets and to open up new adjacent sales segments. ALTANA's four divisions occupy significant competitive positions in their respective sales markets. This positioning is an important prerequisite for our being identified and acknowledged by market participants as a competent supplier of customized solutions. In addition to ALTANA's com-

prehensive product portfolio, innovation plays a key role in its high level of problem-solving expertise.

To enable customers to create new applications and strengthen their portfolio, ALTANA continually pushes forward its own research and development activities. To this end, our employees' knowhow and experience are just as important as investments in new technologies.

To continually expand our specialized portfolio, we regularly supplement our operating growth by acquiring new companies or business activities. As a result, for example, new value creation steps are integrated into the Group, or access to new markets and technologies is granted.

Control System and Goals

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

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

The capital employed, in turn, encompasses those components of the assets and liabilities needed to achieve operating earnings. Derived from ROCE, we also calculate ALTANA Value Added, which takes into account the cost of capital employed. The cost of capital is determined from the weighted average of cost of debt and cost of equity. We regularly examine the weighted average cost of capital but only adjust it for the calculation of the AVA if it exceeds or falls below a certain range. For 2022, the cost of capital rate remained at 7.5 %. No adjustment is planned for 2023.

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

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

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

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

But growth should not be achieved at the expense of profitability. Therefore, control of the EBITDA margin is very important for the ALTANA Group. The long-term target range for the EBITDA margin of the Group is 18 % to 20 %. Derived from this are long-term target margins for our four divisions, which may deviate from the average target value for the Group due to the different business activities and market characteristics. In past years, the Group margins achieved were within or, in some years, even above the target range. The only exception was 2022. In that year, the EBITDA margin was below the target range, mainly due to the significant selling price increases to pass on the massive raw material cost increases.

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

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

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

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

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

To guarantee that all activities are geared uniformly to the Group's strategy, we also use non-financial key performance indicators. Significant control-relevant non-financial indicators and thus key performance indicators for Group management relate to the areas of occupational safety and climate neutrality. To track the achievement of the goal of continuously improving occupational safety, the Work Accident Indicator (WAI) is used, which includes WAI 1, WAI 2, and WAI 3, as a key performance indicator. The WAI shows the number of reported occupational accidents with lost work days in relation to one million hours worked in the respective attribute defined per key performance indicator (for details, see page 68 f.). Furthermore, the ALTANA Group is pursuing the goal of achieving climate neutrality in its sphere of influence in Scope 1 and Scope 2 by increasing energy efficiency, switching to renewable energies, and offset-

ting unavoidable greenhouse gas emissions by 2025. For the quantitative measurement of this strategic goal, there is a reporting system for greenhouse gas emissions in the form of CO₂ equivalents. The latter are reported as direct greenhouse gas emissions from sources controlled by the company (Scope 1) and as indirect greenhouse gas emissions from the performance-related purchase of electricity (Scope 2).

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

Integrated Planning Processes

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

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

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

The decisions taken within the framework of strategic planning enter into our subsequent medium-term financial planning. The latter delineates our growth and profitability goals for the coming three years and the effects of the ex-

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

Business Development

General Business Setting

Overall Economic Situation

The global economy as a whole faced considerable challenges in 2022, leading to a general slowdown in the markets. Following global growth of 6.2 % in the previous year, which was characterized by exceptionally high demand, the International Monetary Fund (IMF) currently estimates that global economic output will increase by only 3.4 % in 2022. The most influential event in 2022 was certainly the start of Russia's war against Ukraine in February. Apart from the humanitarian catastrophe this event triggered, the economic impact was felt around the world. There was a further increase in commodity prices, which were already at a very high level at the beginning of the war. At the same time, energy prices rose significantly and, especially in Europe, had a negative impact on the macroeconomic development. Regarding natural gas, there was a risk of shortages in Europe due to suspended or greatly reduced supplies from Russia. Worldwide inflation rose to levels not seen for decades. In addition, the coronavirus pandemic continued to weigh on economic development in 2022: While in many countries no further significant restrictions on economic activity were deemed necessary to combat the pandemic, the strict zero-covid policy adhered to by the Chinese government for most of the year led to ongoing disruptions to supply chains and a decline in Chinese economic growth, which impacted global economic performance.

According to IMF estimates, the Eurozone achieved 3.5 % growth in 2022. The economic upturn of the previous year (5.3 %) was weakened overall since the beginning of 2022 by the enormous political and economic challenges. This affected all major markets, albeit to varying degrees, with the dependence on Russian natural gas supplies among the factors influencing the economic slowdown. According to IMF estimates, economic output in Germany grew by

1.9 % (previous year: 2.6 %). In other Eurozone markets, growth remained at a somewhat higher level, for example in Italy at 3.9 % and Spain at 5.2 %.

The IMF currently estimates that the economies of the Americas developed slightly positively overall in 2022, although here, too, at a comparatively low level due to high inflation. The IMF estimates that the U.S. achieved growth in gross value added of 2.0 %, while Canada was expected to grow by 3.5 %. In the Latin American countries, growth totaled 3.9 %, weakening overall compared with the previous year. According to IMF estimates, Brazil achieved growth of 3.1 %, showing the same trend.

Based on IMF assessments, Asia was also able to achieve an overall increase in gross domestic product in 2022, but here, too, with varying intensity. China, which posted growth of 8.4 % in the previous year, was only able to close 2022 with a growth rate of 3.0 %. India, which grew by 8.7 % in the previous year, largely maintained momentum and achieved a 6.8 % increase in gross value added according to IMF assessments. The countries of the ASEAN 5 group also achieved a solid growth rate of 5.2 % overall, following an increase of 3.8 % in the previous year. Japan, with growth of only 1.4 %, was even below the low level of the previous year.

Industry-Specific Framework Conditions

The American Chemistry Council (ACC) estimates that global chemical production grew by 2.0 % in the past fiscal year (previous year: 5.2 %). As a result, the development of the chemical industry was slightly below the overall economic growth of 2022, which can be explained, among other things, by the high dependence of chemical production on fossil energy sources. There were major regional differences in this respect. While the Americas were able to draw on their own resources, in Europe, and especially in Germany, the strong dependence on Russian natural gas was noticeable.

According to estimates by the German Chemical Industry Association (VCI), Germany, Europe's largest chemical producer, recorded a decline (-6.0 %) for the industry as a whole. Excluding the share of the pharmaceutical sector, the VCI even expects a 10.5 % decrease for the past fiscal year. In other Eurozone countries, such as Italy (VCI: -3.3 %) and France (VCI: -2.9 %), declines were also recorded, although not to the same extent. In the United Kingdom, the chemical industry also showed declining figures (VCI: -4.1 %). Overall, according to the ACC, the industry in Western Europe developed far below the global average at -3.2 %. In Eastern Europe (including Russia), the situation was far worse overall, at -7.3 %, due to the economic impact of the war against Ukraine.

The ACC estimates that chemical production in the United States increased by 3.9 % overall. The above-average development of the U.S. chemical industry, also in comparison to the overall economic development, was due on the one hand to high demand. In addition, the country's greater independence in the energy sector – especially with regard to natural gas – caused less uncertainty than in Europe. In Latin America, the sector developed somewhat more weakly than in North America, with overall growth of 2.6 %.

According to the ACC, the chemical industry in the Asia-Pacific region recorded growth of 2.7 % in fiscal 2022. In contrast to the overall economic development, China, the largest producer in the industry, outperformed the average development of the region with growth of 6.0 % (VCI). India achieved solid growth of 4.6 % (VCI). By contrast, the chemical industry in Japan declined by 2.9 % (VCI) and in South Korea by 6.8 % (VCI).

After a demand-driven sharp rise in oil prices in 2021, the markets were expected to stabilize at a high level in 2022. But Russia's war against Ukraine fundamentally changed the situation on the energy markets and the price of a bar-

rel of Brent crude oil rose to a high of 123 U.S. dollars (June 2022) during the first few months of the war, before gradually falling back to 81 U.S. dollars by the end of the year. The average price for the year (101 U.S. dollars) was thus significantly higher than the previous year's level (71 U.S. dollars).

Important Events for Business Development

In 2022, non-operating effects at ALTANA influenced the company's earnings and financial position as well as its assets.

Non-operating effects from acquisitions in the 2022 fiscal year resulted exclusively from transactions already completed in the previous year by ECKART (acquisition of the business of TLS Technik GmbH & Co. Spezialpulver KG in Bitterfeld in February 2021) and ACTEGA (acquisition of Henkel's closure materials business in May 2021).

The development of the exchange rates between the euro, the Group currency, and other currencies important for ALTANA had a positive impact on sales and earnings in 2022. The exchange rate of the euro to the U.S. dollar had the greatest effect in 2022. At an average of 1.05 U.S. dollars for one euro, it was lower than in the previous year (1.18 U.S. dollars for one euro). Further significant positive effects from changed exchange-rate relations resulted from the rate of the Chinese renminbi to the euro, which at 7.08 CNY for one euro was also lower than in the previous year (7.63 CNY for one euro), and the rate of the Brazilian real, which at 5.44 BRL for one euro was significantly lower than in the previous year (6.38 BRL for one euro). By contrast, the average exchange rate of the euro to the Japanese yen rose from 129.88 JPY for one euro to 138.03 JPY for one euro in 2022, leading to corresponding negative effects. In addition, differences in exchange rates on the balance sheet date had a net increasing effect on balance sheet items compared to the previous year.

Business Performance

Group Sales Performance

Despite a highly volatile and challenging environment, Group sales exceeded the € 3 billion threshold for the first time in 2022, reaching a total of € 3,021.0 million. Sales thus increased by 13 % or € 354.5 million compared to the previous year (€ 2,666.5 million). Non-operating effects had in total a positive impact on sales development. The aforementioned exchange-rate changes resulted in a significant increase in sales of € 138.6 million or 5 %. Acquisitions increased sales by a total of € 10.4 million, primarily due to the ACTEGA division's acquisition of Henkel's closure materials business (€ 9.8 million), which was already completed in 2021, but also as a result of the business activities of TLS Technik GmbH & Co. Spezialpulver KG in Bitterfeld, Germany, which was acquired also in 2021 by ECKART. Adjusted for exchange-rate and acquisition effects, sales were 8 % above the prior-year figure.

The start of Russia's war against Ukraine in February 2022 accelerated the decline in demand on the part of our customers over the course of the year and consequently led to noticeable volume losses. Our decision not to supply any of our products to Russia or Belarus as of March 2022 until further notice, even in cases where this would have been permissible under the sanctions adopted, led to additional losses. Another influencing factor, especially regarding the regional development of our sales, was the slackening demand in China, which had a noticeable impact on the local sales volume and sales development. Overall, ALTANA exceeded the sales growth forecast for 2022 despite the drop in volumes, boosted by extensive price adjustments as a result of sharp price increases for raw materials, energy, and logistics services. At the beginning of the year, we had expected mid-single-digit percentage growth.

On account of the changed framework conditions, there were shifts in the regional sales structure. Accounting for

a share of 36 % of total Group sales (previous year: 39 %), Europe continued to be ALTANA's most important sales region, but at the same time was hit hardest by the economic effects of the war against Ukraine. The loss of the Russian and Belarusian markets resulted in sales losses amounting to approximately € 38 million. The comparatively low European growth of 5 %, or 4 % when adjusted for acquisitions and exchange-rate effects, reflects the general clouding of the markets.

In 2022, sales in the Americas were 31 % up on the previous year. Adjusted for significantly positive exchange-rate effects, operating growth amounted to 18 %. Operating sales in the United States increased by 19 %. The share of total Group sales rose to 20 % in 2022 (previous year: 17 %), with the U.S. once again becoming the Group's strongest market in terms of sales. Growth rates were also in double digits in almost all of the other countries in the Americas. Mexico

Key figures

	2021	2022	Δ %	Δ % op. ¹
in € million				
Sales	2,666.5	3,021.0	13	8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	481.7	452.2	-6	-10
<i>EBITDA margin</i>	18.1 %	15.0 %		
Operating income (EBIT)	322.8	287.5	-11	-15
<i>EBIT margin</i>	12.1 %	9.5 %		
Earnings before taxes (EBT)	275.0	305.5	11	6
<i>EBT margin</i>	10.3 %	10.1 %		
Net income (EAT)	195.2	232.4	19	
<i>EAT margin</i>	7.3 %	7.7 %		

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

achieved operating growth of 17 %, followed by Brazil and Canada. The Americas' share of Group sales climbed to 30 % in 2022 (previous year: 26 %) as a result of the overall positive development.

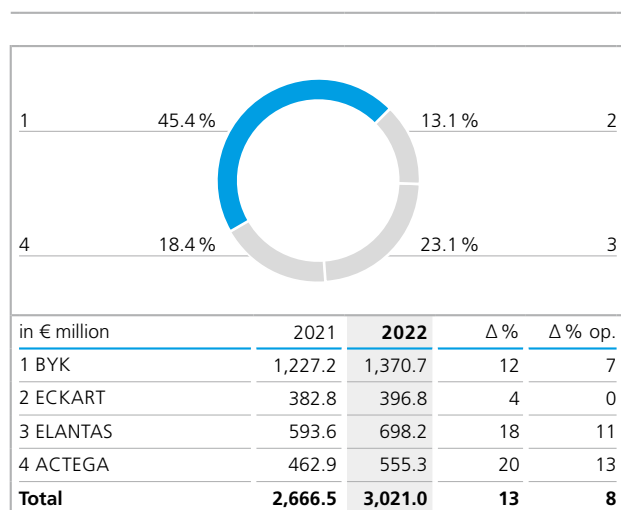
In the past fiscal year, Asia's share of total Group sales declined slightly from 34 % to 33 %. Nominal sales growth in the region was 9 %, while operating growth, adjusted mainly for positive exchange-rate effects, was 4 %. The driver of growth in this region in 2022 was India, which achieved the Group's highest overall growth rate with a very dynamic sales development and operating growth of 27 %. The Middle Eastern countries and Southeast Asia also recorded significant double-digit operating sales growth. Slowing demand in China, the region's largest single sales market, led to a 2 % decrease in operating sales. The share of this market in the Group's total sales fell from 19 % to 18 %.

Sales Performance of BYK

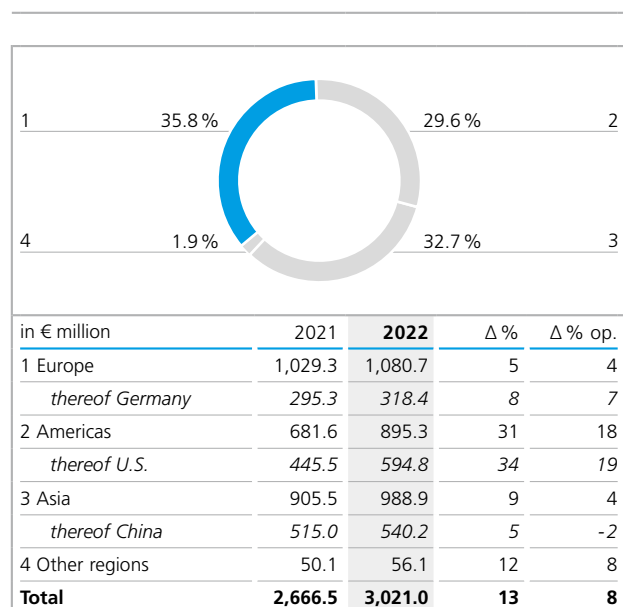
In the 2022 fiscal year, sales in the BYK division increased by 12 % or € 143.4 million to € 1,370.7 million (previous year: € 1,227.2 million). This figure included positive exchange-rate effects of € 60.4 million. Adjusted for this effect, operating sales were 7 % higher than in the previous year.

The external factors of influence in 2022 described above were reflected in the division's sales performance. The gloomier markets led to significant volume declines, particularly in the second half of the year. However, benefiting from extensive price adjustments as a result of sharp price increases for raw materials, energy, and logistics services, and a good order situation in the first months of the year, satisfactory sales growth was achieved throughout the reporting period. While growth in the Paints and Plastics business lines slowed somewhat, some of the other product lines achieved significant double-digit growth rates.

Sales by division



Sales by region



The regional sales development in 2022 was less uniform than in the previous year. In Europe, it was mainly impacted by the war against Ukraine and in China by subdued demand. The Americas replaced Europe as the region with the highest sales, exhibiting clear double-digit growth even after adjusting for positive exchange-rate effects. The leading market overall was the U.S., followed by Brazil, Mexico, Canada, and the countries of Latin America. Asia continued to develop positively, although growth after exchange-rate adjustments was only in the low single digits. China, which has always been the leading sales market in terms of momentum in recent years, suffered mid-single-digit percentage sales losses after adjusting for exchange-rate effects. This was offset by an extremely positive sales performance in India as well as in other countries in Southeast Asia and the Middle East. In 2022, Europe fell slightly behind the Americas and Asia, remaining at around the prior-year level in nominal and exchange rate-adjusted terms. This was due on the one hand to the economic consequences of the war against Ukraine. On the other, energy price developments in Europe led to a generally dimmed macroeconomic trend. The countries of the European Union, with Germany boasting the highest sales, achieved overall operating growth in the mid-single-digit percentage range. The strongest growth rates were reported in Turkey and Poland.

Sales Performance of ECKART

The ECKART division generated sales of € 396.8 million in 2022 (previous year: € 382.8 million). The year-over-year increase of 4 % was positively influenced by exchange-rate effects as well as by the acquisition of the business activities of TLS Technik GmbH & Co. Spezialpulver KG in Bitterfeld in February 2021. Adjusted for these effects, operating sales were at the previous year's level. The external factors described above also impacted sales momentum in the ECKART division. The drop in demand was offset by price adjust-

ments to compensate for cost increases in the raw material, logistics, and energy sectors.

Sales development in 2022 was mixed at regional level. The war against Ukraine and the associated energy price development in Europe gave rise to an operating sales decline in almost all countries in which ECKART has a presence. Asia achieved significant operating growth in some markets, such as India. However, as China, the region's strongest market in terms of sales, recorded a significant decline in operating sales, growth for the region as a whole could only be maintained at a low single-digit level. The region with the greatest sales momentum was the Americas. In the U.S., the strongest sales market in the region, double-digit growth was achieved after adjusting for foreign exchange, and Canada and Brazil also showed strong double-digit growth rates. Only Mexico saw a decline in sales after adjusting for exchange-rate effects. Overall, the region showed growth in the lower double-digit percentage range.

Sales Performance of ELANTAS

In the ELANTAS division, sales increased in 2022 by 18 % or € 104.5 million to € 698.2 million (previous year: € 593.6 million). Operating sales growth, adjusted for positive currency effects, was 11 %. ELANTAS achieved this positive sales growth despite the burdens of the cyclical decline in demand by making inflation-related price adjustments across all product lines.

A look at the regions also shows a deviation in this division compared to the previous year and the consequences of external influencing factors. China, the single market with the highest sales, lost significant momentum here in 2022 and experienced a slight sales drop after adjusting for exchange rates. Overall, however, Asia posted slight sales growth, primarily due to strong growth in the second-largest market, India. Although this division also suffered sales losses in Europe as a result of the sanctions imposed due to

the war against Ukraine, it achieved double-digit growth across almost all countries adjusting for exchange-rate influences. The ELANTAS division also recorded its highest operating sales growth in the Americas. Significant sales increases were achieved across all countries. Canada achieved mid-double-digit percentage sales growth, and the U.S., the strongest market in terms of sales, also showed high growth rates, followed by Mexico.

Sales Performance of ACTEGA

With sales of € 555.3 million (previous year: € 462.9 million), the ACTEGA division achieved growth of 20 % compared to 2021. Adjusted for positive currency and acquisition effects totaling € 9.8 million due to the acquisition of Henkel's closure materials business, which was completed back in 2021, the division recorded operational growth of 13 %. This was mainly attributable to price adjustments across all product lines. Operating volume development was slightly negative.

The division's sales performance in 2022 was positive across all regions. Europe, the region with the highest sales, posted double-digit operating growth despite the economic impact of the war against Ukraine. The Eurozone showed very good momentum with 15 % operating growth. Germany, the largest single market, also performed well boasting a double-digit growth rate. Asia recorded the strongest percentage increase in sales. Deviating from the development in the other divisions, ACTEGA achieved double-digit operational growth in China. The highest percentage increase in operating sales performance was achieved in India. In the Americas, Mexico, followed by Brazil, showed the strongest percentage increase in sales in operating terms. In the U.S., however, the division's largest single market, ACTEGA achieved only moderate operating growth in the low single-digit range. Overall, sales in the region increased in the double-digit range, driven by strong sales growth in Brazil, but fell slightly short of the other regions.

Earnings Situation

The general slowdown in demand was also reflected in ALTANA's earnings situation. However, comprehensive price adjustments, in particular to compensate for the significant increase in material, energy, and logistics costs, contributed to the fact that absolute earnings before interest, taxes, depreciation and amortization (EBITDA) fell by only 6 % or € 29.5 million to € 452.2 million (previous year: € 481.7 million). Adjusted for acquisition and exchange-rate effects, operating earnings decreased by 10 %. At 15.0 %, the EBITDA margin was below the previous year's figure of 18.1 % and below our strategic target range of 18 % to 20 %. The deviation was mainly due to inflation.

The subdued order situation due to external influences and the inflation-related development of costs and sales resulted in an absolute EBITDA and an EBITDA margin below the figures forecast for 2022 at the beginning of the year.

The most important cost parameter for ALTANA, variable raw-material and packaging costs, consistently weighed on earnings development. The material usage ratio, the ratio of these costs to sales, was already at 48.1 % in the first quarter and rose continuously over the course of the year as raw material prices continued to rise, reaching 49.6 % in the fourth quarter. For 2022 as a whole, the material usage ratio was 48.9 %, significantly higher than the prior-year figure of 45.4 % and far higher than we had forecast. At the beginning of the year, we still expected raw material prices to move laterally in 2022. The increase in material costs and the resulting impact on earnings affected all four divisions.

The development of costs in 2022 was mainly influenced by inflation-related price developments in the area of energy, logistics, and other services. In addition, cost items in the area of travel activities rose to a higher level again following the discontinuation of many restrictions due to the coronavirus pandemic. Depreciation and amortization increased by 4 % in a year-to-year comparison. Personnel costs

were impacted by a further increase in the number of jobs, mainly in production, and annual pay increases. The ratio of total personnel costs to sales fell to 19.7 % (previous year: 20.9 %) due to the increase in sales.

Within production costs, personnel costs in particular were higher than in the previous year due to the increase in personnel to safeguard capacity and tariff adjustments. The second largest effect came from significantly higher energy costs, followed by higher costs for maintenance and repairs.

In terms of selling expenses, the main driver for 2022 was the increase in freight prices, which accounted for around half of the cost increase. The second-largest effect here was the increase in personnel expenses, mainly due to collective pay increases and the expansion of the workforce to safeguard business operations. In the area of selling expenses, the elimination of travel restrictions also led to an increase in the corresponding cost items.






In 2022, research and development expenses rose again. The reason for the increase was personnel costs as well as an increase in travel expenses. The ratio of research and development costs to total sales decreased slightly from 6.7 % to 6.4 % due to the high sales growth in 2022 and is thus slightly below our target of around 7 %.

Administrative expenses also increased vis-à-vis the previous year. Here, too, the main reasons were increases in personnel expenses, increases in IT consulting costs, and higher travel expenses. However, the ratio of administrative expenses to sales remained at the prior-year level of 4.4 %.






The positive balance of other operating income and expenses totaled € 8.5 million in 2022, slightly below the previous year's figure (€ 10.4 million). Earnings before interest and taxes (EBIT) amounted to € 287.5 million, 14.5 % lower in operational terms than the previous year's figure (€ 322.8 million).

Multi-period overview of the earnings situation

Sales (in € million)

2018		2,307
2019		2,249
2020		2,178
2021		2,667
2022		3,021

EBITDA (in € million)

2018		431
2019		416
2020		426
2021		482
2022		452

At € 7.0 million, the financial result was higher than the previous year's figure of € -2.0 million. The positive result was mainly based on the income from the sale of the shares in the company dp polar GmbH, Eggenstein-Leopoldshafen, which was previously accounted for using the equity method, in October 2022. The result from companies accounted for using the equity method changed from € -45.8 million in the previous year to € 10.9 million in the 2022 fiscal year. The reason for this development is valuation effects in connection with the investment in Landa Corporation Ltd. As a result of several capital increases, ALTANA's share in the company decreased while the proportionate equity increased significantly.

Earnings before taxes (EBT) increased to € 305.5 million (previous year: € 275.0 million), while earnings after taxes (EAT) rose to € 232.4 million (previous year: € 195.2 million). The adjusted income tax rate was slightly lower than in the previous year.

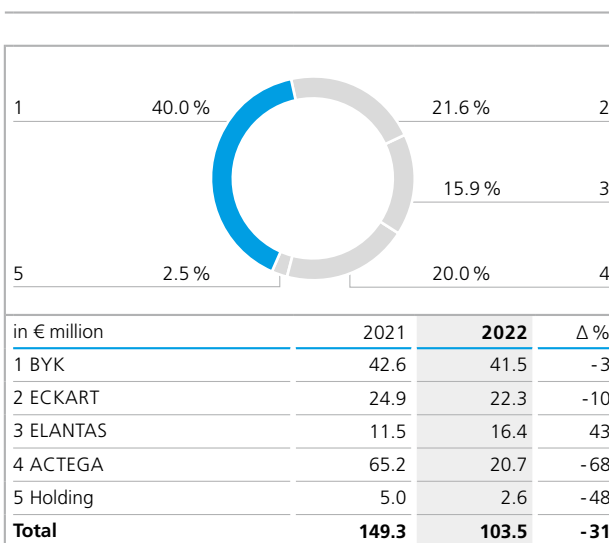
Asset and Financial Situation

Capital Expenditure

In the past fiscal year, ALTANA invested a total of € 103.5 million in intangible assets and property, plant and equipment, which was below the prior-year figure (€ 149.3 million). In 2021, € 46.3 million was spent on acquiring intangible assets and property, plant and equipment in connection with the acquisition of business activities in the ACTEGA division. Total investments adjusted for this acquisition amounted to € 103.0 million. The investment ratio, that is the ratio of capital expenditures to sales, was 3.4 %, below our long-term target range of 5 % to 6 % due to inflation-related sales growth.

Of the € 103.5 million invested, € 95.0 million related to property, plant and equipment (previous year: € 93.5 million). For several years, major projects have been carried out

Capital expenditure by division



to strategically expand global production and laboratory capacities. Investments in intangible assets totaled € 8.5 million in the past fiscal year, compared to € 9.5 million in 2021. The focus of investments was on the further expansion of digitization and ERP systems.

In the regional distribution of investments, there was a project-related shift in favor of the Americas compared with the previous year. While Europe's share decreased from 61 % in 2021 to 56 % in the reporting year, the Americas' share grew to 34 % (previous year: 27 %). The increase was mainly due to investment projects in Brazil. Overall, investment activity continued to be focused on Germany (41 %) and the U.S. (28 %). Asia's share of the total volume decreased to 10 % (previous year: 12 %).

The BYK division invested a total of € 41.5 million in 2022, slightly below the previous year's level (€ 42.6 million). Investment activity focused on the further expansion of production capacities in the U.S. and Germany. Other invest-

Capital expenditure ALTANA Group (in € million)

Year	Germany	Abroad	Total
2018	72	115	187
2019	60	97	157
2020	47	58	105
2021	95	54	149
2022	42	62	104

ments concerned research and development capacities as well as strategic digitization projects.

At € 22.3 million, the ECKART division's investment volume was lower than in the previous year (€ 24.9 million). As in the prior year, the division's site in Hartenstein and its sites in the United States accounted for by far the largest shares.

The ELANTAS division increased its investments in property, plant and equipment and intangible assets to € 16.4 million (previous year: € 11.5 million). In the past fiscal year, the division invested primarily in the production facilities of its European companies and its site in Zhuhai, China.

The ACTEGA division increased its investment volume to € 20.7 million (previous year: € 18.9 million). Investments in the past fiscal year mainly related to the expansion of production capacities at German sites and at its site in Brazil.

Balance Sheet Structure**Key figures**

	2021	2022	Δ %
in € million			
Total assets	3,636.0	3,961.5	9
Shareholders' equity	2,675.4	2,951.6	10
Net financial assets ¹	67.7	144.7	> 100

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

In the course of the 2022 fiscal year, the ALTANA Group's total assets rose from € 3,636.0 million to € 3,961.5 million. The increase of € 325.5 million or 9 % results primarily from an increase in current assets due to an increase in inventories and cash and cash equivalents as well as from exchange-rate effects.

Intangible assets decreased to € 986.2 million (previous year: € 995.4 million). Property, plant and equipment increased slightly in value, developing from € 997.9 million in the previous year to € 1,012.3 million. With additions of € 95.0 million, the level of investment in property, plant and equipment was below that of depreciation and amortization. Positive exchange-rate effects contributed to an increase in the carrying amounts in the Group currency, the euro, in both areas.

Shares in companies accounted for using the equity method increased by € 36.3 million to € 83.6 million. The rise was mainly due to an increase in this item resulting from the change in the shareholding structure of Landa Corporation Ltd. in the course of several capital increases.

Total non-current assets amounted to € 2,186.4 million at the balance sheet date (previous year: € 2,143.3 million), up € 43.1 million on the previous year. Their share of total assets decreased to 55 % (previous year: 59 %).

The change in current assets was mainly due to the increase in inventories and cash and cash equivalents. The

value of inventories and trade accounts receivable increased as a result of inflation-related price increases and exchange-rate effects. Inventories were also boosted by the build-up of raw material stocks in the wake of continuous price increases and limited availability, with demand increasingly weakening in the second half of the year. Inventories increased to € 616.5 million (previous year: € 511.5 million). At € 487.6 million, trade receivables were higher than in the previous year (€ 473.4 million). As a result of these effects and a simultaneous reduction in trade payables, net working capital was significantly higher in absolute terms than in the previous year. In the balance with current liabilities, net working capital, at € 871.8 million, was well above the level of 2021 (€ 737.1 million). The scope of net working capital, in relation to the business performance of the respective preceding three months, rose to 138 days, compared with 118 days at the end of 2021. Absolute net working capital as well as the scope were also higher than the figures expected for 2022, as neither inflation-related price increases nor exchange-rate and demand developments were forecast in

this way at the beginning of the year. Cash and cash equivalents increased in the course of the year to € 458.1 million (previous year: € 259.9 million), mainly due to the inflow from non-current financial liabilities. Based on these effects, total current assets climbed to € 1,775.0 million (previous year: € 1,492.7 million).

On the liabilities side, changes resulted primarily from earnings-related increases in equity, increases in non-current financial liabilities, a reduction in pension provisions, and exchange rate-related adjustments. The Group's equity improved overall by € 276.2 million or 10 % to € 2,951.6 million (previous year: € 2,675.4 million). The positive result for the year as well as currency and pension valuation effects were the main contributory factors. At 75 %, the equity ratio as of December 31, 2022, was slightly above the previous year's level.

Total non-current liabilities increased in the course of 2022, mainly due to the utilization of a credit line from the European Investment Bank (EIB), while provisions for pensions decreased, mainly as a result of interest rates. Overall,

Structure of consolidated balance sheet

Assets	Dec. 31,2021		Dec. 31,2022	
	€ million	%	€ million	%
Non-current assets	2,143.3	59	2,186.4	55
Inventories, trade accounts receivable and other current assets	1,134.2	31	1,269.4	32
Cash, short-term financial assets, and cash equivalents and marketable securities	358.5	10	505.7	13
Total assets	3,636.0	100	3,961.5	100

Shareholders' equity and liabilities	Dec. 31,2021		Dec. 31,2022	
	€ million	%	€ million	%
Shareholders' equity	2,675.4	74	2,951.6	75
Non-current liabilities	432.5	12	506.1	13
Current liabilities	528.2	14	503.8	13
Total shareholders' equity and liabilities	3,636.0	100	3,961.5	100

non-current liabilities increased by € 73.6 million to € 506.1 million (previous year: € 432.5 million).

The total current liabilities reported in the balance sheet as of December 31, 2022, fell from € 528.2 million to € 503.8 million. Trade payables decreased slightly by € 15.6 million to € 232.2 million.

The balance of cash and cash equivalents, short-term financial assets, current marketable securities, loans granted, financial liabilities, and employee benefit obligations resulted in net financial assets of € 144.7 million at the balance sheet date of December 31, 2022. This corresponds to an increase of € 77.0 million compared with the previous year.

Principles and Goals of Our Financing Strategy

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

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

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

In June 2021, ALTANA restructured its long-term Group financing: Since June 2021, ALTANA has had access to € 250.0 million in the form of a syndicated credit facility from an international bank consortium which has a minimum term until 2026. In 2022, the term was extended until 2027. In addition, ALTANA has had access to loans from the European Investment Bank (EIB) of up to € 200.0 million since the end of June 2021 for the development of climate-friendly, digital, and sustainable products. In the 2022 fiscal year, the

EIB loan commitment was increased by € 50 million to a total of € 250 million and the call period was extended by one year to December 21, 2023. EIB loans totaling € 150.0 million were drawn down by the end of 2022.

This financing structure offers ALTANA the flexibility it needs to appropriately take advantage of short-term or investment-intensive growth opportunities. The distribution of the maturities of the financing instruments we use enables us to optimally control repayment of liabilities with inflows from operating cash flow.

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

Liquidity Analysis

Key figures

	2021	2022	Δ %
in € million			
Cash flow from operating activities	244.4	201.6	-18
Cash flow from investing activities	(246.8)	(64.5)	74
Cash flow from financing activities	(61.3)	64.2	> 100

In the course of 2022, cash and cash equivalents increased by € 198.1 million to € 458.1 million (previous year: € 259.9 million). At € 201.6 million, the cash inflow from operating activities was below the previous year's level (€ 244.4 million) and below our expectations: We had forecast an increase compared to the previous year. This reflects the high level of capital tied up in net working capital, which increased by

€ 125 million over the course of the year, in particular the sharp rise in inventories.

Cash outflow from investing activities decreased to € 64.5 million (previous year: € 246.8 million). One of the main reasons for this was the repayment of current financial assets in 2022, which had represented a cash outflow in the previous year. In contrast to 2021, moreover, no expenditures were made for acquisitions in 2022. Capital expenditure on intangible assets and property, plant and equipment, adjusted for acquisitions, was at roughly the same level as in 2021.

Cash flow from financing activities amounted to € 64.2 million in the 2022 fiscal year, which were mainly provided by drawing down the loan from the European Investment Bank. In the previous year, there was an outflow of funds from financing activities totaling € 61.3 million. In fiscal 2022, ALTANA AG paid a dividend amounting to € 70.0 million (previous year: € 50.0 million).

Value Management

Key figures value management

	2021	2022
in € million		
Operating capital (annual average)	3,082.5	3,318.6
Operating earnings	297.4	261.1
Return on capital employed (ROCE)	9.6%	7.9%
Weighted average cost of capital	7.5%	7.5%
ALTANA Value Added (relative AVA)	2.1%	0.4%
ALTANA Value Added (absolute AVA)	66.2	12.3

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

presented in the "Group Basics" section, is used to measure the development of the company's value. Despite challenging conditions, a slightly positive contribution to the development of our company's value was generated in the 2022 fiscal year, although this was lower than the very good figure for the previous year and also well below our expectations for the fiscal year.

The earnings development is reflected in the operating earnings of € 261.1 million (previous year: € 297.4 million), which was the main factor here. The Group's average capital employed increased to € 3,318.6 million in 2022 (previous year: € 3,082.5 million). The cost of capital rate remained unchanged at 7.5 %, resulting in costs of capital of € 248.9 million (previous year: € 231.2 million).

At 7.9 %, the return on capital employed (ROCE) in 2022 was down on the previous year (9.6 %). Absolute value added totaled € 12.3 million in the past fiscal year, compared to € 66.2 million the year before. Relative AVA fell from 2.1 % in the previous year to 0.4 % in 2022. The significant increase in the value management key figures originally forecast for 2022 was not achieved due to the earnings situation, which was adversely affected by the external environment.

Innovation, Employees, Environment, and Safety

Innovation

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

In addition to the activities in the business divisions, selected innovations are initiated and coordinated at the ALTANA level, aimed at tapping new business fields and absorbing technology and market trends. The basis for these innovations are the strong competencies of the divisions along the entire value chain as well as the synergies that arise

between the divisions. For the design of new innovation areas, we use three different but thematically complementary approaches: the ALTANA Institute, our technology platforms, and corporate venturing.





With the help of the ALTANA Institute, external networks and close cooperation with universities and research institutes around the world are used to harness outside impetus. Here, we cooperate in the area of basic research on topics that form the foundation of further more application-oriented internal research and development activities. In addition to the technology transfers of the first completed projects to the divisions, this year also saw the establishment of a new international research cooperative venture with the University of Northumbria in Great Britain.

In 2022, ALTANA's investments in technology platforms were at the previous year's level. This demonstrates the constant expansion of the area based on targeted cooperation with customers.

The "Printed Electronics" innovation platform that was integrated into the ELANTAS division was able to further increase sales by means of additional new business and to fill the project pipeline further. To further expand its innovative strength in the field of printed electronics, ALTANA acquired a stake in the technology startup Saralon GmbH in December 2022.

As part of the "Cubic Ink" technology platform, we supplemented the versatile product portfolio with special solu-

Research and development expenses (in € million)

2018		154.1
2019		165.6
2020		163.4
2021		179.7
2022		192.9

tions and presented it to the market for the first time at our booth at Formnext, the leading international additive manufacturing technologies trade fair. Due to the sale of shares in the printer manufacturer dp polar in 2022, we were able to present the broad Cubic Ink portfolio for the first time as an independent supplier and as a printer-independent solution, thus accelerating the commercialization of the products.

The laser transfer technology platform Heliosonic also made progress. It expanded its pigment portfolio and was thus able to enter into more strategic development partnerships beyond the graphic arts industry. In the field of printed electronics, medical technology, and marking, feasibility studies were completed and the first industrial projects started. In addition, the construction of another printing press began, which will enable a significantly larger printing width than the existing model.

Thanks to the close cooperation between the central departments Corporate Innovation and Corporate Venturing, ALTANA can continuously examine technology and market potential and enter new attractive markets by means of targeted investments in innovative technology companies. In this context, ALTANA again expanded its cooperation with the companies TAU ACT GmbH, Berlin, and the Israeli startup Velox Ltd. in the 2022 fiscal year. At Velox Ltd., following the successful placement of Beta machines with selected customers, there was a positive incoming order development in 2022.

The basis for our innovative strength is an open and dynamic corporate culture that gives the 1,242 employees in our worldwide research and development centers freedom for creative and entrepreneurial action. The equipment in our development centers enables our employees to turn their ideas into market-ready solutions. Our research and development expenses increased by € 13.3 million compared with the previous year (€ 179.7 million) to € 192.9 million. The decrease in the share of sales accounted for by research and development expenses to 6.4 % (previous year: 6.7 %) is sole-

ly attributable to the high increase in sales due to inflation. In general, our expenditures are related to the achievement of important milestones, the implementation of individual customer requirements in future innovative products, and the long-term orientation of our innovation activities.

Employees

At the end of 2022, the companies of the ALTANA Group employed 6,957 people worldwide (previous year: 6,731). The increase of 226 persons or 3 % compared to the previous year promotes ALTANA's long-term growth.

In the BYK division, the number of employees rose by 84 to 2,504 (previous year: 2,420). The strongest increase was recorded in the areas of production and supply chain, particularly at the company in Germany.

In the ECKART division, staff numbers increased by 39 to 1,774 in the course of 2022 (previous year: 1,735). The changes mainly concerned production at the site in Hartenstein.

ELANTAS's workforce grew by 22 persons to 1,083 (previous year: 1,061). The increase in employees was spread across all functional areas.

In the ACTEGA division, staff numbers rose by 63 to 1,347 in the course of the year (previous year: 1,284). The increase was primarily in production, mainly at the division's North American and German sites.

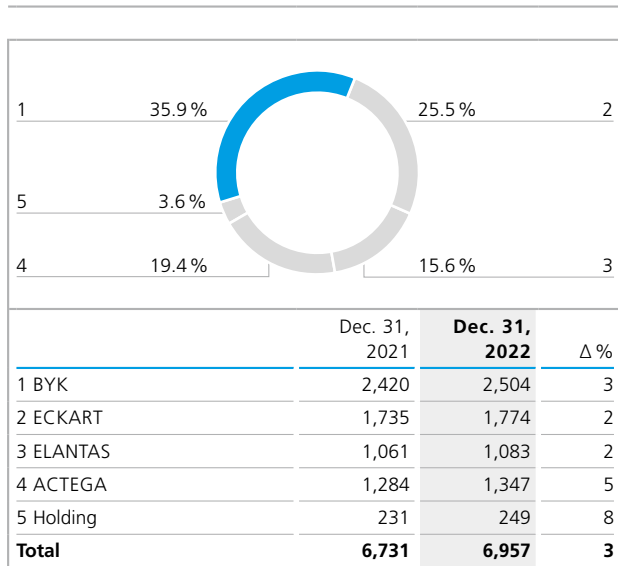
In the Group's holding companies, the headcount rose by 18 to 249 in the past fiscal year (prior year: 231). The largest increase was recorded at ALTANA Management Services GmbH, with 11 additional employees.

The functional structure of the workforce did not change significantly in the 2022 fiscal year. With 51 % or 3,568 people (previous year: 3,463), most of the employees continued to work in production. The research and development workforce increased by 21 to 1,242 in 2022 (previous year:

Employees in research and development

BYK	512
ECKART	273
ELANTAS	164
ACTEGA	261
Holding	32
Total	1,242

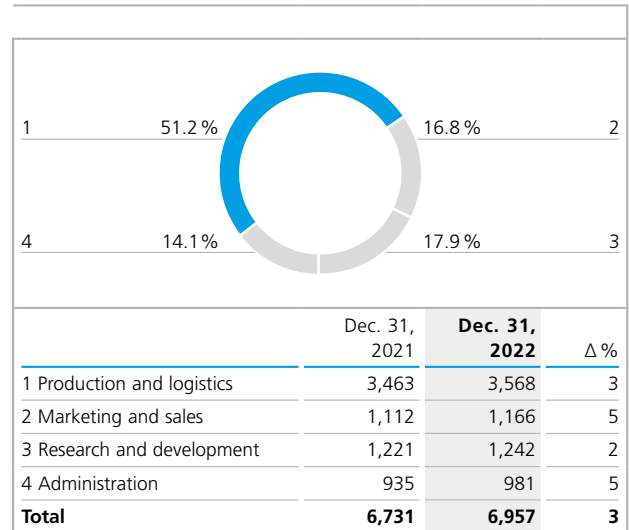
Employees by division



1,221). In marketing and sales, the number of employees increased by a total of 54 to 1,166 in 2022 (previous year: 1,112). In the year under review, 981 people were employed in administration (previous year: 935).

There were also only minor shifts in the regional structure in 2022 compared to the previous year. With 4,506

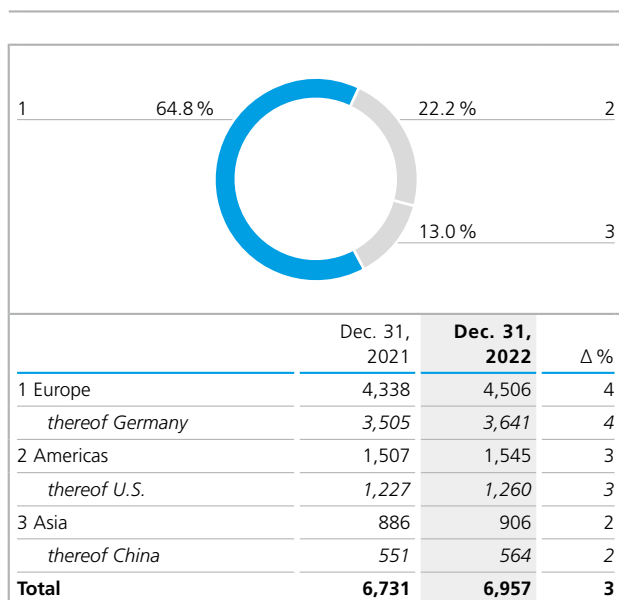
Employees by functional area



employees (previous year: 4,338), the European Group companies continued to account for by far the largest share of staff. At the end of the year, 3,641 people (previous year: 3,505) were employed in Germany, the majority at the largest manufacturing and development sites of the ECKART and BYK divisions in Hartenstein and Wesel, respectively. The workforce in the Americas rose by 38 to 1,545 at the end of 2022 (previous year: 1,507). The increase was primarily in North American companies. The number of people employed by Asian Group companies grew from 886 in the previous year to 906 in 2022, with the largest increase in China.

At the end of the 2022 fiscal year, 1,825 women and 5,132 men worked for ALTANA. 89 % of all employees had an unlimited and 11 % a limited employment contract on the balance sheet date. This ratio was virtually the same for both genders. 74 % of the female employees worked full-time and 26 % part-time at the end of 2022. Among male

Employees by region



employees, 98 % worked full-time. Apart from its own employees, 128 people from employment agencies worked for the ALTANA Group on December 31, 2022.

The colleagues in the ALTANA Group are the key to our sustainable success and an integral part of ALTANA's culture. There is now international competition for specialists and managers in all of our employee markets. As a result, ALTANA focused to a greater extent on the further development of internal talent management in the year under review. The goal is to offer every employee the opportunity for individual growth, provided that the staff member signals personal interest and a willingness to change.

In 2021, ALTANA initiated the so-called global ALTANA Talent Cycle. In addition to talent management and human resources development, this process focuses on the topics of "giving feedback" and "receiving feedback." The annual

Talent Cycle begins each November. The first cycle was completed in the second quarter of 2022, so an initial conclusion can now be drawn. Overall, a large majority of ALTANA's worldwide workforce has taken advantage of the opportunity to conduct the annual employee review and also document it digitally, in SAP SuccessFactors. Following the annual performance review, the process provides for "People Conferences," where the direct manager has the chance to validate or calibrate the previously made assessment in discussions with managers in interface functions. Only a small proportion of the workforce has objected to participating in the conferences. The Talent Cycle is an important instrument for ALTANA both to identify high potentials in all Group companies and to offer targeted development opportunities.

Another building block in talent development is the newly launched ALTANA Management Development Program (mdp). The program, which was carried out for the first time in cooperation with the University of St. Gallen, aims to prepare a total of 20 international colleagues for potential further management tasks by the beginning of 2023. The focus of the individual modules is on strategy, finance and controlling, change management, self-management and resilience, and leadership. Renowned international speakers have been recruited as trainers for the respective modules.

In addition to promoting management careers, ALTANA also attaches great importance to specialist careers. To address this issue, the so-called Expert Program was launched in 2022, which focuses on the targeted development of our experts who do not have management responsibility. In the first step, 24 pilot participants from Germany and the U.S. were selected to take part in the program. The program aims to teach the participants skills in the areas of self-reflection and organization, change and conflict management, as well as self-efficacy. It is planned to extend the program to other employees in other ALTANA regions in the near future.

Apart from intensive work on HR projects in the area of talent management, the expansion of other SAP SuccessFactors modules was also intensively prepared in the year under review as part of the HR Transformation project. SAP SuccessFactors has been the leading system for HR master data management worldwide since 2021, and both ALTANA Learning and the ALTANA Talent Cycle have been made available to all employees via the application in recent years. Another step toward digitizing HR processes is the implementation of a uniform, digital compensation adjustment process. Preliminary work necessary for this, such as the standardization of the schedule for the remuneration determination process and the bonus system for non-tariff ALTANA Group employees, was advanced in 2022. At the beginning of 2023, the first pilot companies will start with the digital remuneration adjustment process. In the future, this process – which is otherwise very manual for the majority – can be carried out digitally. This will free up resources that can be used to a greater extent, for example, to support and advise employees. Regarding the compensation adjustment process, SAP SuccessFactors was set up in such a way that all other ALTANA companies can be linked in subsequent years in order to both drive forward the digitization of HR processes and take account of the cross-company reporting lines.

Environment and Safety

Environmentally compatible management and occupational safety are key components of ALTANA's corporate strategy and are becoming increasingly important. The ALTANA Group measures progress in the area of environmental protection using specific key figures, such as the consumption of natural gas and electricity as energy sources and the resulting greenhouse gas emissions, and in the area of safety with the help of accident figures.

In terms of environmental protection, our goal is to continuously reduce energy consumption at all of our sites and in all areas and to promote the use of energy from renewable sources in order to achieve climate neutrality in Scope 1 and Scope 2 for the ALTANA Group by 2025. A first milestone has been reached with the global purchase of green electricity since 2020. In addition, the sites invest every year in energy transformation measures, as described in the "Environment" chapter of this report. ALTANA plans to compensate for the greenhouse gas emissions that cannot be avoided by 2025 by financing climate protection projects. When selecting projects, we ensure that they are certified to the highest standards and also contribute to selected Sustainable Development Goals of the United Nations. In addition, we internally review the portfolio built up in this way at annual intervals and check whether it continues to meet our requirements. In the field of safety, the primary objective is to reduce the number of accidents.

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

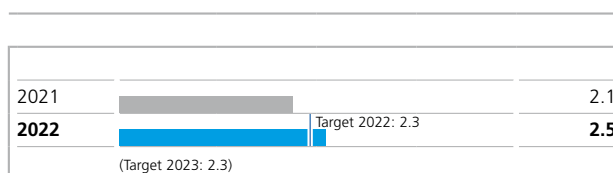
working hours. WAI 2 comprises the number of reported occupational accidents with lost work time of more than three days per million working hours. And WAI 3 represents the number of lost work days due to reported occupational accidents per million working hours.

ALTANA determines the working hours on the basis of the actual hours worked. If such recording is not possible, a qualified estimate of the average hours worked is made. Accidents are recorded directly on site and reported to a defined group of persons within 48 hours. On a quarterly basis, the reported accidents with lost work days are evaluated in a global IT system. Subsequently, the evaluations are made available to all responsible persons, such as the Management Board, division presidents, managing directors, and experts from the area of Environment, Health and Safety (EH&S). On the basis of this data, ALTANA's Management Board, together with the EH&S department, sets target values for the three WAIs for each year, which apply equally to all companies of the ALTANA Group.

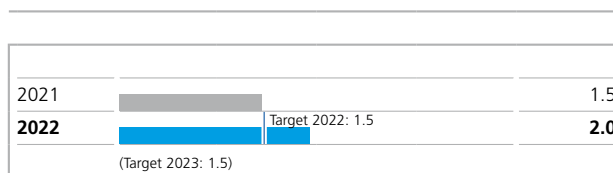
For 2022, ALTANA again lowered the target values for all three accident indicators (WAI 1: 2.3; WAI 2: 1.5; and WAI 3: 28.0), once again emphasizing how important the continual improvement of occupational safety is for the Group. However, the year was marked by major challenges that caused stress and uncertainty among our employees. For example, although we succeeded in maintaining the number of occupational accidents at our sites at a low level, we were unable to achieve two of our ambitious targets at Group level. Globally, 29 accidents with lost work time were reported at ALTANA, 5 accidents more than in the previous year. Based on the hours worked, the WAI values are as follows: WAI 1: 2.5 (previous year: 2.1); WAI 2: 2.0 (previous year: 1.5); and WAI 3: 23.1 (previous year: 25.2).

ALTANA has also been addressing the issue of energy efficiency and the associated greenhouse gas emissions for several years. In addition to absolute values, energy con-

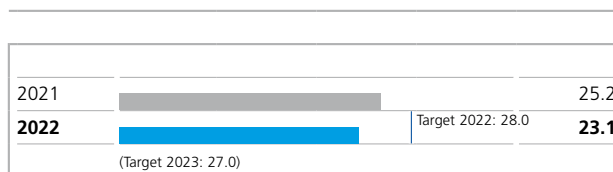
WAI 1 (number of reported occupational accidents with lost work time of one day or more per million working hours)



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



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



sumption is set in relation to the quantity of finished goods that are produced. ALTANA establishes annual reduction targets for energy consumption in relation to the quantity of finished goods produced. The recording and calculation of emissions relates, as Scope 1, to direct greenhouse gas emissions from emission sources owned or controlled by the Group. These include, for example, the combustion of

primary energy sources in the course of heat generation and fuel consumption in the company's own vehicle fleet at some sites. Scope 2 includes indirect greenhouse gas emissions from the performance-related purchase of electricity. They are recorded and calculated in accordance with the standard "A Corporate Accounting and Reporting Standard – Revised Edition" of the Greenhouse Gas Protocol initiative. The data are reported in the document "Facts and Figures on Sustainability 2022." The energy consumption of all production sites included in the scope of consolidation is recorded and evaluated in a global reporting system. The CO₂ equivalents for Scope 2 are calculated based on conversion factors (g CO₂/kWh) defined by the International Energy Agency (IEA) in line with the currently published values (2020) for the location-based method and with the aid of emission factors of the electricity supplier or an individual electricity product for the market-based method. For Scope 1, the conversion factors from the Intergovernmental Panel on Climate Change (IPCC) are used.

Consumption is generally verified by the companies by means of bills. If this is not possible for the last two months of the reporting year, the companies first make a qualified estimate of the values. As a result, in the following year – as soon as all bills are available – the prior-year figure may still be adjusted retrospectively. In 2022, ALTANA had a total energy consumption of 680,948 MWh (previous year: 743,304 MWh). The main energy sources were natural gas (380,509 MWh) and electricity (263,759 MWh). ALTANA set a target value of 1.21 MWh/t for the specific energy parameter – based on one ton of finished goods – for 2022, and in the reporting period fell slightly below this value at 1.20 MWh/t. This resulted in a total of 92,629 tons of CO₂ equivalents in Scope 1. Of this amount, 91,436 tons of CO₂ equivalents belong to Scope 1. ALTANA offsets 40,729 tons of CO₂ equivalents of unavoidable Scope 1 emissions by investing in certified offset projects (Verra Register VCU serial number 9355-83999139-84032489-VCS-VCU-997-

VER-IN-1-1742-01012018-31122018-0). The project in question is the Kinnaur Hydropower Plant project on the Satluj River in the Himachal Pradesh region of India.

For the purchased electricity of 263,759 MWh, the same amount of Guarantees of Origin was acquired in accordance with recognized quality standards (for example, CoO for Europe, GREEN-E for the U.S., and IREC for China) and through a German PPA (Power Purchase Agreement). This is electricity that is generated from renewable energies and whose origin is made transparent by means of a Guarantee of Origin. ALTANA plans to finalize the decommissioning of these Guarantees of Origin for 2022 in April 2023, as in the previous year. These electricity purchases cause zero CO₂ emissions according to the "market-based" method. As a result, 51,900 tons of CO₂ equivalents (50,708 tons for Scope 1 and 1,192 tons for Scope 2 from the purchase of electricity, steam, district heating, and compressed air according to the market-based method) from unavoidable greenhouse gas emissions were caused that were not offset by compensation.

Declaration on Corporate Governance

Corporate Governance

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

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

In the 2022 fiscal year, ALTANA complied with the vast majority of the applicable recommendations and suggestions of the German Corporate Governance Code in the version of December 16, 2019. This especially applies to the recommendations concerning the composition of the Supervisory Board, the cooperation between the Management Board and the Supervisory Board, the cooperation between the Chairman of the Supervisory Board and the Supervisory Board plenum, dealings with conflicts of interest of the Supervisory Board members, the setting up and composition of the committees, as well as matters relating to the audit.

The Management Board and Supervisory Board intend to again largely follow the recommendations and suggestions of the German Corporate Governance Code in the 2023 fiscal year, now in the version of April 28, 2022.

Management and Control

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

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

The company's Supervisory Board has twelve members. Half of them are employee representatives elected in accordance with the German Codetermination Act, while the remaining six are shareholder representatives. Here, too, experience and expertise play an important role, as does independence. In 2022, all of the shareholder representatives were independent of the company and the Management Board. Despite having been a member of the Supervisory Board for more than thirteen years, Ms. Klatten is considered independent of the company and the Management Board because she is indirectly the company's sole shareholder. All of the shareholder representatives, with the exception of Ms. Klatten and Professor Dr. Richter, are independent of the company's controlling shareholder. They are normally elected for a period of five years. An age limit of 70 years has been set for members of the Supervisory Board. The Management Board reports to the Supervisory Board regularly, without delay, and comprehensively on all issues relevant for the company regarding business development, risks, and planning, and discusses ALTANA's strategy with the Supervisory Board. Sustainability issues are also discussed regularly at the Supervisory Board meetings. The Supervisory Board monitors and advises the Management Board in its management activities. The Supervisory Board's tasks also include approv-

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

The Supervisory Board formed an Audit Committee, a Human Resources Committee, and a Mediation Committee, legally required in accordance with section 27 (3) of the German Codetermination Act. Each committee consists of two shareholder representatives and two employee representatives. The Chairman of the Human Resources Committee and the Mediation Committee is the Chairman of the Supervisory Board, Dr. Matthias L. Wolfgruber. The Human Resources Committee also includes Mr. Jürgen Bembenek, Mr. Ulrich Gajewiak, and Ms. Susanne Klatten. In addition to the Chairman, the members of the Mediation Committee are Mr. Gajewiak, Ms. Klatten, and Mr. Klaus Koch. Dr. Jens Schulte is the Chairman of the Audit Committee. The other members of the Audit Committee are Mr. Armin Glashauser, Mr. Stefan Soltmann, and Professor Dr. Richter (until March 16, 2022: Dr. Antonio Trius). Through their current and previous activities, Dr. Schulte and Professor Dr. Richter have expertise and special knowledge and experience in the fields of accounting and auditing, including the application of accounting principles and internal control and risk management systems, as well as sustainability reporting and its auditing.

The Supervisory Board conducts a self-assessment every two years. In 2022, the Supervisory Board carried out this self-assessment on a rotational basis, with each member answering a questionnaire designed by the Chairman of the Supervisory Board and previously agreed with the members. The answers were evaluated quantitatively and qualitatively, and the results presented to the members at a Supervisory Board meeting.

There is a D&O liability insurance scheme for members of the Management and Supervisory Boards. The insurance covers personal liability risks in the event that a claim is made against members of the Management and Supervisory Boards while they are performing their activities. For Management Board members, the insurance contract stipulates a deductible of ten percent of the damages, but a maximum of one-and-a-half times the amount of the fixed annual compensation of the respective member of the Management Board per insurance year. Further information on the compensation of the Management and Supervisory Boards can be found in the complete Consolidated Financial Statements on page 74 f.

Compliance

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

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

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

foreign trade, data protection, financial reporting, and taxes.

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

ALTANA's Code of Conduct, which holds for the entire company, contains binding rules regarding responsible, ethical, and lawful behavior for all staff members. This applies in particular to issues such as corruption, conflicts of interest, antitrust law, environmental protection, and discrimination. Together with the company's Guiding Principles, the Code of Conduct provides orientation for responsible corporate action. The Code of Conduct and the Guiding Principles are published on our website (www.altana.com). Since 2010, ALTANA's employees have been trained with the help of an e-learning program regarding the content of the Code of Conduct and further issues relevant to compliance such as corruption and antitrust law.

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

Another important element to guarantee the effectiveness of the Compliance Management System is the work of Internal Audit. For a few years now, compliance pro-

grams have been carried out regularly at ALTANA and its subsidiaries.

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

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

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

The Management Board and Audit Committee are satisfied that the Compliance Management System is effective and appropriate.

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

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

women by the end of June 30, 2023: 33 % of Supervisory Board members, 0 % of Management Board members, 30 % of the first and 30 % of the second management level below the Management Board.

Overall Assessment of Our Business Performance and Business Situation

The global economy faced major challenges in 2022. While 2021 was characterized by extraordinarily strong demand, Russia's war against Ukraine and its subsequent impact on the raw materials and energy markets led to a significant downturn in economic development, especially in Europe. Despite this challenging and volatile environment, ALTANA was able to achieve sales of more than three billion euros for the first time and to maintain absolute earnings before interest, taxes, depreciation and amortization (EBITDA) at a high level by means of comprehensive price adjustments, in particular to offset the significant increase in material, energy, and logistics costs. The earnings margin was below our strategic target range, mainly due to inflation. In the area of occupational safety, we continued to keep the number of occupational accidents at our sites at a low level, although we achieved only part of our very ambitious targets. In terms of our climate protection targets, we successfully continued on our path to climate neutrality in Scope 1 and Scope 2 by 2025. At the same time, we continued to drive forward our strategic activities to develop medium- to long-term growth areas and our digital transformation.

Our balance sheet continues to show a very solid structure at the end of 2022 and offers sufficient financial headroom for investments in sustainable profitable growth.

Subsequent Events

No events subject to reporting requirements occurred after the balance sheet date.

Expected Developments

Future Orientation of the Group

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

We do not expect our entry into new market segments or application areas to lead to any significant changes in our sales structure in the medium term. We also expect the balanced regional sales distribution to basically remain stable.

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

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

Economic and Industry Outlook

For 2023, ALTANA continues to expect restrained global economic growth. The external influencing factors that already led to a clouding of the markets in 2022 are expected to continue to impair economic development. An end to the war against Ukraine is currently not in sight. Although global inflation rates should weaken slightly, they will remain at a high level compared with previous years. Price volatility in the energy sector stabilized at the end of 2022. However, it is difficult to estimate how price developments and the natural gas supply situation – especially in Europe – will evolve up to next winter. The International Monetary Fund (IMF) expects lower growth in global economic output of 2.9 % in 2023 compared to 3.4 % in 2022.

Economic growth is expected to be weaker in the industrialized nations than in the emerging and developing countries. The IMF expects the industrialized nations as a whole to grow by 1.2 % in 2023 (previous year: 2.7 %), a trend that is evident in all economies, albeit with varying degrees of intensity. In the United States, growth of just 1.4 % is forecast for 2023, following 2.0 % growth in the previous year. In the Eurozone, the IMF expects growth of only 0.7 % in 2023, compared with 3.5 % in 2022. For Germany, the IMF no longer expects any significant growth in 2023 (0.1 %) after a low growth rate of 1.9 % in 2022. While most industrialized nations performed better in 2022 than the IMF had anticipated in October, economic growth is expected to be lower in 2023. Although inflation is expected to ease slightly, the effects of the related monetary policy measures could have a further, more pronounced negative impact on demand in 2023.

According to the IMF forecast, growth in the emerging markets will total 4.0 % in 2023 (previous year: 3.9 %), thus exceeding the global average. The picture continues to vary in relation to individual economies. Based on the IMF's forecast for 2023, China will no longer be at the top of the region's economies. After growing by only 3.0 % in 2022, it is forecast to expand by 5.2 % in 2023. The easing policy regarding coronavirus measures is expected to have a positive impact on economic performance. Growth in India is expected to remain dynamic. Although the forecast growth rate of 6.1 % for 2023 is slightly lower than that of the previous year (6.8 %), it is still above average. At 1.8 %, the Latin American economies as a whole are forecast to post below-average growth compared with other emerging markets. Brazil, which performed far better than expected with growth of 3.1 % in the previous year, is expected to grow at a slightly lower rate than the other countries in this region, at only 1.2 %. Overall, inflation is expected to ease in Latin America, but at the same time demand is expected to decline.

The IMF sees numerous macroeconomic risks for 2023 that could lead to a slowdown in growth. Above all, there is the risk of an escalation of the war against Ukraine, which could further exacerbate the situation on the energy market, especially for Europe, and also drive up food prices further worldwide and thus increase inflation. A possible political bloc formation as a result of the war against Ukraine entails additional geopolitical risks that could lead to a further restriction of international trade relations. Risks due to climate change are being relegated somewhat to the background as a result of the current geopolitical situation, but have lost none of their relevance. Major natural disasters are becoming more likely and – as the spectrum of extreme weather events on all continents showed once again in 2022 – could threaten all economies.

For the chemical sector, growth in 2023 is expected to be at a similar level to the forecast overall economic development. The American Chemistry Council (ACC) expects global chemical production to increase by 2.9 % in 2023, following growth of 2.0 % in the previous fiscal year. Owing to the effects of still high inflation, higher interest rates, and a weakening of exports as a result of the strong dollar, growth of only 1.4 % is expected for North America in the current fiscal year. Moderate growth in the low single digits is forecast for other regions, such as Asia at 4.1 % and South America at 3.4 %. According to the ACC, the markets of Western Europe, which have been severely affected by the consequences of the war against Ukraine, especially in the energy sector, will grow slightly again in 2023 (0.8 %) after an expected decline in chemical production last year (-3.2 %).

On the basis of the economic and industry-specific framework conditions, we assume that general demand in the markets relevant for ALTANA will be slightly positive, although there will be regional and market-specific differences. The markets that we do not supply with our products due to the war against Ukraine are an exception. The extent to which changes in storage levels along the value chain will

influence the demand for our divisions' products largely depends on the expected short- to medium-term development. Stock-level changes can lead to significant effects.

The development of crude-oil prices cannot be predicted reliably. After the enormous price increase at the beginning of the war against Ukraine until mid-2022, which weakened again somewhat at the end of the year, we assume that the price will remain at a high level in 2023 and that there will be no significant price reductions. The availability, pricing, and consumption volume of chemical products are subject – to varying degrees – to the influence of the crude oil market. In addition, the expectations of market participants with regard to the future development of the oil price can cause significant changes in inventory levels along the entire value chain of the chemical industry.

As in previous years, in 2023 the exchange-rate relations that are significant for ALTANA may show pronounced volatilities. In addition to the development of regional interest rates and economic performance, political influence can also be decisive for exchange-rate movements. Concrete risks, as well as opportunities, can result from a deviation of the actual exchange-rate development from our planning assumptions.

Expected Earnings, Asset, and Financial Situation

Expected Sales and Earnings Performance

On the basis of the expected moderate growth of the global economy, we anticipate a further positive development in demand for our products and services in the 2023 fiscal year. Operating sales growth, that is sales growth adjusted for exchange-rate and acquisition effects, is expected to be in the mid-single-digit percentage range. Growth should be driven by an increase in sales volumes as well as positive price/mix effects.

As we expect slightly negative year-on-year exchange-rate effects in 2023, the nominal increase in sales is expected to be below the level of the operating increase. Effects from acquisitions were not taken into account in determining the forecast growth rate for the current year 2023. In operational terms, the divisions' sales should develop within the same growth range as Group sales.

We assume that there will be no significant shifts in cost ratios in relation to sales for the main functional cost variables. We forecast a slight decrease in the cost of materials ratio compared to the past fiscal year, which will remain at a high level.

In the case of human resources costs and certain other cost items, we are planning a relative increase for 2023 that overall will be slightly higher than the level of sales growth. The main reasons for this are the continued inflation-related cost increases and pay rises for personnel, but also costs for regional expansions and for the further development of the ERP systems.

The EBITDA margin in 2023 should be above the previous year's level, but still below our strategic target range of 18 % to 20 % due to the inflationary effects of previous years on the sales level. Absolute EBITDA is expected to increase in the upper single-digit percentage range compared with the prior-year figure.

After 2023, we expect the growth momentum for Group sales to be in the mid-single-digit range, in line with our strategic targets, and profitability to move further toward our target range.

Expected Asset and Financial Situation

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

general business performance, although our aim is to reduce the relative level slightly compared with the end of 2022.

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

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

In 2022, the method used to calculate AVA was subject to a review with regard to the composition of capital employed and the calculation of operating income. Essentially, the longstanding practice of including historical costs of acquisitions in intangible assets and the associated adjustment of depreciation and amortization in earnings has been discontinued. Instead of historical acquisition costs, the corresponding book values will be used in the future. The new calculation methodology, which enables a more transparent determination and better management of the operating units, will be applied starting in 2023.

Expected Development in the Area of Occupational Safety and the Environment

In the area of occupational safety, we set ourselves the following targets for 2023 for the three work accident indicators: WAI 1: 2.3; WAI 2: 1.5, and WAI 3: 27.0.

The target for the specific energy parameter in 2023 is 1.16 MWh/t, following an actual value of 1.20 MWh/t in the previous fiscal year. In subsequent years, further reductions in specific energy consumption in the order of 2 % per year are sought.

Risks

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

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

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

Our internal control system defines organizational and procedural requirements that serve to prevent damage to the company. In connection with our established compliance organization, it aims to prevent possible violations of guidelines and laws on the part of employees.

At ALTANA, risk management in the strict sense is viewed as the systematic compilation, evaluation, documentation, communication, and, if not already in place, derivation of measures regarding the relevant risks as well as the

determination and assessment of risk-bearing capacity. Thus it is an essential component of the company's system for early risk recognition in accordance with section 91 (2) of the German Stock Corporation Act. This system was voluntarily examined by the auditor again in 2022. The audit deemed the system capable of recognizing risks that can endanger the existence of the company at an early stage.

Risks that are identified are evaluated in a uniform way. So-called evaluated risks are assessed based on the probability of their occurring and the potential damages. Individual risks are assigned to certain risk groups. Risks or risk groups rated as very high are risks which could cost the company more than € 25 million in the next twelve months. Individual risks that could cost the company between € 12 million and € 25 million are rated as high risks; risks that would cost between € 5 million and € 12 million are categorized as medium risks, and risks that would cost less than € 5 million are deemed low risks. The prioritization resulting from the assessment determines focal points for the development and initiation of countermeasures to prevent or reduce the potential effects of risks.

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

Economic and Industry Risks

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

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

Thus, the U.S. and China, the most important countries for us, each currently accounts for no more than 20 % of total Group sales. The distribution of our business activities in the core regions of Europe, Asia, and the Americas also has a balanced structure.

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

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

The analysis of our industry-specific and application-related sales is a component of our annual strategy process. In addition, we examine changes in future growth potential

arising from demand trends and technological developments, and adjust our strategic orientation in the divisions if necessary.

The occurrence of a global economic crisis and the emergence of regional economic crises continue to pose significant risks. The probability of the single risk of a global economic crisis occurring is assessed as unchanged from the previous year. The forecast loss values, however, have fallen, resulting in a slight reduction in the assessed risk. Overall, the risk is still classified as high. The risk of regional economic crises is assessed as virtually unchanged from the previous year. With the probability of occurrence remaining unchanged, the loss amount is expected to be slightly lower. The assessed risk of regional economic crises is therefore still classified as a medium risk.

Sales Risks

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

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

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

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

our core customers within the framework of our key account management.

In the group of sales risks in the market and technology area, the assessment of the potential level of losses increased significantly compared with the previous year as a result of a significant rise in the volume of sales due to inflation-related price increases. The uncertain energy supply situation and the rise in energy prices as a result of the war against Ukraine were also key reasons for an increase in the probability of occurrence compared with the previous year. Overall, the magnitude of the risk assessed continues to be classified as high.

Risks from Business Combinations, Participations, and Other Investments

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

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

To implement its strategic goals, ALTANA is constantly expanding and renewing its development, production, and other facilities. The projects, some of which are very complex, are always subject to certain risks regarding adherence to the schedules, budgeted costs, and the realization of the expected goals. The projects regularly undergo extensive approval and monitoring routines. Due to the high volume of these projects and in particular the general price increases,

potential losses have again increased compared with the previous year. However, the probability of occurrence has decreased slightly. Risks from capital expenditures continue to be assigned to medium risks.

Procurement Risks

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

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

Due to Russia's war against Ukraine and the resulting upheavals in the energy sector, there is a significantly increased individual risk concerning the procurement of energy, particularly with regard to the availability of gas (risk of a so-called gas shortage). At ALTANA's continental European sites, technical possibilities have been created enabling us to switch to alternative energy sources and thus be independent of natural gas if need be.

Although the probability of occurrence of the procurement risks fell slightly overall compared with the previous year, this is offset by a much higher potential loss, so that the classification of procurement risks has risen from high to very high.

Financial Market Risks

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

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

We safeguard against material transaction risks by concluding forward foreign-exchange contracts in cases where we assume that the underlying business can be realized with a sufficient degree of certainty. In the case of risks from operating activities, the total amount expected is safeguarded in different tranches to offset short-term exchange-rate fluctuations. More information on our evaluation and accounting procedures for hedges can be found in the complete Consolidated Financial Statements on page 59 ff. (point 27).

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

We safeguard availability of financial resources through central control and monitoring of our Group-wide financial resources. In addition, by utilizing various financing instruments, we centrally provide a financial resources framework. It can be used to cover unplanned financial requirements

in the short to medium term arising, for example, from acquisitions or a crisis-related decline in operating activities.

The group of financial market risks is still assessed as a medium risk. The assessment of the main individual risk in this risk group – negative effects on earnings from changes in exchange rates – showed both an increased probability of occurrence and an increase in the potential loss amount. The individual risks in the area of inventory valuation and interest rate risks also increased in terms of the amount of loss and the probability of occurrence compared with the previous year. Overall, however, the development of the individual risks did not lead to a change in the classification of the risk group. The continuing high inflows from operating activities and the existing general financial resources will continue to be sufficient to cover the expected outflows for capital expenditures, repayments, and dividends.

Innovation Risks

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

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

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

Both the potential losses and the probability of occurrence of this risk group are slightly below the previous year's level. Overall, we classify the group of innovation risks as belonging to the medium risk group.

Other Risks

Production risks concern technical disruptions or human failure in production that can be harmful to people or the environment. Our goal is to minimize the effects of machine failure on the value chain by operating production lines independently from one another. It is compulsory for our staff to receive training in the clearly defined process and quality standards in the areas in question. In addition, we conclude property damage as well as plant and equipment breakdown insurances. Russia's war against Ukraine led to the risk of a possible gas shortage, especially in Europe, due to interrupted gas and oil supplies. This resulted in an increased risk of further significant price increases for raw materials, disruptions to the supply chains for intermediate products, and the risk of production interruptions due to a potential quota system for energy. This critical situation, particularly for the European sites, led to a slight decrease in the probability of occurrence in the group of production risks, but at the same time to a significant increase in the potential loss amount compared with the previous year. This risk group has therefore been upgraded from medium to high.

Information technologies form the basis of nearly all of ALTANA's business and communications processes. Breakdowns or other disruptions of IT systems can lead to far-reaching impairments in all of the Group's value-added stages, which can have significant effects on business performance (IT risks). In addition, potential risks arise from data loss or theft

of business secrets. ALTANA attaches great importance to smooth availability of IT applications and services. To guarantee this, corresponding processes and organizational structures have been established. Emergency plans are in place in case of significant disruptions or losses of data. In the coming years, we will continue to focus on security and protection measures, which we further develop in line with the threat profile. Although the probability of occurrence for this risk group increased slightly, the potential amount of damage decreased as a result of the measures implemented, so that the risk group was downgraded from medium to low.

Delivery of faulty products can cause damage to people, property, or the environment and thus cause liability risks. This can have significant effects on the Group's asset situation. We minimize this risk by standardizing production processes to a large extent and by taking comprehensive quality control measures. In addition, we continually conduct analyses to assess the hazardous potential of our input materials and products, and we conclude insurances.

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

While we continue to assess the regulatory risks in the area of EH&S (Environment, Health & Safety) as low on

the basis of our expertise, the risk group in the area of political risks had to be upgraded from low to medium. Both the probability of occurrence and the potential amount of losses increased significantly compared with the previous year. In particular, the impact of the sanctions as a result of the war against Ukraine, but also the impact of other trade policy disputes, heightened the risk.

Risks in the area of logistics were now classified as medium due to the more critical assessment of the reliability of logistics chains. Both the probability of occurrence and the potential loss amount of the risk group increased significantly.

Although the intensity of the pandemic varies from region to region and at different times, it is still ongoing. As a result, supply chains and logistics processes may be adversely affected, making it more difficult to sell products and having a negative influence on manufacturing costs. Thus, there is still the risk of economic damage resulting from the coronavirus pandemic. The further course of the pandemic can continue to have an impact on the economic development of all of ALTANA's sales markets.

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

An important basis for long-term success are competent and committed employees. Should we no longer be able to recruit or retain suitable specialists or managers in the future, risks could arise for the successful implementation of our strategy (personnel risks). To counter these risks, ALTANA offers a sophisticated work environment and an attractive compensation system, which is supplemented by

various pension plans and wealth creation schemes. Moreover, we regularly offer further education and training programs to budding junior staff members, as well as to specialized and managerial staff.

Compliant Group Accounting

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

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

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

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

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

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

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

Opportunities

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

Within the framework of strategic planning, we analyze demand trends as well as market and technology developments with regard to options for action that could enable ALTANA to create value. In addition, the divisions continually examine possibilities of developing new sales markets. During the financial-planning process, the effects of action options are evaluated and discussed so that we can optimally

exploit future opportunities. Finally, possible opportunities for short-term business development, along with the attendant risks, are dealt with in detail at all levels of management.

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

Economic and Industry Development

Should the economic environment in the established industrial regions important for ALTANA, particularly in Asia, the Americas, and Europe, develop better than we anticipated, unexpected growth impetus could arise. As a result, demand for our products and services could develop more positively and exceed our forecast. The same applies to growth in the important emerging countries in Asia and South America. If the growth rates in these nations were higher than expected, we might be able to benefit from this to a disproportionately high extent due to our market positions.

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

Innovation

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

extent than we had expected. The same applies if we entered new markets or opened up new application fields for our products.

Business Combinations and Portfolio Measures

Acquisitions play a key role in ALTANA's long-term value creation. In recent years, we have continually advanced the Group strategically due to acquisitions. At the same time, we cleansed our portfolio of those activities that did not develop in line with our strategic objectives and did not promise to create value for the Group in the long term.

In the future, we intend to continue to boost our growth by acquiring businesses and activities. This is an essential prerequisite for us to achieve our strategic growth targets. Should opportunities arise in the future that exceed our expectations, this can help us strengthen our market positions and open up new market segments. This can also have a positive impact on the achievement of our strategic goals.

Synergies

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

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

For 2023, ALTANA expects restrained global economic growth, because the external influences that already gave rise to a market slowdown in 2022 remain in place. In this environment, we forecast operating sales growth for ALTANA in the mid-single-digit percentage range. Despite the persistently strained price situation in the area of material, logistics, and energy costs and the ongoing uncertainty regarding the sufficient availability of some raw materials and energy sources, we expect slightly improved earnings profitability in 2023. The absolute corporate value-related key performance indicators are expected to be above the value creation threshold again.

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

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

Sustainable Product Strategy

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

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

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

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

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

Products and Technologies for More Climate Protection

In the year under review, all divisions made progress with products and technologies for greater climate protection.

At BYK, a new series of polyurethane-based associative thickeners was developed that can be used to influence the flow behavior of aqueous systems. Unlike predecessor and competitor products, the products themselves no longer contain any water. This saves more than 800 liters of water per ton of sales product. In addition, no preservatives are added and the shelf life of the products is extended. Furthermore, they are free of volatile organic compounds (VOCs) and have an improved footprint in terms of greenhouse gas emissions produced during manufacturing.

ECKART achieved a milestone in the field of grinding technology for bronze and copper pigments, introducing a new process that leads to a significant reduction in waste and uses less energy. This alone avoids around 50 tons of CO₂ equivalents per year, making an important contribution to climate protection and increasing resource efficiency without the product properties being affected.

Apart from process modifications, novel raw materials and reaction products also play an important role. For example, ELANTAS succeeded in developing a new series of wire enamels. In addition to advantages in production, such as shorter reaction times and lower energy consumption, they

improve adhesion to the wires in customer applications, thus ensuring a longer service life.

ACTEGA reached another milestone in the field of inks for packaging materials with the "SafeShield" product portfolio. The products are free of volatile organic solvents and can be cured by using LED radiation. This obviates the need for the environmentally harmful mercury lamps otherwise used by the industry in the curing of printing varnishes and inks. As a result, less hazardous waste is produced and less energy is required for the process. This enables our customers to avoid around 200 tons of CO₂ equivalents a year.

Low-Emission Products and Technologies

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

An important aspect here is the reduction or, if possible, avoidance of organic solvents. BYK is consistently expanding its portfolio of emission-free products for different application areas. The spectrum ranges from wetting and dispersing agents to rheological additives, defoamers, and additives that have a positive influence on the properties of surfaces. In order to positively impact the flow behavior of coating systems, rheological additives can also be used on the basis of natural minerals, so-called layered silicates. BYK developed new products for this purpose that are formulated without organic solvents and offer increased durability. This extends the service life of customer formulations and prevents waste from expired goods.

The other divisions also introduced further low-solvent or solvent-free products on the market. For example, ELANTAS in Brazil developed a new type of impregnating resin for insulation that contains around 40 % less volatile

organic substances and is suitable for aqueous systems due to its water dilutability. Nevertheless, it cures very well and leads to excellent thermal and mechanical properties after drying. At the Chinese sites in Tongling and Zhuhai, various products were developed that have led to the avoidance of more than 500 tons of organic compounds a year, including solvents, xylene, and styrene. The spectrum ranges from impregnating resins and wire enamels to lubricants in the electrical insulation materials sector.

ACTEGA is taking a similar approach in the field of overprint varnishes for beverage and food cans. Additional materials were added to the product portfolio already on the market to meet various customer requirements. For example, the products have a very low volatile organic compound content and can replace the solvent-based products commonly used in the market. As a consequence, around 3,000 tons of solvents were saved in the year under review. This conserves resources and benefits occupational safety and climate protection. If emission-free application is possible, costly thermal follow-up treatments of the exhaust air can be dispensed with. These are often operated with natural gas, which produces climate-damaging greenhouse gases during combustion.

Replacement of Critical Substances

In the year under review, ALTANA succeeded in replacing additional critical substances. These efforts are driven on the one hand by more stringent chemical regulations, and on the other by the trend towards more environmentally friendly systems. Our products make an important contribution to such systems. In the U.S., for example, ELANTAS has been able to develop products in the fields of potting compounds and wire enamels that minimize the use of critical raw materials. Even if there is no risk after they have been reacted off, the aim is to completely dispense with these raw materials in

the future and to further expand the portfolio of sustainable products. ELANTAS Tongling achieved a breakthrough in efforts to reduce cresol and xylene in wire enamels. The two substances were replaced by a new type of raw material, saving around 250 tons of cresol and 5 tons of xylene per year. And this leads to an additional avoidance of around 320 tons of CO₂ equivalents in greenhouse gas emissions during the actual application and curing process.

BYK was able to expand its portfolio in the area of N-methyl-2-pyrrolidone(NMP)-free rheological additives. To this end, urea-based products were developed that can be used in various applications, in which a differentiation is made between low, medium, and high polarity systems. Thanks to the specific structure of the ureas, the products can be perfectly adapted to the respective requirements. They are tailor-made, so to speak, yet compatible with a wide range of systems. And they do not require any NMP at all. In addition, their high active ingredient content reduces the amount of solvent required by up to 25 %.

The elimination of perfluorinated organic compounds is an important trend. Many of them are considered persistent, which means they remain in the environment for a very long time and are not degraded by natural processes. In this context, BYK developed a new surface additive in the CERAFLOUR series that does not contain any fluorine compounds yet still ushers in outstanding improvements in the scratch and abrasion resistance of coating systems.

As in previous years, BYK further expanded its range of tin-free wetting and dispersing agents. The products meet current requirements, especially those of customers in the furniture industry. The formulations also comply with special regulations, including the Toy Safety Directive.

Contributions to Circular Economy

The topic of a circular economy is becoming increasingly important for the chemical industry. The transition from linear to circular value chains includes reuse as well as mechanical and chemical recycling. This also encompasses waste incineration processes in which the heat generated is used as a source of energy and, in the future, will include the reuse of the resulting CO₂ as a chemical raw material.

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

ECKART succeeded in developing bio-based preparations for aluminum pigments. The MASTERSAFE BCR products are dust-free pigment preparations that are easy to handle and can be dispersed very easily in many plastics. They are suitable for high coverage applications such as films. The carrier is a bio-based polyolefin wax derived from renewable raw materials. It has a significantly reduced carbon footprint. In the reporting year alone, around four tons of CO₂ equivalents could be avoided thanks to this development.

BYK was also able to further expand its product range based on renewable raw materials. One example is a new wax additive in the AQUACER series, a modified rice bran wax emulsion for improving the surface properties of care products, polishes, and aqueous coating systems. Rice bran is a by-product that is created when natural rice is husked and turned into white rice, and is not a microplastic.

In the field of catalysts for converting fatty acids into higher molecular weight compounds, BYK also had a success story. A new catalyst based on natural clay offers major advantages for the dimerization of fatty acids. Dimer (and trimer) acids are important raw materials for chemical processes such as the manufacture of polyesters, adhesives, and lubricants.

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

Occupational safety and occupational health protection have top priority at ALTANA. In 2022, we again succeeded in keeping the number of occupational accidents reported at our sites at a low level.

The year was marked by major challenges. Above all, the ongoing effects of the coronavirus pandemic, the war against Ukraine, and the energy crisis led to stress and uncertainty among our employees. These are probably some of the reasons why there was an increase in behavioral accidents, particularly at our German and European sites. These were mainly non-chemical accidents resulting in low levels of absenteeism. In terms of WAI 1, the number of reported occupational accidents with lost work time of one day or more per million working hours, ELANTAS was again able to post a significant reduction, while BYK, ECKART, and ACTEGA saw an increase compared to the previous year. Some production sites are particularly distinguished by their occupational safety: ACTEGA Foshan, BYK and ELANTAS in Tongling, ECKART Zhuhai, and ELANTAS Beck India in Pune have been accident-free for at least ten years. The following sites have gone more than five years without an accident: ELANTAS in Zhuhai (six years) and ACTEGA do Brasil in Santana de Parnaíba (five years). Another eight sites have been accident-free for at least three years.

Further facts and figures can be found in the Group Management Report starting on page 68 f.

Measures Taken in Connection with the Coronavirus Pandemic

In coping with the coronavirus pandemic, we consistently adhered to the safety measures introduced in 2020 and adapted them to the respective situation. As a result, the virus was not able to spread more widely at any of our sites in the reporting year. Apart from the self-discipline of the employees, the safety culture firmly anchored at ALTANA was

a contributing factor. The crisis teams at the company, divisional, and Group levels created a clear decision-making and communication structure. In addition, all relevant information, regulations, and recommendations for dealing with the coronavirus were available centrally on ALTANA's Intranet.

Depending on the respective site and legal requirements, specific measures were implemented at the individual sites. For example, not only strict hygiene and distance rules but also the increased use of mobile work reduced the risk of infections being brought into the respective site from outside. Mobile work not only protected people who were able to work at home, but above all protected employees who continued to work at the respective site due to their job profile. Vaccination campaigns were offered by companies in various regions. Apart from the German sites, ELANTAS and ACTEGA in Brazil and BYK and ELANTAS in India should be mentioned here. In both countries, the coronavirus pandemic spread rapidly at times and the sites adopted effective measures to protect employees and their families. Travel was gradually resumed where possible, but remains at a significantly lower level than before the coronavirus pandemic. Work meetings were held primarily in virtual space, but with a trend toward hybrid events. Appropriate hygiene concepts were developed for large internal and external events. Depending on the situation, some events were postponed, canceled, or digitally broadcast as a precaution.

Ergonomics

Ergonomics make an important contribution to occupational health and safety. Appropriately designed workplaces and activities boost the productivity of the workforce and reduce absences due to illness. At some sites, filling processes for reactors and aggregates were redesigned in such a way that,

in addition to greater automation, ergonomic aspects were also brought to the fore.

For example, ECKART uses a new conveyor system at its Painesville site in the United States, which eliminates the need for manual filling with drums. At the Vétroz site in Switzerland, too, the feeding of raw materials and precursors to the powder plants has been optimized by a new pneumatic conveyor system. As a result, the containers with the raw material or precursor only have to be positioned at a height of approximately 50 cm instead of the 2.50 m previously required. ACTEGA is pursuing a similar concept at the Vigo site in Spain, where solids such as carbon black, and liquid raw materials such as latex emulsions, are now automatically metered. All of these measures reduce physical stress and improve employee protection against unintentional exposure to the substances used.

ALTANA again invested in lifting aids in the year under review. BYK introduced appropriate lifting aids at the site in Shanghai in China. Consequently, activities that previously required several people can now be carried out alone. The other divisions also introduced suitable lifting aids. The range extends from small containers in the under 50 kg range to the handling of drums.

Structural changes also contribute to ergonomics. For example, ECKART in Painesville leveled the production floors so that they are now flush with the recessed scales, eliminating offset edges and making it easier to move containers. This is a simple yet effective example that can be implemented directly in the planning of new plants and buildings.

In the wake of the coronavirus pandemic and the resulting continued increase in mobile work, in 2021 BYK had already begun offering all employees at the Wesel, Schkopau, Kempen, and Moosburg sites online courses for physical and mental relaxation. Active breaks have been proven to improve concentration and performance. The courses were so successful that they are now offered throughout Germany and are available to all companies.

Reducing Exposure and Avoiding Risks

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

An effective method is to use closed systems. This is understood as systems in which an unwanted exchange of substances with the environment is excluded, but an exchange of energy (for example heat) is possible between the system and the environment. In this case, as far as possible, all filling operations and reactions are designed to prevent exposure. ELANTAS, for example, introduced six airtight mixing units at its Zhuhai site in China, where the filling is carried out by means of pumps. ECKART adheres to a similar principle at its Schererville site in the United States.

Optical methods are also increasingly being used for analytical purposes. At various sites in the U.S. and Germany, BYK uses near-infrared probes that enable measurements to be carried out directly, for example in reactors, without having to take a sample. These are referred to as non-invasive test methods. This trend is also being tested or implemented in the other divisions. Compared with wet-chemical methods, exposure, the risk of accidents, and waste are avoided.

Safety in Chemical Processes

In the year under review, safety assessments of facilities and processes were carried out at the sites using a risk-based approach to make operations safer and better.

In addition to avoiding exposure of people and the environment, process safety is also a focus during filling operations. When solids are added, for example, a concerted effort is made to ensure that this is done as far as possible in closed systems with an appropriate inert gas atmosphere. The individual companies have developed different safety con-

cepts for this purpose and invested in appropriate equipment that takes into account the differentiated flow behavior and requirement profile of various solids.

Another example of measures implemented as a result of a safety assessment is the handling of heavy loads. At its Collecchio site in Italy, ELANTAS improved the forklifts used in the warehouse to enhance safety. By attaching two vertical metal struts to the frame of the driver's cab, any containers that might fall can be stopped. Forklifts at other sites are now also to be retrofitted accordingly.

Incidents in Detail

Based on the guidance for reporting on globally harmonized process safety key figures in accordance with the International Council of Chemical Associations (ICCA) and the definition provided by the German Chemical Industry Association (VCI), there were 30 significant incidents in the year under review. Twenty-nine incidents involved the release of chemicals, and one incident involved a fire. In one of the cases, there was a minor spill of a chemical with soil contamination, and in another there was a moderate spill into a stream. The contaminated soil and water were removed and disposed of properly. People were injured in four incidents, with a maximum lost work time of four days.

Improvements in Environmental Performance

The ALTANA Group measures progress in the area of environmental protection using specific key performance indicators. In addition to the absolute values, the figures are set in relation to the quantity of produced finished goods. ALTANA sets annual upper limits for energy consumption, water consumption, and waste quantities in relation to produced finished goods. The development of these indicators is published in the document "Facts and Figures on Sustainability 2022."

In the 2022 fiscal year, the ALTANA Group's energy consumption decreased to 680,948 megawatt hours compared to 743,304 megawatt hours in the previous year. This was due to the significant decrease in global economic output and the resulting demand, especially in the second half of the year. The volume of produced finished goods decreased from 612,089 tons (2021) to 566,929 tons (2022). Due to the effectiveness of the measures implemented to increase energy efficiency, specific energy consumption decreased from 1.21 MWh per ton of produced finished goods (2021) to 1.20 MWh per ton of produced finished goods (2022).

ALTANA already switched its global electricity procurement to renewable sources in 2020 via Guarantees of Origin. In the year under review, it again invested in offset projects. Here, attention is paid to the highest standards and to ensuring that the projects are in line with the United Nations Sustainable Development Goals.

In the reporting year, ALTANA offset 44.5 % of its Scope 1 emissions. Since 2020, we have also been publishing CO₂ equivalents, which include other greenhouse gases in addition to carbon dioxide, such as nitrous oxide (N₂O). The value for 2022 is 92,629 tons. Decreasing by around 10 % compared with the previous year, greenhouse gas emissions sank more strongly than the volume of produced finished goods. Of this amount, 51,900 tons of CO₂ equivalents (of

which 50,708 tons for Scope 1 and 1,192 tons for Scope 2 from the purchase of electricity, steam, district heating, and compressed air using the "market-based" method) are caused by unavoidable greenhouse gas emissions that were not offset by compensation. In addition, biogenic greenhouse gas emissions accounted for 428 tons of CO₂ equivalents.

Analogous to the decline in the volume of produced finished goods described above, the volume of hazardous waste decreased from 21,634 tons in the previous year to 19,923 tons in the reporting period. Accordingly, the indicator related to the quantity of produced finished goods fell slightly from 35.3 kg/t to 35.1 kg/t. The amount of non-hazardous waste increased disproportionately by 4 % from 9,598 tons to 10,022 tons. The figure in relation to produced finished goods thus also increased, from 15.7 kg/t to 17.7 kg/t. The reasons for this slight increase in waste volumes include the increased disposal of obsolete residual stock at some sites (details can be found in the document "Facts and Figures on Sustainability 2022").

Drinking water consumption sank from 1.36 million cubic meters in the previous year to 1.34 million cubic meters in the year under review. The resulting ratio based on the volume of produced finished goods rose to 2.36 m³/t (previous year: 2.22 m³/t). Among other things, this was due to the increased demand for cooling water as a result of the very hot and dry summer.

A total of 629,526 tons of raw materials were required. Of this amount, 399,908 tons were fossil raw materials, 33,222 tons were renewable raw materials, 145,775 tons were non-fossil and non-renewable raw materials, and 50,620 tons were water. Detailed information on ALTANA's resource and energy consumption (differentiated by electricity, natural gas, and oil) as well as the environmental indicators can be found at www.altana.com/facts_figures_sustainability_2022.

In 2022, 90 % of the ALTANA Group's production sites met the ISO 14001 environmental management standard.

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

On Course for Climate Neutrality by 2025

ALTANA plans to reduce its greenhouse gas emissions in production and energy procurement to zero worldwide by 2025. The climate neutrality encompasses the company's own production, administration, and research. Included are greenhouse gas emissions resulting from the combustion of fossil fuels, primarily natural gas, as well as those resulting from chemical reactions in production processes (Scope 1) and indirect greenhouse gas emissions from energy consumption, mainly in the form of electricity (Scope 2). The climate neutrality to be achieved by 2025 also includes the greenhouse gas emissions resulting from necessary business trips, company cars, and goods transport (categories 4, 6, and 8 of Scope 3). This means that for the areas mentioned, greenhouse gas emissions into the environment will be avoided or compensated for through suitable measures. As a result, ALTANA is contributing to the climate target of limiting global warming to 1.5 °C that was set at the United Nations Framework Convention on Climate Change in Paris in 2015 and confirmed in Glasgow in 2021.

In the year under review, ALTANA consistently pursued its climate protection goals and continued to drive forward the energy transformation. All sites contributed to this. To avoid unnecessary energy consumption, facilities and machines were identified that can be temporarily switched off or run in a reduced operating state without impairing operational processes and safety. To this end, energy teams at the sites work together on an interdisciplinary basis and share their findings across divisions. This year, for example,

the operation of ventilation and lighting systems at various sites was optimized. State-of-the-art energy monitoring and energy management systems help the energy teams identify unnecessary consumption. Optimized manufacturing processes can also contribute to energy efficiency. With the ALTANA Excellence Program, such adjustments are systematically developed and implemented.

The Group also made improvements in the area of heating/cooling systems and ventilation systems. At the Hartenstein site in Germany, for example, ECKART began to reduce the flow temperature and pump capacity at a system for heating with thermal oil, resulting in energy savings of around 460 MWh per year and thus greenhouse gas savings of around 120 tons of CO₂ equivalents. ACTEGA replaced an electrically operated cooler with a cooling tower in the production of thermoplastic elastomers at its Foshan site in China, saving around 35 MWh per year. ELANTAS now generates the steam required for process heat at its site in Zhuhai (China) through waste heat and uses it to preheat raw materials, among other things. In total, this saves around 900 MWh or 300 tons of CO₂ equivalents a year. At the Hamburg site, ELANTAS has optimized the operation of the thermal afterburning system by using waste heat to preheat exhaust air. As a result, energy consumption has been reduced by around 650 MWh per year. In addition, waste heat from compressors for compressed air is now used to heat the buildings. BYK is pursuing a similar approach at its site in Schkopau, where waste heat from thermal afterburning is used to heat hot water tanks, thus reducing electricity consumption by around 400 MWh per year. At its Louisville site in the United States, BYK uses the waste heat from compressed air generators to heat the buildings, saving around 80 MWh per year. In total, these measures in heating/cooling systems and ventilation systems save around 2,500 MWh a year.

Another important contribution is made by converting the existing lighting systems to more energy-efficient alter-

Environmental performance indicators ALTANA

	2019	2020	2021	2022
CO ₂ equivalents specific (Scope 1 + Scope 2) ¹ (t/t)	0.35	0.18	0.17 (0.11) ²	0.16 (0.09) ²
Energy consumption (MWh/t)	1.28	1.28	1.21	1.20
Drinking water (m ³ /t)	2.38	2.19	2.22	2.36
Hazardous waste (kg/t)	34.38	34.06	35.34	35.14
Hazardous waste for disposal (kg/t)	5.72	4.74	5.43	4.87
Non-hazardous waste (kg/t)	18.17	16.37	15.68	17.68
Non-hazardous waste for disposal (kg/t)	7.60	7.03	7.85	7.90

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

¹ Scope 1: direct emissions; Scope 2: indirect emissions

² Taking into account the CO₂ equivalents offset by means of compensation projects.

natives such as LEDs. To this end, projects were carried out at various sites of the four divisions. In addition, the divisions pay particular attention to energy efficiency when purchasing new machinery and equipment. For example, the switch to a compressor equipped with a frequency converter at ECKART's Hartenstein site results in savings of 60 MWh. The frequency converter ensures that the unit output is adapted to the actual heat load and process requirements. Further optimization and modernization of compressed air generation at the German sites in Wackersdorf and Hartenstein will save around 320 MWh per year.

For the aftertreatment of emissions in production processes, plants for thermal oxidation using natural gas are operated at various sites. ACTEGA plans to switch to catalytic exhaust air purification at its Grevenbroich site, which will avoid around 500 tons of CO₂-equivalent greenhouse gas emissions per year. At several sites, ELANTAS and BYK are also examining whether the existing thermal oxidizers can be replaced by alternative systems.

For ALTANA, substituting renewable energy sources for fossil sources is an important pillar on the way to climate neutrality in Scope 1 and Scope 2. The roadmap for energy transformation drawn up last year was further specified by the individual sites. The goal is to gradually phase out fos-

sil fuels, even while production volumes grow. To this end, the individual consumption levels at the sites are being identified and the energy transformation is being driven forward by specific projects. In the case of combustion processes, the extent to which they can be replaced by electric processes or operated with alternative renewable fuels – for example, by using sustainably produced biogas and wood chips – is being evaluated. The stepwise replacement of diesel-powered vehicles such as forklifts with electric vehicles is also making a contribution to the energy transformation.

In cases where sites cannot currently purchase certified green electricity directly from the local electricity supplier, so-called certificates of origin for electricity from renewable sources are purchased in accordance with the recognized quality standards (for example CoO for Europe, IREC for China, and GREEN-E for the U.S.). In 2022, the amount was 249,883 MWh.

In parallel, ALTANA is working intensively on further possibilities, for example direct procurement from sustainable energy generation plants. In the year under review, for example, a further electricity supply contract was concluded for the direct purchase of green electricity from German wind and solar plants for the years 2024 to 2027. This will cover around 50 % of ALTANA's electricity requirements

in Germany. Some ALTANA sites already generate their own energy from renewable sources. ELANTAS operates its own photovoltaic systems in Ascoli, Collecchio, and in Pune, as does BYK in Deventer. In addition, ACTEGA installed its own photovoltaic system at its Spanish site in Vigo, generating around 140 MWh per year. And BYK commissioned a photovoltaic plant with around 2,000 m² at its site in Shanghai, China, enabling it to generate around 400 MWh of green electricity a year. ECKART in Hartenstein generates electricity from a hydroelectric generator, and BYK in Denekamp uses biogas to generate energy. In total, ALTANA already uses 1,464 MWh/year from its own photovoltaics. In addition, 2,177 MWh of fossil natural gas can be saved by purchasing biogas at the site in Denekamp.

In the year under review, ALTANA also compensated for 40,739 tons of greenhouse gas emissions from the hitherto unavoidable use of natural gas and other fossil fuels (Scope 1) by financing equivalent climate protection projects in the regions where the greenhouse gas emissions occur.

Responsible Usage of the Resource Water

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

In the reporting year, we were able to significantly reduce water consumption at several sites, although the drought prevailing at many sites and the high air temperatures increased the demand for cooling water, in some cases considerably. At the Sedan site, ACTEGA replaced a cooling tower with a cooling system with an alternative design, which saves around 1,000 m³ of cooling water a year. Through

optimization measures at the reverse osmosis plant at its site in Gonzalez (U.S.), BYK saves around 20,000 m³ of water. ECKART optimized washing processes in the production of synthetic mica at its Finnish site in Pori, thereby saving around 4,000 m³ of water.

Optimization of Waste Management

Chemical processes generate waste and wastewater, which mainly applies to production sites. ALTANA aims to avoid or reduce wastewater and waste and thus minimize the negative effects on people and the environment, among other things by using suitable raw materials and cleaning agents.

ALTANA's divisions were able to reduce waste volumes at numerous sites by means of recycling. For example, an ultrafiltration plant was installed at ACTEGA's site in Lehrte, Germany, with which around 250 m³ of wastewater or process water can be treated and reused annually. ELANTAS operates its own wastewater treatment plant at its Ankle-shwar site in India. An in-house laboratory has now been set up to determine the water values and optimize plant operation. BYK and ECKART optimized the filter systems at the sites in Denekamp in the Netherlands and Hartenstein in Germany, enabling more than 15 tons of waste to be avoided. Other measures at various sites of the four divisions include the switch from small containers to tanks and the optimization of manufacturing processes by means of the ALTANA Excellence Program.

Emissions Further Reduced

In addition to greenhouse gases, other emissions can also have a negative impact on the environment and people. In this context, particular mention should be made of volatile organic compounds (VOCs). ALTANA aims to continue keep-

ing these emissions as low as possible in the future. To achieve this goal, various technical options are available at many sites. Further measures to reduce emissions were implemented in the year under review. ELANTAS built a room with an extraction unit at its Chinese site in Zhuhai in which solvent-containing samples can be produced and smaller filling operations carried out. At the site in Tongling (China), the production processes and the associated equipment were optimized or expanded so that approximately 2,600 tons of VOCs are removed. Multi-stage absorption units are used for this purpose, among other things. In general, equipment was modified at various sites of the divisions to enable filling and mixing processes to be carried out in closed systems. As an example, in Schererville (USA), ECKART replaced an open mixing vessel with a closed one.

In addition to reducing the quantities of VOCs, ALTANA also focuses on continuously improving noise emissions. At its British site in Widnes, for example, BYK completed an extensive program to reduce noise in catalyst production.

Keep Changing Agenda Expanded

Within the framework of the revision of the Keep Changing Agenda for the future, in the coming years we will once again focus strongly on the people at ALTANA, among other topics. The international trend of ever-increasing competition for specialists and executives (“the race for talent”) has taken hold in all our employee markets. In order to continue to position ALTANA as a well-known, responsible employer that appeals to, develops, and retains colleagues from different generations and regions, the company’s management has defined two main topics.

Promoting Talent and Developing Potential in an Integrated Way

The ability to attract, retain, and motivate suitable candidates is becoming the most important issue to ensure consistent development of our talent for the future.

ALTANA wants to give every employee – regardless of their position – the opportunity to unlock their full potential, and the employee’s willingness to change is an integral part of the process. To meet this challenge in a structured way, we are successively bringing together various talent management tools. The aim is to offer tailored development measures at various stages of the employee journey that are coordinated and interlinked. Examples include a development program geared to specialists’ career paths and digital learning. Both instruments were implemented in the year under review.

Strengthening Specialists’ Careers

In addition to the classic management career path, the integration and further development of our experts is also of the utmost importance for ALTANA’s success as a specialty chemicals company. Due to specialists’ long affiliations with

the Group companies, a great wealth of knowledge is bundled in the workforce (for example, in the areas of laboratory, production, IT, HR, etc.). Our experts accept a great deal of responsibility for a project or a functional area in the company without having direct management responsibility.

For this target group, we piloted a new development program in Germany and the U.S. in 2022 that is expressly tailored to the needs and requirements of these colleagues.

The main aim of the program is to provide the participants with the necessary tools to meet the requirements of their respective roles and to undergo personal development.

The content is offered in a mix of face-to-face sessions and virtual elements to increase accessibility and learning success.

Initial assessments show that the program has been very well received, and that this new way of learning is attracting a lot of interest and thus contributing to employees’ personal development. We plan to expand this initiative and involve more employees.

Digital Learning

In line with our goal of continuously promoting the development of our employees and establishing a learning culture, we gave a total of 2,200 staff members access to a competence library offering various courses in the reporting year. This initiative will be expanded in the future so that everyone can benefit from the advantages of digital learning. This means boosting the efficiency of knowledge transfer, moving closer to the individual workplace, and synchronizing the timing of learning needs and learning opportunities. To supplement the competence library, we have made additional compliance courses available in the U.S., which have been very well accepted by users.

Strengthening our Attractiveness as an Employer

In addition to developing our workforce, positioning ourselves as an attractive employer worldwide is also very important to ALTANA, because only with the right employees will we be able to master future challenges and exploit growth potential. In this context, it is crucial to understand the requirements of future employees and at the same time to meet the needs of our existing workforce.

As part of the Management Development Program (mdp) project “Employer Attractiveness@ALTANA,” five of our management talents conducted a total of 80 interviews with future managers or colleagues who have taken on a management role for the first time. The aim was to better understand what this target group finds appealing about ALTANA as an employer and what can be improved. The final results of this project are expected in the first quarter of 2023. But it can already be seen from the preliminary results that ALTANA’s strengths lie in interpersonal relationships and its corporate culture, financial stability, and the image of its products, among other things. The respondents still see room for improvement regarding ALTANA’s efforts to prepare for future generations of employees as well as the exchange of opportunities between regions or countries.

Employee Survey

ALTANA conducted an employee survey in September and October 2022, in which employees worldwide were asked to evaluate their working conditions, their manager, the local company, the division, and ALTANA as a whole. For the first time, moreover, employees were given the opportunity to provide feedback in free-text form on what they like very much or not at all about their local company and ALTANA. In all, 74 % of the workforce took part in the survey.

The workforce rated the sense of belonging and satisfaction at 5.81 (Employee Engagement Index) on a scale of 1 (none at all) to 7 (total). The rating for overall satisfaction was 5.84, 0.24 points higher than the industry benchmark. This confirms ALTANA’s workforce’s high level of satisfaction with the company.

A comparison with the last survey in 2017 shows that the assessments remain very stable. The strengths of ALTANA as a whole continue to include the topics of activities and tasks, recognition and appreciation, direct leadership, and identification with the company. Processes and cooperation as well as stress and career opportunities are the areas where the greatest need for improvement is seen. In 2023, improvement measures will be drawn up and agreed upon, and implemented in consultation with management.

Social Commitment

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

Educational Coaching of Elementary Schoolchildren

ALTANA has supported the educational coaching project at GGS Innenstadt, the largest public elementary school in Wesel, for nine years now. The project was initiated by the City of Wesel and implemented by the Klausenhof Academy in close cooperation with GGS Innenstadt. The main aim is to promote elementary schoolchildren and to achieve better opportunities for children with a migration background and from socially deprived families. ALTANA financed the personnel and material costs for a socio-educational expert at the Klausenhof Academy. The expert assigns "personal mentors" to each child, trains the mentors, and coordinates their work. A total of 61 children have been supported since the project began in 2014. Currently, 15 volunteer mentors are taking part. They support and challenge the girls and boys in their personal development according to their abilities.

For those involved in educational coaching, contact with the children and their parents from socially strained backgrounds is of great importance. The social pedagogue regularly exchanges ideas with the volunteers, parents, the school and, in some cases, with the family support service and the youth welfare office, and works with them to find pragmatic solutions that help the children master their everyday lives and provide them with the best possible support. Although many of the mentors also help the children with their homework, the focal point of the support is extra-curricular activities. In the year under review, the children were able to participate in a circus project in cooperation with the KREAKTIV Foundation. Various circus and acrobatic acts were rehearsed and presented to the families at the end of the project week. During the project, the children not only learned to work in a team and to take on tasks, but also gained more self-confidence and became aware of their strengths.

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

Youth Startups Competition

In 2022, ALTANA again supported the competition “Jugend gründet” (Youth Startups), sponsored by the German Federal Ministry of Education and Research, offering a special prize in chemistry for the eighth time in a row. In the national finals in 2022, four students from Oppenheim won the contest with an innovative, well thought-out business idea called the JARVIS ecosystem. The team finished second in the overall standings. The company they founded, called QiTech Industries GmbH, develops and builds machines that can be used to produce high-quality 3D printing filament from plastic waste. The machine ecosystem covers all recycling steps and is characterized by its cloud-based machine control. The “Jugend gründet” jury, in which ALTANA is also represented, was impressed by the great innovative strength, professionalism, and entrepreneurial flair the student team showed in tackling this important future topic.

The award was coupled with a trip to Wallingford on the East Coast of the U.S., where the students could visit one of the ALTANA Group’s largest research and production sites at BYK USA in the fall of 2022 and take part in an interesting social program.

Further Education for Teachers

Enthusiasm for STEM subjects starts with enthusiastic teachers. That’s why ALTANA has been supporting a nationwide training course organized by the MIT Club of Germany since 2016, which is specifically aimed at science teachers. Under the motto “Schule MIT Wissenschaft,” the three-day conference, which took place as a hybrid event in Munich in 2022, serves to promote an exchange of experiences among teachers as well as the communication of new scientific findings. Without the support of sponsors such as ALTANA,

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

Support for Ukraine

2022 was another eventful year that made us extremely aware of the great challenges of our time. Russia’s attack on Ukraine, giving rise to a war in the middle of Europe, triggered a humanitarian catastrophe that is still ongoing. ALTANA made it clear from the outset that its top priority was to help people and it supported the UN Refugee Aid fundraising campaign by contributing 250,000 euros. The campaign primarily helps families on the run, in Ukraine and its neighboring states. In addition, ALTANA and the divisions decided at the beginning of March 2022 to discontinue all business relations with Russia and Belarus until further notice. Since then, ALTANA has neither supplied products to Russian or Belarusian customers nor purchased raw materials from suppliers in those countries.

Social Commitment and Other Donations

The effects of the war against Ukraine can be felt in many parts of the world. The food situation is extremely tense for a growing part of the world’s population. Making food last longer, as the ALTANA Group has been doing for many years, is part of the solution. In the year under review, ALTANA supported the UN World Food Programme with a donation of 25,000 euros.

The ECKART division also showed social commitment once again in the year under review. As part of the annual Christmas campaign “Donations instead of Gifts,” the company provided a total of 10,000 euros. The donation went to the Amberg-Sulzbach e.V. self-help group for children

with cancer, which supports children suffering from cancer and their relatives. The spectrum ranges from financial support for the affected families, to the fulfillment of children's wishes, to covering the costs for therapeutic riding lessons or music therapy.

The ACTEGA division was involved in various initiatives and projects near its sites in the reporting year. As in previous years, ACTEGA North America again supported the "Angel Tree" campaign of the Lincoln County Department of Social Services for needy children from the region. In Spain, ACTEGA Artística not only donated to the major nationwide aid organizations Caritas and Aldeas Infantiles, but also supported the local food bank in Vigo as well as a local organization that looks after families with children suffering from cancer and actively works to improve the overall care of children with oncological disorders.

Social commitment is a top priority at ELANTAS Beck India. The company supports projects that focus on education, health, and hygiene, and not only since 2014, when companies in India were legally obliged to show corporate social responsibility. The coronavirus pandemic in India continued in the year under review, impacting ELANTAS Beck India's social commitment. Of the CSR funds earmarked for 2022, a large part was used for two broad-based emergency relief and disaster funds. The funds are deployed to support affected people in emergency situations and natural disasters such as floods, hurricanes, and earthquakes.

As part of its commitment to sustainability, ELANTAS Beck India again supported an educational project of the Surajya Sarvangin Vikas Prkalp organization. In the project, a total of 486 students from slums near Pune are provided with teaching. Girls and boys from grades one to ten receive after-school care at the organization's facilities. Through its school and after-school programs, the initiative encourages the children to learn, provides orientation, and shows them the importance of education.

ELANTAS PDG in St. Louis, U.S., has also supported local social projects for many years and at the same time reinforced its employees' personal commitment to sustainability. The staff actively supports people who live in the neighborhood of the site and has been doing so for more than 15 years in some projects. Among the most important aid projects are the social initiatives Back to School Supplies and Annual Holiday Drive, which are coordinated by dedicated employees at ELANTAS PDG. For the Back to School Supplies initiative, the project coordinator collected funds from employees again in 2022, which were used to buy school supplies such as notebooks and pencils for needy children attending the nearby Nance Elementary School. Similarly, the organizers of the Annual Holiday Drive initiative once again used the money donated by colleagues to assist six needy families and help them have a nice Christmas by giving them gifts such as shoes, toys, and clothing, as well as a basket of food.

BYK USA also sponsors several social projects in communities near sites. For example, BYK USA in Earth City collects toys for children from needy families to support the Toys for Tots organization. In Wallingford, the company participates each year in a fundraising race for breast cancer research and also sponsors projects to benefit cancer patients. And at Christmastime, the "Adopt-A-Family" program enables employees to grant a wish from a wish list to families in need.

Consolidated Financial Statements (condensed version)

111	ALTANA Group Consolidated Income Statement
112	ALTANA Group Consolidated Statement of Financial Position
114	ALTANA Group Consolidated Statement of Cash Flows
116	Reference to the Consolidated Financial Statements

ALTANA Group Consolidated Income Statement

	Notes	2021	2022
in € thousand			
Net sales	4	2,666,539	3,020,990
Cost of sales	5	(1,722,839)	(2,052,117)
Gross profit		943,700	968,873
Selling and distribution expenses		(332,983)	(365,158)
Research and development expenses		(179,672)	(192,944)
General administration expenses		(118,561)	(131,711)
Other operating income	6	16,503	16,335
Other operating expenses	7	(6,146)	(7,846)
Operating income (EBIT)		322,841	287,549
Financial income	8	8,124	21,019
Financial expenses	9	(10,088)	(14,030)
Financial result		(1,964)	6,989
Income from at equity accounted investments		(45,833)	10,945
Income before income taxes (EBT)		275,044	305,483
Income taxes	10	(79,857)	(73,079)
Net income (EAT)		195,187	232,404
thereof attributable to non-controlling interests		1,889	2,930
thereof attributable to the shareholder of ALTANA AG		193,298	229,474

ALTANA Group Consolidated Statement of Financial Position

Assets	Notes	Dec. 31, 2021	Dec. 31, 2022
in € thousand			
Intangible assets	12	995,368	986,190
Property, plant and equipment	13	997,904	1,012,279
Long-term investments	14	55,286	60,584
Investments in at equity accounted companies	15	47,241	83,574
Deferred tax assets	10	33,724	31,203
Other non-current assets	20	13,795	12,587
Total non-current assets		2,143,318	2,186,417
Inventories	16	511,475	616,493
Trade accounts receivable	17	473,434	487,551
Income tax refunds		15,895	33,486
Other current assets	20	133,378	131,847
Marketable securities	18	31,056	40,412
Short-term financial assets	19	67,518	7,158
Cash and cash equivalents		259,946	458,091
Total current assets		1,492,702	1,775,038
Total assets		3,636,020	3,961,455

Liabilities, provisions and shareholders' equity	Notes	Dec. 31, 2021	Dec. 31, 2022
in € thousand			
Share capital ¹		136,098	136,098
Additional paid-in capital		151,276	151,276
Retained earnings		2,263,645	2,482,246
Accumulated other comprehensive income		108,427	164,101
Equity attributable to the shareholder of ALTANA AG		2,659,446	2,933,721
Non-controlling interests		15,941	17,867
Shareholders' equity	21	2,675,387	2,951,588
Non-current debt	23	49,453	183,931
Employee benefit obligations	24	253,916	172,380
Other non-current provisions	25	29,645	29,023
Deferred tax liabilities	10	72,541	84,639
Other non-current liabilities	26	26,927	36,139
Total non-current liabilities		432,482	506,112
Current debt	23	12,846	21,677
Trade accounts payable		247,845	232,209
Current accrued income taxes		55,289	57,549
Other current provisions	25	131,096	111,196
Other current liabilities	26	81,075	81,124
Total current liabilities		528,151	503,755
Total liabilities, provisions and shareholders' equity		3,636,020	3,961,455

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

ALTANA Group Consolidated Statement of Cash Flows

	Notes	2021	2022
in € thousand			
Net income (EAT)		195,187	232,404
Depreciation and amortization of intangible assets and property, plant and equipment	12, 13	157,566	164,653
Impairment of intangible assets and property, plant and equipment	12, 13	1,325	
Change in fair value of financial assets and securities	8, 9	2,150	(921)
Net result from the disposal of intangible assets and property, plant and equipment	6, 7	(1,685)	(982)
Net result from the disposal of subsidiaries		(174)	117
Net result from the disposal of long-term investments and marketable securities	8, 9	(329)	(9,093)
Change in inventories	16	(153,379)	(96,430)
Change in trade accounts receivable	17	(54,032)	(9,895)
Change in income taxes	10	(14,242)	(29,960)
Change in provisions	24, 25	36,179	(19,938)
Change in trade accounts payable		53,396	(18,753)
Change in other assets and other liabilities	20, 26	(24,883)	9
Other	15	47,366	(9,585)
Cash flow from operating activities		244,445	201,626
Capital expenditure on intangible assets and property, plant and equipment	12, 13	(149,334)	(103,493)
Proceeds from the disposal of intangible assets and property, plant and equipment	12, 13	2,890	2,110
Acquisitions, net of cash acquired	3	(27,388)	
Purchase of long-term investments and investments in at equity companies	14, 15	(6,073)	(27,127)
Proceeds from the disposal of long-term investments and investments in at equity investments	14	31	14,548
Payments on long-term loans		(1,500)	(941)
Proceeds from long-term loans			25
Purchase of marketable securities	18	(7,775)	(24,740)
Proceeds from the disposal of marketable securities	8, 9	3,855	14,625
Proceeds from and payments for short-term financial assets ¹		(61,513)	60,531
Cash flow from investing activities		(246,807)	(64,462)

¹ There are no significant offsets included in the years reported.

	Notes	2021	2022
in € thousand			
Dividends paid		(50,112)	(70,122)
Proceeds from issuance of long-term debt	23		145,000
Proceeds from and payments on short-term debt ¹	23	(11,230)	(10,703)
Cash flow from financing activities		(61,342)	64,175
Effect of exchange rate changes		9,958	(3,194)
Change in cash and cash equivalents		(53,746)	198,145
Cash and cash equivalents as of January 1	2	313,692	259,946
Cash and cash equivalents as of December 31	2	259,946	458,091
Additional information on cash flows included in the cash flows from operating activities			
Income taxes paid		(105,317)	(123,972)
Interest paid		(1,189)	(1,815)
Income taxes received		8,139	7,587
Interest received		1,710	4,832
Dividends received		1,287	1,696

¹ There are no significant offsets included in the years reported.

Reference to the Consolidated Financial Statements

The consolidated financial statements to the Corporate Report 2022 are provided online at www.altana.com/consolidated_financial_statements_2022.

Consolidated Financial Statements

ALTANA Group Consolidated Income Statement
ALTANA Group Consolidated Statement of Comprehensive Income
ALTANA Group Consolidated Statement of Financial Position
ALTANA Group Consolidated Statement of Changes in Shareholders' Equity
ALTANA Group Consolidated Statement of Cash Flows

Notes to Consolidated Financial Statements

1. Basis of Presentation
2. Significant Accounting Policies
3. Business Combinations and Disposals
4. Net Sales
5. Cost of Sales
6. Other Operating Income
7. Other Operating Expenses
8. Financial Income
9. Financial Expenses
10. Income Taxes
11. Other Information on the Income Statement
12. Intangible Assets
13. Property, Plant and Equipment
14. Long-term Investments
15. Investments in at Equity Accounted Companies
16. Inventories
17. Trade Accounts Receivable
18. Marketable Securities
19. Short-term Financial Assets
20. Other Assets
21. Shareholders' Equity
22. Employee Incentive Plans
23. Debt
24. Employee Benefit Obligations
25. Other Provisions
26. Other Liabilities
27. Additional Disclosures for Financial Instruments
28. Commitments and Contingencies
29. Related Party Transactions
30. Compensation of the Supervisory Board and Management Board
31. Fees Paid to the Auditor
32. Subsequent Events
33. Additional Information

Supervisory Board of ALTANA AG
Supervisory Board Committees
Management Board of ALTANA AG

Management Board Responsibility Statement

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

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

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

By resolution of the Annual General Meeting, the Chairman of the Audit Committee of the Supervisory Board appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft as independent auditors of the Consolidated Financial Statements. The auditors issued an unqualified Auditors' Report on the complete Consolidated Financial Statements and the Group Management Report. The Consolidated Financial Statements, the Group Management Report and the Auditors' Report have been made available to the Supervisory Board for detailed discussion. The Report of the Supervisory Board is contained on pages 14–18 of the Corporate Report 2022.

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

Wesel, Germany, February 24, 2023

ALTANA AG
The Management Board

Martin Babilas

Dr. Tammo Boinowitz

Stefan Genten

Multi-Year Overview

Key figures at a glance

	2013	2014	2015	2016
in € million				
Sales	1,765.4	1,952.3	2,059.3	2,075.3
Earnings before interest, taxes, depreciation and amortization (EBITDA)	335.7	397.4	390.9	453.0
<i>EBITDA margin</i>	19.0%	20.4%	19.0%	21.8%
Operating income (EBIT)	229.1	267.7	251.3	328.7
<i>EBIT margin</i>	13.0%	13.7%	12.2%	15.8%
Earnings before taxes (EBT)	212.6	251.8	227.8	299.8
<i>EBT margin</i>	12.0%	12.9%	11.1%	14.4%
Net income (EAT)	151.6	179.2	158.0	210.1
<i>EAT margin</i>	8.6%	9.2%	7.7%	10.1%
Research and development expenses	109.4	113.9	128.1	129.3
Capital expenditure on intangible assets, property, plant and equipment	94.3	90.4	85.6	122.1
Cash flow from operating activities	258.8	298.2	346.1	376.7
<i>Return on Capital Employed (ROCE)</i>	9.9%	10.3%	10.1%	11.6%
ALTANA Value Added (AVA)	38.7	51.9	49.2	83.3
Total assets (Dec. 31)	2,546.0	2,756.2	2,964.5	3,053.9
Shareholders' equity (Dec. 31)	1,565.6	1,745.5	1,935.6	2,082.2
Net debt (-)/Net financial assets (+) ¹ (Dec. 31)	(303.6)	(280.1)	(114.2)	25.7
Headcount (Dec. 31)	5,741	6,064	6,096	5,967

¹ Comprises cash and cash equivalents, current financial assets, current marketable securities, loans granted, debt, and employee benefit obligations.

Sales by division

	2013	2014	2015	2016
in € million				
BYK	691.5	856.7	870.0	909.1
ECKART	334.6	332.2	349.7	361.9
ELANTAS	414.6	431.2	463.2	452.1
ACTEGA	324.7	332.1	376.4	352.2

Sales by region

	2013	2014	2015	2016
in € million				
Europe	745.2	795.1	795.6	798.6
<i>thereof Germany</i>	262.4	276.7	269.8	263.2
Americas	438.4	527.1	607.1	587.2
<i>thereof U.S.</i>	289.5	365.0	416.1	398.8
Asia	547.4	593.0	618.9	652.3
<i>thereof China</i>	287.8	309.8	315.6	336.0
Other regions	34.3	37.0	37.7	37.2

	2017	2018	2019	2020	2021	2022
	2,247.0	2,307.4	2,248.9	2,178.2	2,666.5	3,021.0
	470.0	430.6	415.8	426.0	481.7	452.2
	20.9%	18.7%	18.5%	19.6%	18.1%	15.0%
	335.9	295.8	262.5	185.7	322.8	287.5
	14.9%	12.8%	11.7%	8.5%	12.1%	9.5%
	306.0	264.1	231.3	142.7	275.0	305.5
	13.6%	11.4%	10.3%	6.6%	10.3%	10.1%
	234.6	187.0	169.0	75.1	195.2	232.4
	10.4%	8.1%	7.5%	3.5%	7.3%	7.7%
	142.5	154.1	165.6	163.4	179.7	192.9
	188.0	187.0	157.2	105.2	149.3	103.5
	302.3	296.2	386.3	373.6	244.4	201.6
	11.3%	9.4%	8.8%	8.4%	9.6%	7.9%
	84.0	37.6	21.6	26.5	66.2	12.3
	3,147.7	3,221.9	3,343.3	3,263.1	3,636.0	3,961.5
	2,214.2	2,344.6	2,479.4	2,398.9	2,675.4	2,951.6
	(78.0)	(95.6)	(57.7)	34.2	67.7	144.7
	6,186	6,428	6,476	6,529	6,731	6,957

	2017	2018	2019	2020	2021	2022
	1,030.4	1,065.6	1,040.6	1,008.7	1,227.2	1,370.7
	385.3	382.6	356.2	315.2	382.8	396.8
	488.7	506.6	494.5	463.3	593.6	698.2
	342.6	352.6	357.7	391.0	462.9	555.3

	2017	2018	2019	2020	2021	2022
	852.3	875.0	858.0	842.5	1,029.3	1,080.7
	275.7	273.4	259.1	244.5	295.3	318.4
	623.6	624.4	620.6	585.9	681.6	895.3
	436.3	434.8	427.6	396.6	445.5	594.8
	733.5	769.4	731.8	711.8	905.5	988.9
	399.0	421.2	388.5	385.2	515.0	540.2
	37.6	38.6	38.6	37.9	50.1	56.1

Global Compact: Communication on Progress (COP)

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

Principle	Page	Measure taken
Human Rights		
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	7–10, 72–73 FFS ¹ , pp. 9, 31–33	Sustainable Development Goals (SDG 8), ALTANA's Guiding Principles and leadership guidelines, Compliance Management System, promotion of women in leadership positions, sustainability assessments
Principle 2 Make sure that they are not complicit in human rights abuses	8, 72–73 FFS ¹ , pp. 25–27, 31–33	Code of Conduct, sustainability assessments, search for suppliers, supplier agreements
Labor		
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	72–73 FFS ¹ , pp. 31–34	Compliance Management System, corporate guideline HR
Principle 4 The elimination of all forms of forced and compulsory labor	72–73 FFS ¹ , pp. 31–34	Compliance Management System
Principle 5 The abolition of child labor	8, 72–73, 106–108 FFS ¹ , pp. 25–27, 32	Sustainability assessments, Compliance Management System, support of education initiatives
Principle 6 The elimination of discrimination in respect of employment and occupation	7–10, 72–73, 103–104 FFS ¹ , pp. 31–34	Sustainable Development Goals (SDG 5), Compliance Management System, training, sustainability assessments and audits, surveys
Environment		
Principle 7 Businesses should support a precautionary approach to environmental challenges	1–4, 9–10, 14, 19–43, 68–70, 88–91, 97–101 FFS ¹ , pp. 2–8, 14–16, 19–25	Strategy "Climate neutrality in Scope 1 and Scope 2 by 2025," promotion of energy transformation at production sites, Sustainable Development Goals (SDG 13), sustainable product development, energy and environmental management systems, environmental key performance indicators system with targets
Principle 8 Undertake initiatives to promote greater environmental responsibility	1–4, 8–10, 14, 19–43, 88–91, 97–101 FFS ¹ , pp. 2–8, 14–15, 19–25	Promotion of energy transformation at production sites, Sustainable Development Goals (SDG 13), Keep Changing Agenda for the future, sustainable product development, circular economy, process optimizations, Membership in various climate protection initiatives, investments
Principle 9 Encourage the development and diffusion of environmentally friendly technologies	1–4, 8–10, 19–43, 68–70, 88–91, 97–101 FFS ¹ , pp. 14–16, 19–25, 34–35	Strategy "Climate neutrality in Scope 1 and Scope 2 by 2025," promotion of energy transformation at production sites, Sustainable Development Goals (SDG 9), Keep Changing Agenda for the future, product and technology innovations, Membership in various climate protection initiatives, alternatives to critical materials
Anti-Corruption		
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	8, 72–73, 103–104 FFS ¹ , pp. 31–33	Code of Conduct, Compliance Management System, trainings and audits

¹ Document "Facts and Figures on Sustainability 2022"

Contact

Corporate Communications
Tel +49 281 670-10900
Fax +49 281 670-10999
press@altana.com

Credits

Publisher

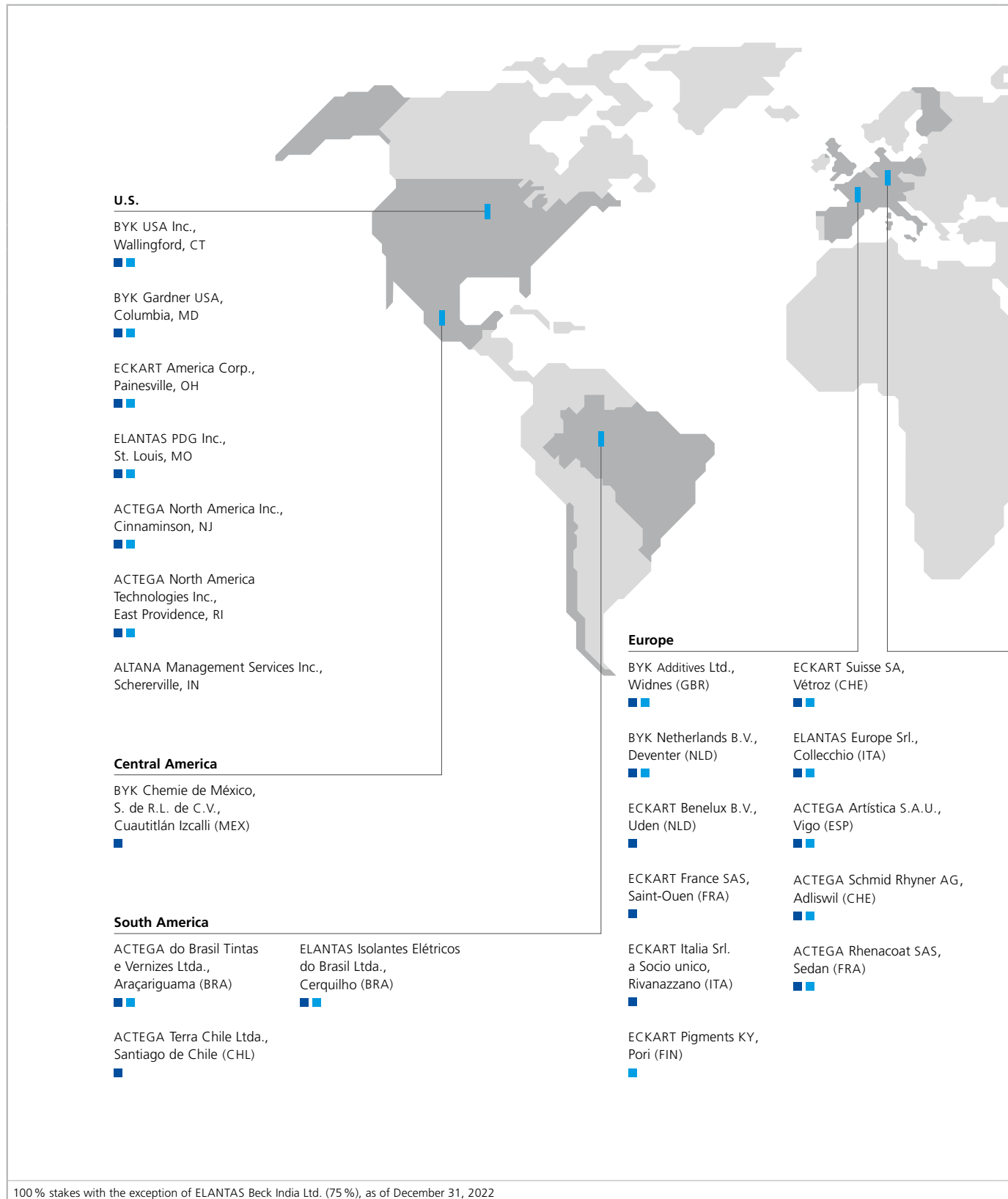
ALTANA AG
Abelstr. 43, 46483 Wesel, Germany
Tel +49 281 670-8
Fax +49 281 670-10999
info@altana.com
www.altana.com

Design

Heisters & Partner
Corporate & Brand Communication, Mainz

Photography

Adobe Stock (p. 34)
Robert Brembeck, Munich (pp. 20–27, 29,
31–43)
Christopher Doyle, Stockport, GBR
(pp. 28–31)
Kirsten Neumann, Gelsenkirchen (p. 2)
Martin Schmüdderich, Gelsenkirchen (p. 15)





Germany

- | | |
|--|---------------------------------------|
| ALTANA AG, Wesel | ECKART TLS GmbH,
Bitterfeld-Wolfen |
| ALTANA Management
Services GmbH,
Wesel | ■ ■ |
| ALTANA New Technologies
GmbH, Wesel | ELANTAS Europe GmbH,
Hamburg |
| BYK-Chemie GmbH,
Wesel | ■ ■ |
| ■ ■ | ACTEGA DS GmbH,
Bremen |
| ECKART GmbH,
Hartenstein | ■ ■ |
| ■ ■ | ACTEGA Metal Print GmbH,
Lehrte |
| ELANTAS GmbH,
Wesel | ■ ■ |
| ACTEGA GmbH,
Wesel | ACTEGA Rhenania GmbH,
Grevenbroich |
| BYK-Gardner GmbH,
Geretsried | ■ ■ |
| ■ ■ | ACTEGA Terra GmbH,
Lehrte |
| | ■ ■ |

Asia

- BYK Asia Pacific Pte Ltd.,
Singapore (SGP)
-
- BYK Japan KK,
Tokyo (JPN)
-
- BYK Additives (Shanghai) Co., Ltd.,
Shanghai (CHN)
- ■
- BYK (Tongling) Co., Ltd.,
Tongling (CHN)
- ■
- BYK Trading (Shanghai) Co., Ltd.,
Shanghai (CHN)
-
- BYK India Private Ltd.,
Mumbai (IND)
-
- BYK Korea LLC,
Gyeonggi-do (KOR)
-
- ECKART Asia Ltd.,
Hong Kong (CHN)
-
- ECKART Zhuhai Co., Ltd.,
Zhuhai (CHN)
- ■
- ELANTAS Beck India Ltd.,
Pune (IND)
- ■
- ELANTAS Malaysia Sdn Bhd,
Kuala Lumpur (MYS)
- ■
- ELANTAS (Tongling) Co., Ltd.,
Tongling (CHN)
- ■
- ELANTAS (Zhuhai) Co., Ltd.,
Zhuhai (CHN)
- ■
- ACTEGA Foshan Co., Ltd.,
Shunde (CHN)
- ■

ALTANA AG
Abelstr. 43
46483 Wesel, Germany
Tel +49 281 670-10900
Fax +49 281 670-10999

www.altana.com

