

Risk management

As an international manufacturer of elastomer products, the Semperit Group is exposed to a variety of general and industry-specific risks in its business operations. With its integrated risk management system, the Group has a solid foundation for identifying potential risks at an early stage, assessing their impact and taking appropriate countermeasures. At the same time, a proactive approach to risks also opens up new opportunities that can contribute to increasing value creation. The corporate strategy of the Semperit Group focuses on systematically reducing risks and consistently exploiting growth opportunities.

In 2024, significant improvements were made in risk management, which contributed to a stronger alignment with corporate strategy and optimized controllability. A central element was the closer integration of risk management into the strategic planning process, which allows risks to be incorporated into strategic decisions at an early stage. In addition, coordination with the ongoing forecasting process was improved so that current developments can be incorporated into risk analysis in a timely manner. Furthermore, the key figure free cash flow was introduced as an additional assessment dimension alongside the proven EBITDA. This expansion allows for a more comprehensive assessment of the financial impact of risks on liquidity and solvency. In addition, the evaluation and interpretation of risk-bearing capacity was further developed to ensure a well-founded assessment of the maximum tolerable risk level based on the impact on EBITDA and free cash flow. These measures strengthen the transparency and resilience of the company in the face of internal and external uncertainties. Moreover, reporting was modernized and adapted to current requirements. This included a content-related and visual revision of the reports to ensure an even clearer, more precise and recipient-oriented presentation of risk information.

Basic principles of risk management (enterprise risk management)

The Semperit Group's risk policy supports the efforts to achieve competitive advantages, thereby increasing the Semperit Group's enterprise value in the long term. Risk management serves to create robust operational processes. In addition to fulfilling legal requirements, the focus is on identifying negative developments in strategic, operational, market and financial areas. Essential components of the risk policy are the topic areas of Environment, Social and Governance (ESG) as well as ensuring stable supply chains and on-time deliveries. These aspects are systematically integrated into the risk management process in order to identify risks at an early stage and to initiate appropriate measures. The risk management process follows a clear, systematic approach that intends to strengthen risk awareness across the Group. The resulting insights are incorporated into both strategic corporate development and operational work.

Risks are managed using four central approaches: risks are actively avoided if their probability of occurrence or potential impact is too high. Preventive measures are taken to reduce risks to an acceptable level. Existing risks can also be transferred, for example, to third parties such as insurance providers. Finally, acceptable risks are consciously taken and borne by the company if their potential impact is deemed acceptable. Group-wide risk management is an integral component of corporate strategy and is incorporated into the planning and ongoing monitoring of target achievement. It serves as a sparring partner for management and supports the continuous optimization of business processes.

Responsibility for risk policy lies with the Executive Board, which sets out the strategic guidelines. All Group units are obliged to implement the central risk management process and to participate in its further development. In organizational terms, enterprise risk management (ERM) is the responsibility of the "Group Risk Management & Assurance" department. This department monitors, coordinates and supports the risk management process across the Group to ensure that all relevant risks are recorded transparently and managed effectively.

The enterprise risk management process

The Semperit Group relies on closely interlinked internal control and risk management systems for early identifying and mitigating negative deviations and going concern risks. These systems are based on Group-wide standardized processes to identify and assess potential risks prior to significant business decisions. An efficient internal reporting system supports continuous monitoring of these risks. This ensures that changes are recognized promptly, and appropriate countermeasures can be initiated. This proactive approach contributes significantly to ensuring corporate stability and the achievement of strategic goals.

The risk management is based on a comprehensive enterprise risk management approach (ERM approach) that is deeply integrated into the business organization. This approach follows the internationally recognized framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), known as “Enterprise Risk Management – Integrated Framework”. The ERM process aims to identify, assess and manage risks at an early stage. These risks can significantly influence the achievement of strategic, operational, financial, social, governance and compliance objectives. In addition, the ERM approach also includes health, safety and environmental risks (HSEQ) as well as ESG aspects (Environment, Social, Governance). This holistic approach increases risk transparency and enables targeted risk minimization to ensure sustainable development of the Semperit Group.

Risks are identified and assessed using a structured process combining bottom-up and top-down elements. This dual approach enables a comprehensive identification of risks at both the operating and strategic levels.

In the context of the ERM approach, the reporting period for risk assessment usually covers one year and – in accordance with medium-term planning – up to five years. For ESG-relevant risks, the observation period may differ and can be significantly longer. Climate risks are often projected for decades into the future, taking regulatory requirements into account. This reflects the long-term effects of climate change and the need for sustainable strategic planning.

The ERM of the Semperit Group is based on a net principle, according to which only risks remaining after the implementation of existing measures to mitigate or transfer risks are addressed. Risks whose potential impact that has already been considered in the consolidated financial statements, in the budget or in medium-term planning are no longer shown separately as risks in the ERM process. The Implementation of risk-reducing measures is systematically and continuously monitored. This information is incorporated into internal risk reporting and is broken down in detail to the level of the individual Group companies. This ensures transparent reporting and the allocation of responsibilities, while further increasing the effectiveness of measures to mitigate risks.

The “Group Risk Management & Assurance” department is responsible for the central coordination, moderation and monitoring of the structured risk management process for the entire Semperit Group. Relevant risks are prioritized from different perspectives and, in a further step, assessed with regard to their potential impact and their probability of occurrence. The bottom-up identification and prioritization process is supported by (remote) workshops with the management of the respective Semperit Group companies. This bottom-up element ensures that potential new risks are brought up for discussion at the management level and incorporated into the reporting, if relevant. These risks are coordinated with the business management in a top-down approach, which ensures a consistent evaluation and coordination of the identified risks. Individual reporting takes place immediately after a risk update in the respective Group companies. At least once a year, a comprehensive risk reporting of the individual risks including aggregation is made at Group level. In addition, a quarterly progress report on current developments, changes and additions to the risk portfolio is submitted to the Audit Committee and Supervisory Board. The regular reporting process is supplemented by an ad hoc reporting process to ensure timely information on critical issues.

In addition to the proven dimension of EBITDA, the impact on free cash flow is also analyzed for the quantitative assessment of risks. This extended consideration enables a differentiated assessment of the company’s financial resilience. While the EBITDA-based analysis focuses on operating business performance without taking depreciation, amortization, interest and taxes into account, the free cash flow assessment offers an additional perspective on the liquidity situation and solvency. The company’s risk-bearing capacity can be thoroughly evaluated based on the determined effects of the risks on both key figures. The risk-bearing capacity describes the maximum extent of risk that the company can bear without jeopardizing its continued existence. While EBITDA provides information about operating profitability, free cash flow shows the extent to which the company is able to make investments, repay debts and distribute dividends. Combining both perspectives enables a holistic assessment of financial resilience. In 2024, the Rico Group, which was acquired in 2023, was fully integrated into the company-wide risk management process. This included the integration of all relevant business areas, processes and systems into the existing structures for risk identification, assessment and control, so that the risks of the Rico Group can now be recorded and assessed in a uniform manner according to the Group-wide standards. This enables a consolidated and transparent presentation of the overall risk position, which further improves the company’s controllability and creates the basis for a holistic assessment of its risk-bearing capacity.

Organization of risk management and responsibilities

The Semperit Group has established a clear structure for monitoring and controlling the enterprise risk management (ERM) process. In order to further advance the integration and harmonization of existing control activities in accordance with legal and operational requirements, risks, changes and developments in the risk management process are discussed quarterly in Executive Board, Audit Committee and Supervisory Board meetings. The regular reporting ensures that relevant risks are identified at an early stage and that appropriate measures are taken.

The Group Risk Management & Assurance department plays a central role in the risk management process and is supported by the Group companies and central functions. The progress of the measures is monitored by the risk or measure owners and reported to the Group Risk Management & Assurance department. This structure enables transparent and comprehensible control of risk measures. Insurable risks are covered by insurance where economically viable, thus minimizing the financial burden of unexpected losses. Further information on this topic can be found in the “Insurable risks” section.

The legal framework and principles of risk management are set forth in the Semperit Group’s risk management guideline. This guideline defines the requirements for the risk management process and forms the basis for the implementation and further development of the ERM system.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. audited and confirmed the functionality of the Semperit Group’s risk management system for the 2024 financial year in the 2025 reporting year in accordance with C-Rule 83 of the Austrian Corporate Governance Code. This confirmation underscores the effectiveness and efficiency of the risk management system and compliance with regulatory requirements.

Risk report

As an internationally operating group, the Semperit Group is continuously confronted with the challenges of a globalized economy. The countries in which the Semperit Group operates differ considerably in terms of economic conditions. These differences relate to economic, political, legal and social development. The effects on the two divisions, Semperit Industrial Applications and Semperit Engineered Applications, and on the individual operating business units therefore vary.

In the 2024 financial year, the Semperit Group was confronted with a variety of external challenges. The subdued overall economic development, initially high inflation rates and the limited possibility of passing on the associated cost increases to customers weighed on the earnings situation. In addition, there were political uncertainties, particularly due to the ongoing Russia-Ukraine conflict, geopolitical tensions between the major trading powers and the associated trade restrictions and restrictive tariff policies. In addition, volatile price developments for raw materials and energy affected the economic environment. Despite these challenges, the Semperit Group demonstrated strong resilience due to its global presence, its diversification across five business divisions and the early introduction of cost-cutting measures. The different market dynamics in the respective regions helped to spread risks and mitigate negative effects.

At the time this management report was prepared, no risks were identified that could endanger the Semperit Group as a going concern, either individually or in combination. Adequate insurance has been taken out, to the extent economically feasible, to cover specific liability risks and damages. Selected individual risks that could have a material adverse effect on the financial position, financial performance, and profit situation of the Semperit Group, as well as opportunities for the Semperit Group are described below. In addition to the individual risks mentioned, there may be further potential risks relating to strategic, operational, financial, social, governance, compliance and HSEQ (health, safety, environment and quality) issues. These risks are currently unknown or unrecognized but might have a significant negative impact on the financial position, financial performance, and profit situation as well as the reputation of the Semperit Group if they occurred.

Insurable risks

Although the Semperit Group has concluded global insurance programs to cover the risks relevant to its business, for example with regard to fire, natural hazards and natural disasters, there is no guarantee that possible losses will be fully covered by these insurance policies, that the insurance companies will be liable for damages, or that the insurance coverage will be sufficient. In order to counteract this loss potential, the Semperit Group has taken further precautions in the form of additional insurance coverage, for example with regard to so-called earthquake or flood layers, which in some cases doubles coverage in addition to other existing insurance policies. In addition, critical business processes with a high potential threat are regularly examined as part of risk assessments and business continuity management, and preventive strategies and measures are developed to ensure that the company can continue to operate in the event of an emergency. The implementation of these measures is monitored on an ongoing basis.

In this context, specific effects of climate change were also identified based on a climate risk analysis carried out in 2023 and included in the catalogue. This analysis identified immediate physical risks, such as acute events (storms and heavy rainfall), as well as chronic changes (rising sea levels). Potential consequences range from storm damage to buildings to temporary disruptions of global supply chains. Indirect physical risks were also identified. These are risks that can arise from the indirect or long-term effects of climate change, for example losses in production due to a shortage of water supply as a result of prolonged periods of drought. According to this analysis, none of the Semperit sites are currently exposed to a physical climate risk in the short term. In the medium and long term, water-related risks such as flooding and water shortages were identified at the Roha, Odry and Bełchatów sites. Projects for efficient water use and sustainable water management have been initiated to counter these risks.

In any case, Semperit ensures that the risk of insurable natural hazards is reduced as much as possible through regular exchanges with contracted insurers. Primarily potential legal disputes that exceed the sum insured or are not covered by the insurance may result in additional losses for the Semperit Group. A further risk lies in the fact that it cannot be guaranteed that the Semperit Group will continue to receive adequate insurance cover at economically reasonable conditions in the future.

Significant risks, opportunities and measures

The following table provides a structured overview of the main risks and opportunities identified within the Semperit Group. It shows the categorization of risks and opportunities as well as potential measures to mitigate risks and exploit opportunities.

The risks and opportunities in the context of Environment, Social and Governance (ESG), which were identified as material in the materiality analysis pursuant of the ESRS requirements, as well as further disclosures on these, can be found in the Non-financial Statement starting in chapter “**ESRS 2 General disclosures**”.

Strategic risks and opportunities (R&O)

R&O category	Description and potential Impact	Management measures	R&O trend	R&O indicator
Market	<p>Numerous market segments are characterized by competition. Future market trends must be recognized in good time and products and services adapted to avoid negative effects on profitability and market position.</p> <p>The overall economic slowdown of recent years has led to a decline in the willingness to invest and a shift in customer demand towards cheaper segments, which increases price pressure. At the same time, there is an increased risk of new competitors, particularly from emerging markets, penetrating core markets and gaining market share.</p>	<p>Focus on profitable growth segments where size or know-how can be used as a critical success factor.</p> <p>Close cooperation with customers and R&D with a focus on innovative materials, technologies and products.</p> <p>Development of cost-efficient product alternatives to respond to changing customer demand.</p> <p>Rigorous cost control and efficiency enhancements. The cost reduction program introduced in 2023 has reduced the cost base by more than EUR 18 million in total.</p>	↑	Risk & opportunity
Acquisitions and divestments	<p>Semperit's strategy encompasses acquisitions, investments in its core business, strategic partnerships and divestments depending on its ability to successfully identify, implement and integrate these opportunities.</p> <p>The opportunities arising from corporate development and growth are offset by numerous risks, including risks arising from the transaction, failure to achieve expected returns, legacy issues and the resulting potential for impairment losses (impairments).</p>	<p>The strategy focuses on markets and projects in which Semperit has proven strengths. In 2024, Semperit completed the sale of the medical division (closing 2).</p> <p>Opportunities and risks of investments and divestments are taken into account in the context of separate projects including risk management.</p>		
Transformation	<p>The ability to adapt strategy to megatrends such as the Green Deal and decarbonization is crucial to ensuring competitiveness and sustainability in the long term.</p>	<p>Continuous evaluation of the strategy, the overall market and the influence of megatrends, and potential adaptations of the business model based on the findings.</p> <p>Preparations for the development of a decarbonization plan according to the Corporate Sustainability Due Diligence Directive (CSDDD).</p>		
Structural adjustment	<p>Structural adjustments, for example with regard to ensuring future-proof business areas and competitive cost structures at individual locations, offer the opportunity for medium- to long-term revenue growth. This is offset by risks from cost overruns, missed revenue and return expectations, and resistance from employees.</p> <p>A project to address these issues was launched for the Wimpassing (AT) site in the 2024 financial year. The aim is to ensure the site's competitiveness and to define a portfolio of efficient business models that is supported by a competitive cost structure.</p>	<p>Deployment of detailed planning with clearly defined goals and milestones, as well as monitoring and controlling of progress.</p> <p>Transparent communication with all stakeholders and active involvement of employees.</p>	↗	Risks & opportunities

R&O category	Description and potential Impact	Management measures	R&O trend	R&O indicator
Governance	<p>The Semperit Group is committed to acting responsibly and transparently and to complying with legal rules and regulations. Risks in this area arise from deviations from these principles and from increasing regulatory requirements that must be implemented.</p> <p>Compliance with these regulations and the trust of customers, shareholders, creditors, business partners and employees are crucial to ensuring the continuity of the company.</p>	<p>To prevent these risks, guidelines for the actions of the corporate bodies and employees have been implemented in all relevant corporate areas. Regular training is designed to ensure understanding of and compliance with the applicable regulations and ethical standards. This is supported by a control system and regular audits.</p> <p>The Semperit Group's Code of Conduct and the corresponding guidelines are in line with generally accepted standards and values as well as local laws and other rules and regulations. All employees must commit to complying with the Code of Conduct and receive regular training.</p> <p>The group has a robust "Speak up!" approach (including an external reporting office) so that violations of the code and guidelines can be reported through various channels.</p> <p>The compliance officers monitor compliance and provide advice on integrity issues.</p>	→	Risk
Geopolitics	<p>Risks arising from political business restrictions and uncertainties, such as those arising from adverse changes in local tax, licensing, export and labor laws, as well as from import and export restrictions.</p> <p>Political instability, war, terrorism or other violent conflicts can have a significant negative impact on business activities.</p>	<p>Political developments in the relevant markets are continuously monitored.</p> <p>Expansion of procurement markets and further diversification of sales markets to reduce dependence on individual countries.</p>	↑	Risk

Operational risks and opportunities

R&O category	Description and potential impact	Management measures	R&O trend	R&O indicator
Innovations	<p>Risks and opportunities arising from technological innovations and changing market requirements, particularly with regard to sustainability and technological leadership.</p> <p>Digitalization and automation initiatives offer the opportunity to maintain competitiveness and further expand the market position.</p> <p>Availability of suitable technologies for the production of recycled or bio-based materials.</p>	<p>Innovation management takes place in a structured manner and mainly at product level.</p> <p>Continuous evaluation and implementation of innovative product-market combinations, such as hybrid handrails and intermediate rail pads that significantly reduce noise.</p> <p>Harmonization of the Group-wide ERP landscape is in progress. The expansion investment in the hose area in Odry (DH 5) is setting new standards for digitalization and automation.</p> <p>Launch of a group-wide Circularity Initiative, which, among other things aims to promote the use of recycled and bio-based materials, significantly reduce waste and partially recycle it.</p>	↑	Risk & opportunity
Products and services	<p>Negative effects from delays in market launch. Potential reasons for this could be:</p> <ul style="list-style-type: none"> • Due to insufficient selection of environmentally friendly raw materials the ESG requirement of the market cannot be met. • Limitations in the product portfolio can significantly impair growth and adaptability. <p>Opportunities and risks from the early identification of market trends/customer needs</p> <p>Competitive advantages from the further development of products, services and processes.</p>	<p>Optimization of supply chains and close collaboration with suppliers</p> <p>Increased integration of ESG criteria in raw materials procurement</p> <p>Close collaboration with customers, market analyses and innovation projects ensure future growth and increase resilience to market fluctuations.</p> <p>Efficiency enhancement through modern technologies and automation.</p>	→	Risk & opportunity
Customer structure	Risks arising from increased dependency on key customers	Diversification of the customer portfolio and increase in sales excellence by means of a structured, data- and fact-based sales model.	↑	Risk
Procurement/ supply chain	<p>Risk of significant price increases (esp. for raw materials) that cannot be passed on to customers.</p> <p>Risk of dependency on individual suppliers</p> <p>High volatility of transport costs in overseas traffic, caused by geopolitical crises, rebel attacks or strikes.</p>	<p>Development of a diversified supplier network and optimization of inventory management and early warning system for supply bottlenecks</p> <p>Regular risk analyses and development of emergency plans</p> <p>Diversification of transport routes and methods</p>	→	Risk
Production and capacity utilization	<p>Several factors in the production process can have a negative impact on efficiency, growth and security of supply, including for example:</p> <ul style="list-style-type: none"> • energy-intensive processes that put a strain on the cost structure and sustainability, • deferred investments in machinery and infrastructure, • extended downtime of production facilities for which there is no adequate replacement, • impairment or failure of production facilities due to external influences, including storms and flooding. <p>Opportunities arise from increasing the automation level of the production process and the resulting efficiency gains.</p>	<p>Regular investments in the replacement of equipment that has been in use for some time and in the expansion of production facilities.</p> <p>Regular overhaul including maintenance and servicing.</p> <p>Existing flood protection measures are regularly evaluated and reinforced if necessary.</p> <p>Increased use of automation technologies, above all in the expansion of hose production at the Odry site and in the area of liquid silicone, contributes to cost reductions, efficiency enhancement and a consistently high level of quality.</p>	→	Risk & opportunity

R&O category	Description and potential impact	Management measures	R&O trend	R&O indicator
Quality management	Risks due to problems with product quality, e.g. due to low-quality raw materials or resulting from development or production.	Continuous development of the quality control system Close cooperation between the quality department and R&D	→	Risk & opportunity
Personnel and employee retention	Risks and opportunities arising from the availability of qualified specialists and managers at individual locations, e.g. as a result of competition, structural adjustments. Risks arising from being dependent on key employees or from the concentration of expertise in specific areas (e.g. toolmaking) on individual/few persons. Risks arising from labor shortages or restrictions on the admission of guest workers, state minimum wage regimes, strikes. Opportunities arising from strengthening employer attractiveness.	Ensuring competitive wages and offering additional social benefits Programs for employee retention such as career development and training opportunities Programs for succession planning and talent management Participation in programs for recruiting foreign employees at individual locations Flexible working models	↑	Risk & opportunity
Safety, health and environment (HSEQ)	The well-being, safety and the prevention of work-related (long-term) health conditions of employees are of critical importance to Semperit. Safety incidents can result in serious injuries, fatalities, production disruptions or additional costs for Semperit. Risks from potential non-compliance with regulations for occupational safety, building standards and operational permits. Risks from the improper use, handling and storage of hazardous substances	Establishment of a comprehensive management system for health and safety, with regular focus initiatives and regular reporting. Investments in improving workplace safety and regular training for employees. For details, see Sustainability Statement Section page 185, Disclosure Requirement S1-14, Health and safety metrics. Comprehensive measures to ensure compliance with occupational safety and building standards. Strict storage and handling guidelines for hazardous substances.	→	Risk
R&O category	Description and potential impact	Management measures	R&O trend	R&O indicator
Compliance	Ethical misconduct or non-compliance with applicable laws, regulations and internal rules (e.g. environmental protection, competition, bribery and corruption, human rights, data protection) could expose Semperit to liability or have a negative impact on the course of business and reputation.	Implementation of a comprehensive compliance management system, regular training of employees on ethical standards and legal requirements, and strict internal control mechanisms. The Group has a robust “speak up” approach so that violations of the code and policy can be reported through various channels. The compliance officers monitor compliance and advise on integrity issues.	↘	Risk
Legal disputes	Risks arising from legal disputes and proceedings that could lead to claims for damages, criminal or civil penalties, fines or profit skimming.	Regular review and adjustment of contracts Close cooperation with local legal experts and preventive compliance measures and training.	→	Risk

R&O category	Description and potential impact	Management measures	R&O trend	R&O indicator
IT and cyber security	Risk of intentional attack on data and IT systems. Potential consequences include loss of control and production downtime, data theft and cyber blackmail, and a corresponding negative impact on the Group's earnings and financial position as well as its reputation.	Implementation of IT security and cyber security systems, including regular security checks, vulnerability assessments and penetration tests. Use of modern security solutions	↑	Risk & opportunity
	Risk of data leaks and system failures	Regular training for employees		
	Risk from the multitude of internally developed IT/OT systems and the diversity of applications that require manual intervention or are person-dependent, which can affect data quality and processes	Standardization of the IT/OT landscape and automation of processes		
System availability and harmonization	Opportunities and risks from the OneERP project and the introduction of SAP S/4 Hana to harmonize the IT infrastructure	Detailed project planning and project management as well as continuous monitoring and stakeholder management including training during the introduction of the OneERP project	→	Risk
		Semperit maintains a structured crisis management and business continuity system to ensure continuity in its plants, offices and home offices.		
Business continuity	Crises and disruptions to business continuity, such as those caused by natural disasters or pandemics, can have a significant impact on a company's business activities.	Semperit maintains a structured crisis management and business continuity system to ensure continuity at its plants, offices and home offices.	↑	Risk

Financial risks and opportunities

As an internationally active company, the Semperit Group is exposed to financial risks, which can have an impact in particular in the areas of capital, liquidity and financing risks, foreign currency and interest rate risks, as well as in the default risks of customers and banks. As required by IFRS 7, the financial risks and their management are described in detail in chapter 11.

R&O category	Description and potential impact	Management measures	R&O trend	R&O indicator
Interest rate environment	Increasing or decreasing interest expenses/interest income due to changes in market interest rates	Long-term fixed interest rate agreements and use of hedging instruments	→	Risk
		In the 2024 financial year, interest rate swaps with a volume of EUR 30 million were concluded.		
Counterparties	Customer default, especially in the context of the currently challenging economic situation	Implementation of a comprehensive credit management system including standardized credit checks, defined credit limits and credit insurance	→	Risk
	Bank default risk in relation to bank deposits	Liquid funds are spread across several banks with high credit ratings		
Taxes, fiscal and public charges	Risks of non-compliance with local tax laws and the OECD guidelines for transfer pricing	Implementation of a comprehensive tax compliance management system	↑	Risk
		Staff training on tax compliance issues		
Foreign currencies	Risks and opportunities from the use of foreign currencies and exchange rate fluctuations	Hedging through forward exchange transactions and targeted currency diversification of cash flows	→	Risk & opportunity
Availability of capital	Risk of limited availability and rising cost of capital, in particular due to ESG regulations, a deterioration in the company's own credit rating or due to an increase in credit risk premiums as a result of uncertainty and risk aversion on the financial markets.	Capital risk management to ensure the continuation of the business, growth-oriented investment activities and a dividend policy aligned with these goals. As of December 31, 2024, the Semperit Group has conservative net debt of EUR 103,3 million and liquid funds of EUR 126,0 million.	↗	Risk & opportunity
	Opportunity through early consideration of ESG regulations and fulfillment of these requirements	Integration of sustainability criteria into corporate strategy and financial planning		
		Continuous reporting and improvement of ESG ratings		

Internal Control System (ICS)

The Semperit Group's Internal Control System (ICS) is designed to ensure the effectiveness, efficiency and profitability of business processes, the reliability of financial reporting and compliance with legal and regulatory requirements. In addition, the ICS supports early detection, monitoring and prevention of risks and fraudulent actions. The continuous development and optimization of the ICS is carried out in close cooperation between the Group Risk Management & Assurance department and the relevant specialist departments. This integrated approach ensures that the control system is always adapted to current requirements and changing conditions, achieving a high degree of transparency and control reliability. Responsibility for implementing and monitoring the ICS lies with the management of the respective business units. To ensure uniform and consistent control across the Group, the Executive Board of Semperit AG Holding defines cross-divisional framework conditions and binding rules for the entire Semperit Group. Regular follow-up audits are performed at the locations to ensure the sustained implementation of the framework conditions and regulations.

The principles of the Internal Control System (ICS):

- Ensuring the accuracy of accounting and reporting – ensuring the accuracy, completeness and reliability of financial and reporting figures
- Adherence to internal and external regulations – compliance with internal rules (e.g. limits of authority) and external laws, ordinances and regulatory requirements
- Increasing payment security – implementation of a predefined control framework for payment transactions to minimize booking errors and fraud risks
- Ensuring the segregation of duties – separation of critical tasks to avoid conflicts of interest and fraud risks
- Implementation of process-integrated controls – ensuring the implementation and documentation of process-relevant controls
- Traceability and transparency – creation of seamless documentation that enables expert third parties to review controls and decisions
- Protection of assets – measures to protect tangible and intangible corporate assets
- Detection of operational risks and damage visibility – identification of potential operational risks as well as the early detection and disclosure of any damage incurred
- Increasing operational efficiency – improvement of operational procedures by optimizing processes and reducing waste and inefficiency

Essential characteristics of the internal control and risk management system with regard to the financial reporting process

The key elements of the existing ICS and risk management system with respect to the (Group) accounting process can be summarized as follows:

- Segregation of duties – The accounting tasks are clearly separated from other areas of responsibility, such as treasury, in order to avoid conflicts of interest and minimize the risk of manipulation.
- IT security and access controls – The financial systems used are protected against unauthorized access by IT security measures such as access authorizations and firewalls.
- Use of standard software – Proven standard software is used for accounting to a large extent, ensuring system stability and compliance with best practices.
- Guidelines and instructions system – An adequate guidelines and instructions system (e.g. accounting guidelines, payment guidelines) defines binding rules for proper accounting and creates a clear framework for all parties involved.
- Audit of accounting data – Accounting data sent and received is checked by the responsible departments for completeness and accuracy, with sample-based checks being used as an additional control measure.
- Application of the four-eyes principle – The four-eyes principle is consistently applied in accounting-related processes in order to reduce errors and the risk of manipulation.

Monitoring by Internal Audit – Accounting-related processes are regularly reviewed by Internal Audit on a test basis in order to identify weaknesses at an early stage and ensure continuous improvement.