Annual Report
2022 / 2023

SCHOTT

Key Figures SCHOTT Group

From October 1, 2022 to September 30, 2023

(in EUR millions, unless stated otherwise)	2022/2023	2021/2022	Change in %
Sales	2,872	2,775	4
Domestic	361	364	–1
Abroad	2,512	2,411	4
EBITDA	624	631	–1
as a percentage of sales	22	23	
EBIT	413	422	–2
as a percentage of sales	14	15	
Result from continuing operations before income taxes	384	399	–4
Consolidated profit for the period	277	269	3
Cash flow from operating activities	309	444	–30
Capital expenditure on property, plant and equipment	451	431	5
Total assets	4,820	3,727	29
Equity	3,028	1,897	60
Equity ratio (%)	63	51	
Long-term funds available[1]	3,928	2,843	38
as a percentage of total assets	81	76	
Net cash/(debt) position[2]	–121	71	
Research and development expenses	108	99	9
as a percentage of sales	4	4	
Employees as of the reporting date (number)	17,050	17,213	–1

For computational reasons, rounding differences of +/– one unit (EUR millions) may occur in the table.

[1] Equity, non-current provisions and non-current liabilities.
[2] Cash and cash equivalents and funds less financial liabilities.

Pioneering the Impossible since 1884

Where others say no, we say yes. Because at SCHOTT we believe that shared responsibility, experience and close collaboration can release the energy to achieve the impossible. This also applies to the relationships we build with our customers. As an international technology group for advanced materials such as specialty glass, glass-ceramics and polymers, we are constantly exploring unique solutions that make a difference for businesses and industries – yesterday, today, and tomorrow.

Many SCHOTT products have high-tech applications that push technological boundaries, such as flexible glass in foldable smartphones, glass-ceramic mirror substrates in the world's largest telescopes and laser glass in nuclear fusion. With their pioneering spirit, our 17,100 experts in over 30 countries work as dedicated partners to industries such as healthcare, home appliances, consumer electronics, semiconductors, optics, astronomy, energy and aerospace. The responsibility for employees, society and the environment is also deeply rooted in our DNA: our production is therefore set to become climate-neutral by 2030.

Whatever challenges the future might hold, we can't wait to come up with innovative solutions and turn visions into reality.

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Annual Report 2022 / 2023

Foreword by the Board of Management

Facts about the fiscal year

2.9
EUR billion
Global sales

413
EUR million
EBIT

451
EUR million
Investments in property, plant and equipment

63
percent
Equity ratio

Ladies and gentlemen,

For SCHOTT, the past year was a year of both extraordinary milestones and major challenges. After a good start to the fiscal year, business started to decline, often significantly, from early summer. The numerous geopolitical conflicts, high inflation and the resulting consumer uncertainty had a negative impact. In the household appliances and consumer electronics segments in particular, we recorded noticeably weaker demand coupled with mounting competitive pressure. Nevertheless, sales were up 4 % to EUR 2.9 billion and the operating result (EBIT) of EUR 413 million came close to the previous year's level. The equity ratio increased from 51 % to 63 %.

This significant increase in the equity ratio results not only from the profit for the period of EUR 277 million but also from the successful IPO of SCHOTT Pharma AG & Co. KGaA at the end of September. The placement of 23 % of the ordinary shares generated gross issue proceeds of around EUR 935 million. The stabilization period was terminated early and the overallotment was fully utilized. This is an amazing success story that would not have been possible in this form without the immense dedication and efforts of the project team.

The growth and investment strategy of recent years and proper cost management are also reflected in the positive business result. By investing more than EUR 450 million in the past year, we have laid the foundations for further growth in the years to come, for example with a new site for diagnostic products in Arizona, USA, and a new SCHOTT Pharma plant in Hungary.

The main growth drivers in the past fiscal year were the pharmaceutical business and the broadly positive business performance in the USA and in the Optical Industries segment. With our specialty optical glass, fiber optics and ZERODUR® glass ceramic, we were instrumental in shaping significant developments in the fields of augmented reality, lithography, and astronomy and aerospace.

We were also able to secure the supply of gas and key raw materials such as lithium by entering into long-term supply agreements and establishing backup solutions.

In the past fiscal year, we once again addressed the global shortage of skilled workers by offering performance-based pay and modern working time models. We decided to reduce weekly working hours without loss of pay for employees covered by collective agreements in Germany and trained qualified, motivated and diverse teams in a range of development and training programs as a basis for further growth. We championed our sustainability initiatives in order to stay successful on the market in the future and remain an attractive employer. More than 17,000 employees around the world contributed to the success stories of the past fiscal year. We would like to thank them for their outstanding dedication in these challenging times.

We have also been taking concrete action to underscore our commitment to responsible and sustainable business, for example, we joined the United Nations' sustainability initiative (UN Global Compact) and our strategy is based on the UN's Sustainable Development Goals (SDGs). We reached further milestones in the past year on our ambitious journey to make our production climate-neutral by 2030. These include successful laboratory tests for the production of glass using 100 % hydrogen and securing funding from the Federal Ministry for the Environment and Nature Conservation for an electricity-powered melting tank in Germany. We are proud that our clear commitment to greater sustainability has been recognized with the German Sustainability Award 2023.

Dr. Jens Schulte
Member of the Board of Management since 2016

Dr. Heinz Kaiser
Member of the Board of Management since 2016

Dr. Andrea Frenzel
Member of the Board of Management since 2023

Dr. Frank Heinricht
Chairman of the Board of Management and Labor Director since 2013

We intend to continue investing in innovation and growth in the upcoming fiscal year – to the tune of over EUR 500 million. This includes digitalizing our production activities in many other areas, such as in new production lines at our optics site in Malaysia. Our subsidiary SCHOTT Pharma is also planning to expand its manufacturing capacities. This will involve setting up new lines for polymer syringes at the Müllheim site in Germany, inaugurating a new plant for glass syringes in Hungary and building a completely new production site in Serbia. We are also investing in the construction of a climate-neutral production and office building at our Landshut site in Germany, our center of excellence for products for glass-to-metal hermetic packaging of sensitive electronic components.

After testing years in the shadow of the pandemic and economic and geopolitical challenges, we hope that the economy will recover in the short term and that global affairs will calm down. We would like to thank our customers and partners around the world for their trust and a good collaboration.

January 2024

SCHOTT AG
The Board of Management

Report by the Supervisory Board

Dr. Michael Bolle
Chairman of the Supervisory Board

Ladies and gentlemen,

The past fiscal year for SCHOTT was marked by both great success and considerable uncertainty. The technology group made significant progress on its journey towards climate-neutral production and secured an excellent position for itself in a volatile market with the successful IPO of its pharmaceutical business on the Frankfurt Stock Exchange in September. On the other hand, it faced challenges such as high inflation, soaring costs and lower demand in a number of markets, including the household appliances and consumer electronics sectors. The broad and balanced business and technology portfolio nevertheless helped SCHOTT to bring fiscal year 2022/2023 to a successful close. The company's international positioning and high quality standards supported its efforts to remain a stable and reliable partner for its customers and partners alike. This in turn will allow SCHOTT to continue to invest in the green transformation and in strategic, innovation-driven growth in the future.

In fiscal year 2022/2023, the Supervisory Board monitored and advised the Board of Management of SCHOTT AG, as required by law, the Articles of Association and the Rules of Procedure. The collaboration was trusting and effective. The Board of Management regularly informed the Supervisory Board about the business situation and performance, the current earnings situation, the risk situation, risk management, short- and long-term planning, major investments and ongoing organizational measures. In addition, the Chairman of the Supervisory Board liaised closely with the Board of Management and continuously kept up to date on economic developments and strategic plans.

The Supervisory Board held seven ordinary meetings, including one strategy meeting, one meeting on the subsequent annual financial statements for fiscal year 2021/2022 and two meetings to make the necessary decisions for the IPO of SCHOTT Pharma AG & Co. KGaA. It examined the Board of Management's reports and proposed resolutions in detail and adopted the resolutions required by law, the Articles of Association and the Rules of Procedure. Topics included the adoption of the separate financial statements of SCHOTT AG and the approval of the Consolidated Financial Statements for fiscal year 2021/2022. The Board of Management's response to the current challenges were also discussed at length, such as an inflation bonus for employees, sales excellence initiatives, activities to enhance cyber security and digitalization projects.

At its strategy meeting, the Supervisory Board and Board of Management discussed the further implementation of the Group strategy, current and upcoming Group initiatives and topical strategic issues, such as geopolitical conflicts or the market situation in the business sectors. In September, two meetings were devoted entirely to the planned IPO of SCHOTT Pharma AG & Co. KGaA, which went ahead successfully at the end of September. The annual budget for fiscal year 2022/2023 was approved at the Supervisory Board's subsequent fall meeting. Personnel initiatives were also discussed, particularly in relation to the acute shortage of skilled workers.

The Supervisory Board has formed three committees to perform its duties. The Audit Committee met three times in the past fiscal year. Its meetings focused on overseeing the financial reporting process, the effectiveness of the internal control system, risk management and the internal audit system as well as the audit of the financial statements. At the five meetings of the Presiding Committee, the setting of targets and the compensation of the Board of Management were discussed and corresponding resolutions for submission to the Supervisory Board were adopted. The Chairmen of the Audit and Presiding Committees reported regularly on the work of the committees during the Supervisory Board meetings. It was not necessary to convene the Mediation Committee in the past fiscal year.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, audited the separate financial statements of SCHOTT AG for fiscal year 2022/2023 and the Consolidated Financial Statements prepared in accordance with Section 315e (3) of the German Commercial Code (HGB) under International Financial Reporting Standards (IFRSs), including the respective management reports, and issued an unqualified auditor's report in each case. The report of the Board of Management on relations with affiliated companies ("dependent company report") was also audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main.

The financial statement documents and the audit reports were made available to all members of the Supervisory Board in time. The Supervisory Board examined the documents and discussed the annual financial statements at the Audit Committee meeting on December 12, 2023 and the Supervisory Board meetings on December 13, 2023 and January 26, 2024. The auditors attended all of the meetings, presented the main audit findings, provided additional information and answered questions. The Chairman of the Audit Committee also reported to the full Supervisory Board on the results of the examination of the financial statements by the Audit Committee. Following its own examination of the documents, the Supervisory Board concurred with the auditors and approved the financial statements prepared by the Board of Management. The Supervisory Board agrees with the proposal of the Board of Management to distribute a dividend of EUR 29,200,000.00 from the unappropriated profit of EUR 1,650,999,694.17 and to carry forward EUR 1,621,799,694.17 to new account. The separate financial statements of SCHOTT AG as of September 30, 2023 are thus adopted.

In accordance with Section 312 of the German Stock Corporation Act (AktG), the Board of Management has prepared the above-mentioned dependent company report for the period from October 1, 2022 to September 30, 2023. The auditors issued the following auditor's report on the results of their audit:

"Based on our audit in accordance with professional standards, we confirm that
1. the factual statements in the report are correct,
2. the consideration paid by the Company for the legal transactions listed in the report was not unreasonably high."

The Supervisory Board concurred with the auditors' conclusion. Based on the final results of the Supervisory Board's review, there are no objections to the concluding statement of the Board of Management contained in the dependent company report.

The Supervisory Board would like to thank the members of the Board of Management and all employees of SCHOTT worldwide for their extraordinary commitment and their successful work in fiscal year 2022/2023.

Mainz, January 26, 2024

For the Supervisory Board

Dr. Michael Bolle
Chairman

Group Management Report

For the fiscal year from October 1, 2022 to September 30, 2023

About the Group

SCHOTT Group (hereinafter also referred to as SCHOTT) is an international technology group with almost 140 years of experience in the areas of specialty glass, glass-ceramics and high-tech materials. Our main markets include the home appliance industry, pharmaceuticals, electronics, optics, life sciences and the automotive and aviation industries. We currently employ around 17,100 people worldwide and operate manufacturing sites and sales offices in 33 countries. In fiscal year 2022/2023, we generated total Group sales of EUR 2,872 million.

SCHOTT AG in Mainz is the parent company of SCHOTT Group. Along with SCHOTT AG, SCHOTT Group included an additional 12 consolidated companies (previous year: 14) based in Germany and 52 foreign consolidated companies (previous year: 53) as of the reporting date. The sole shareholder of SCHOTT AG is the Carl Zeiss Foundation, which has no business activities according to its statutes and is based in Heidenheim an der Brenz and Jena, Germany.

SCHOTT Group's operations are organized into three different segments and seven distinct business units. The following list matches segments and business units with their main markets:

Segments and Business Units	Main Markets
Precision Materials	
• Electronic Packaging	• Electronics/Automotive Industry
• Pharma	• Pharmaceuticals
• Tubing	• Pharmaceuticals
Optical Industries	
• Advanced Optics	• Optics
• Lighting and Imaging	• Electronics/Automotive and Aviation Industries
Home Appliances	
• Home Tech	• Home Appliance Industry
• Flat Glass	• Home Appliance Industry

The business units are categorized mainly on the basis of the types of products they offer, the production processes they use and the areas of application that they address.

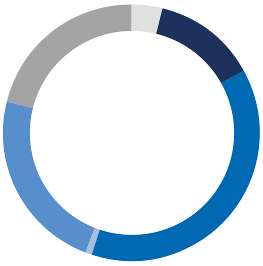
In the Precision Materials segment, Electronic Packaging stands for the development and manufacturing of hermetic seals and other components for the protection of sensitive electronics. The business unit addresses a large number of applications and sales markets, including automotive and consumer electronics, energy and medical technology, as well as data and telecommunications. Pharma (formerly Pharmaceutical Systems) produces syringes, vials, ampoules, cartridges and special articles made of glass tubing or polymer. Tubing produces a wide variety of glass tubing, rods and profiles for pharmaceutical and technical applications.

The Advanced Optics business unit that is part of the Optical Industries segment offers an extensive portfolio of optical glass products, special materials and components for a multitude of applications in optics, lithography, astronomy, optoelectronics, architecture, life sciences and research. Lighting and Imaging offers a broad spectrum of high-tech solutions for illumination and image transmission, particularly in the medical technology, automotive and aviation, industrial equipment and security technology markets.

In the **Home Appliances** segment, Home Tech covers a broad range of solutions made of specialty glass and glass-ceramics. These mainly include cooktop panels and fire viewing windows made of glass-ceramics as well as borosilicate glasses for a wide variety of different application possibilities. The Flat Glass business unit develops, manufactures and markets a broad portfolio of products made of processed flat glasses for the home appliance industry such as exterior panes of glass for ovens, viewing windows for microwave ovens or shelves for refrigerators and also for commercial presentation of refrigerated and frozen foods and even system solutions.

The most important industries that SCHOTT is active in based on sales are the pharmaceutical industry and the home appliance industry, followed by the industrial optics and sensor, automotive, life sciences and entertainment electronics industries. SCHOTT currently generates over 80 % of its sales in these markets. The development of these industries can therefore have a significant impact on the performance of the various SCHOTT business units.

Sales by region



Total sales: EUR 2,872 million

South America I 5 %
North America I 21 %
Asia and South Pacific I 23 %
Germany I 13 %
Europe without Germany I 37 %
Middle East and Africa I 1 %

Economic Report

Macroeconomic and industry-specific framework conditions

After a strong start to the year, the global economy has been losing momentum since the summer of 2023. In Europe in particular, weak industrial production is dampening the economy, while in China high debt in the real estate sector and weak consumer demand are weighing on the economy. In contrast, the US economy expanded strongly in the first half of the year and numerous emerging markets were able to increase their economic output. The countless geopolitical conflicts, which included a massive flare-up of the Israel-Palestine conflict in October, the current high inflation and the resulting uncertainty are having a negative impact. Against this background, economic research institutes are forecasting a 2.5 % increase in global output for calendar year 2023 (previous year: 2.9 %).[1]

The economic research institutes forecast growth of 0.8 % (previous year: 3.1 %) for Europe, where SCHOTT Group generates around half of its sales. Germany's economy is expected to contract by 0.4 % (previous year: growth of 1.9 %), while growth of 2.0 % is forecast for the US (previous year: 2.1 %). The Chinese market, our largest sales market in Asia, is expected to grow by 5.0 % (previous year: 3.0 %). For Asia as a whole, the economic research institutes forecast economic output to increase by 4.4 % (previous year: 3.2 %).

Growth rates of between 1 % and 6 % for 2023 are expected for the sectors relevant to SCHOTT. The highest growth rates are forecast for the automotive and life sciences industries, at 6 % and 4 %, respectively. The pharmaceutical industry and household appliance sector are expected to see growth rates of between 1 % and 3 %.[2]

[1] Data according to the joint diagnosis of the leading German economic research institutes dated September 22, 2023. The previous year's figures in this and the next paragraph represent the actual growth rates according to the joint diagnosis, not the forecast values for the calendar year stated in last year's Group Management Report. All figures are inflation-adjusted based on the joint diagnosis.

[2] Internal forecast taking relevant market studies such as those from statistics service providers, banks and management consultancies into account

Business Development and Situation of the Group

Results of operations

(in EUR millions)	2022/2023	2021/2022	Change
Sales	2,872.4	2,774.8	+97.6
EBIT	412.9	421.9	–9.0
Financial result	–29.3	–23.3	–6.0
Result from continuing operations before income taxes	383.6	398.6	–15.0
Income taxes	–109.8	–130.1	+20.3
Result from continuing operations	273.9	268.5	+5.4
Consolidated profit for the period	276.8	268.9	+7.9

Course of business and developments of sales

SCHOTT Group's sales increased by EUR 98 million or 4 % to EUR 2,872 million in the past fiscal year, with all three of the Group's segments contributing to this growth. Changes in the euro exchange rate reduced Group sales by EUR 28 million year on year (previous year: increase in Group sales of EUR 42 million). Adjusted for exchange rate changes, sales increased by 5 %.

The share of Group sales generated in Europe rose to 50 % against 47 % in the previous year. The Asia and South Pacific region contributed 23 % to Group sales (previous year: 27 %), while North America's contribution increased to 21 %, compared with 20 % in the previous year. In South America we generated 5 % of sales (previous year: 4 %) and in the Middle East and Africa region 1 % (previous year: 2 %).

In the **Precision Materials** segment, sales climbed from EUR 1,521 million to EUR 1,567 million. This increase is attributable to the Pharma business unit, while sales in the other two business units were down.

The Pharma business unit once again achieved considerable sales growth in the past fiscal year, continuing the upward trend of previous years. Although exchange rate effects had a positive impact on sales growth, sales would have risen significantly even after adjusting for currency effects. Although global demand for medicines and therefore for pharmaceutical primary packaging continues to rise, sales from the drug containment solutions business (vials, ampoules and cartridges) declined slightly. This is due to a correction in demand in the reporting year from customers who had built up buffer stocks in previous years as a result of the COVID-19 pandemic. On the other hand, considerable sales growth was achieved in the drug delivery systems business (glass and polymer syringes), which bolstered the growth of the business unit as a whole. In regional terms, sales growth was primarily generated in Europe, while sales in Asia declined slightly.

In the Tubing business unit, sales declined moderately year on year. After a generally steady first half, demand in the pharmaceutical tubing business slumped from the spring onwards, due in particular to the build-up of high stock levels in the pharmaceutical industry following the COVID-19 pandemic. On the other hand, sales of technical tubing increased slightly compared to the previous year. Sales were also down in Asia in particular, where especially strong growth was recorded in the previous year.

Sales in the Electronic Packaging business unit also declined moderately. While demand in the automotive sector was high and strong sales growth was recorded, most of the other markets were difficult, with significantly lower sales in some cases, such as for products for data and telecommunications applications. At a regional level, the decline in sales was concentrated in Asia, particularly amid the high competitive pressure in China, while sales increased in Europe and North America.

In the **Optical Industries** segment, we recorded an increase in sales from EUR 358 million in the previous year to EUR 413 million.

As in the previous year, sales in the Advanced Optics business unit rose substantially. In terms of applications, there was significant sales growth, especially in the semiconductor lithography and augmented reality businesses, but we also achieved solid growth in optical glass, filters and components. All regions contributed to this growth, with the highest growth rates in Europe and North America.

As in the previous year, we recorded substantial sales growth in the Lighting and Imaging business unit. This growth was driven by business with fiber optic components for medical devices, but we also achieved good sales growth in the industrial technology business (specialty light guides for semiconductor applications, aviation and automotive). In regional terms, we recorded sales growth in Europe and Asia, while sales in North America remained steady at the previous year's level.

In the **Home Appliances** segment, we increased sales by EUR 24 million to EUR 911 million.

In the Home Tech business unit, we achieved solid sales growth, which, however, was significantly boosted by price increases enforced to absorb the surge in prices since the previous year, particularly for key raw materials and energy, as well as by positive currency effects. While sales volumes of glass ceramic cooktop panels were very muted overall in the past fiscal year, business with fire viewing panels benefited, as in the previous year, from the uncertainty around the future energy supply. The weak demand for consumer electronics (cell phone glass) and the discontinuation of the coated glass business in the previous year had a dampening effect on sales development. At a regional level, we achieved considerable sales growth in North America, driven by stable demand, while sales grew only slightly in Europe and decreased moderately in Asia.

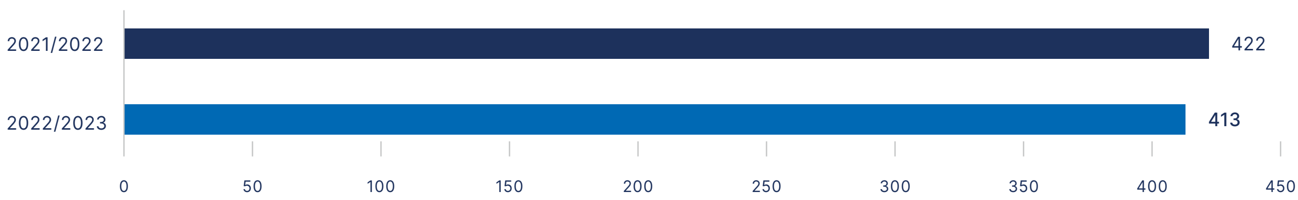
The Flat Glass business unit recorded a slight decline in sales due to a moderate decrease in sales in the Home Appliance segment, while sales in the smaller Food Display business grew significantly. In the previous year, Home Appliances still included two months' sales of around EUR 18 million from the SCHOTT Gemtron companies, which were sold as of December 1, 2021. On an adjusted basis, the segment would have achieved a slight increase in sales. In regional terms, sales increased slightly in Europe and significantly in South America, but this was not enough to offset the decline in North America (following the sale of the SCHOTT Gemtron companies) and Asia.

Order book

The order book as of the reporting date provides for an average utilization of our production capacity of around five months (previous year: seven months). Our customers generally place orders at short notice due to the short lead times. Annual framework agreements with customers apply in some areas.

Result from operating activities

EBIT (in EUR millions)



The result from operating activities (EBIT) fell by EUR 9 million to EUR 413 million in the past fiscal year. While EBIT increased in the Optical Industries and Home Appliances segments, it declined in Precision Materials. On a constant currency basis, the decrease in EBIT would have amounted to EUR 10 million. Compared to the previous year, EBIT was reduced by performance-based expenses of around EUR 21 million due to the IPO of the Pharma business unit and bonuses totaling EUR 14 million paid to employees in response to the persistently high level of inflation.

In the past fiscal year, the Board of Management and Supervisory Board of SCHOTT AG jointly decided to explore an IPO of SCHOTT Pharma AG & Co. KGaA. At the end of September, SCHOTT Pharma AG & Co. KGaA was successfully floated on the stock exchange. As part of the company's IPO on September 27, 2023, a total of 34,641,362 ordinary shares were successfully placed with investors at an offer price of EUR 27.00 per ordinary share and thus at a total value of approximately EUR 935 million, including 4,518,438 ordinary shares to cover potential overallotments. The no-par value ordinary bearer shares were previously held by SCHOTT Glaswerke Beteiligungs- und Export GmbH, Mainz, a wholly owned subsidiary of SCHOTT AG. The total number of ordinary shares offered in the IPO corresponded to up to 23.0 % of the capital stock of SCHOTT Pharma AG & Co. KGaA (including overallotments). The ordinary shares of SCHOTT Pharma AG & Co. KGaA have been traded on the regulated market of the Frankfurt Stock Exchange since September 28, 2023. The stabilization period was terminated early on October 6, 2023 without ordinary shares being repurchased on the market. After the end of the stabilization period, 23.0 % of shares (34,641,362 ordinary shares) were therefore in free float.

In the **Precision Materials** segment, we once again achieved a significant increase in EBIT in the Pharma business unit. While EBIT in the drug containment solutions business (vials, ampoules, cartridges) declined due to the muted sales trend, significant earnings growth was achieved in the drug delivery systems business (glass and polymer syringes), driven by the considerable sales growth combined with operating economies of scale.

In the Tubing business unit, EBIT was down considerably on the previous year. This is due in particular to weak sales volumes in the pharmaceutical tubing business and the associated underutilization of capacity, as well as cost increases for energy, personnel and materials. The Electronic Packaging business unit also suffered a significant drop in EBIT. Here, too, the main reason is the decline in sales volume and the associated underutilization of production capacity.

As in the previous year, the segment contributed around two-thirds to Group EBIT.

The **Home Appliances** segment saw a minor increase in EBIT. Following the significant decline in the previous year, Home Tech was able to improve its EBIT, driven in particular by the absence of the negative special effects that arose in the previous year and falling freight and packaging costs. In the Flat Glass business unit, however, EBIT decreased. This was attributable in particular to an impairment of goodwill in the fiscal year and the book gain generated in the previous year from the sale of the SCHOTT Gemtron companies.

As in the previous year, EBIT in the **Optical Industries** segment increased substantially. In Advanced Optics, we achieved a significant increase in earnings, primarily due to sales growth in all key application areas and an increase in productivity. In Lighting and Imaging, EBIT was slightly down on the previous year. Cost increases and the absence of minor positive special effects that arose in the previous year were not fully offset by positive price and product mix effects.

Cost of sales amounted to EUR 1,860 million (previous year: EUR 1,766 million). This resulted in a gross profit of EUR 1,012 million (previous year: EUR 1,009 million). The gross margin thus decreased from 36.4 % in the previous year to 35.2 %.

Selling expenses declined by EUR 7 million to EUR 311 million, with the selling expense ratio down from 11.5 % to 10.8 %. This decline is due to the stabilization of freight and packaging costs following the significant increase in the previous year and the decrease in sales volumes in some business units.

The R&D ratio rose slightly from 3.6 % in the previous year to 3.8 %, with research and development costs increasing by EUR 9 million to EUR 108 million. General administrative expenses rose slightly by EUR 5 million to EUR 193 million. The administrative expense ratio for the past fiscal year was 6.7 %, compared to 6.8 % in the previous year.

Other operating income came to EUR 48 million compared to EUR 52 million in the previous year. The decrease is mainly attributable to the income of EUR 5 million earned on the sale of the SCHOTT Gemtron companies in the previous year and a EUR 3 million decrease in income from the reversal of provisions and accrued liabilities. By contrast, an increase in reversals of impairment losses on property, plant and equipment led to a EUR 6 million increase in other operating income.

At EUR 48 million, other operating expenses are on a par with the previous year. Other operating expenses were lower, in particular because exchange losses of EUR 18 million reported in the previous year, whereas exchange gains were achieved in the past fiscal year and there was a EUR 17 million decrease in restructuring expenses. On the other hand, bank charges increased by EUR 20 million due to the IPO of the Pharma business unit. In addition, impairment losses on property, plant and equipment and intangible assets increased by EUR 7 million and loss allowances on receivables and other assets increased by EUR 4 million year on year.

Financial result

The financial result deteriorated from EUR –23 million in the previous year to EUR –29 million. The higher net financial expense is due in particular to the increased interest expense from pension provisions. This was partly offset by a decrease in the loss on the net monetary position from EUR 13 million in the previous year to EUR 9 million. This loss arose from the application of financial reporting in hyperinflationary economies for the subsidiaries in Argentina and Turkey, which was required for the first time in the previous year.

Taxes

The tax expense for continuing operations amounted to EUR 110 million compared to EUR 130 million in the previous year. The Group's effective tax rate – based on the result from continuing operations before income taxes – therefore fell from 33 % in the previous year to 29 %. The decline is mainly due to the spin-off of the Pharma business unit in the previous year, for which additional tax expenses were incurred.

Discontinued operations and consolidated profit for the period

The consolidated profit for the period of EUR 277 million (previous year: EUR 269 million) includes a positive result from continuing operations of EUR 274 million (previous year: EUR 269 million) and a profit from discontinued operations of EUR 3 million (previous year: small profit).

Financial position

(in EUR millions)	2022/2023	2021/2022	Change
Cash flow from operating activities*	308.8	444.2	–135.4
Cash flow from investing activities*	–409.0	–378.6	–30.4
Cash flow from financing activities*	–29.8	–100.7	+70.9
Change in cash and cash equivalents	–130.0	–35.1	–94.9
Cash and cash equivalents at the end of the period	118.4	259.0	–140.6

* from continuing and discontinued operations

Consolidated statement of cash flows and investment analysis

In the past fiscal year, net cash provided by operating activities was down from EUR 444 million in the previous year to EUR 309 million. Although consolidated profit for the period was EUR 8 million higher than in the previous year, working capital adjusted for currency effects rose by EUR 206 million in the reporting period, in particular due to higher inventories, having risen by EUR 133 million in the previous year. In the reconciliation of consolidated profit for the period to cash flow from operating activities, deferred taxes led to an increase of EUR 3 million in the reporting year, compared with EUR 47 million in the previous year. In addition, provisions and accrued liabilities decreased by EUR 37 million year on year, whereas there was an increase of EUR 33 million in the previous year.

Net cash used in investing activities increased from EUR 379 million in the previous year to EUR 409 million. Cash outflow for investments increased by EUR 13 million to EUR 414 million, while cash inflow from the disposal of non-current assets fell from EUR 14 million to EUR 2 million. In the past fiscal year, there was no cash inflow from the disposal of companies or parts thereof, while EUR 28 million was realized from the sale of the SCHOTT Gemtron companies in the previous year. By contrast, cash outflow for the acquisition of companies was EUR 17 million lower than in the previous year. In the previous year, cash outflows of EUR 18 million arose due to the acquisition of shares in Applied Microarrays, LLC, Phoenix/USA and the acquisition of shares in SCHOTT-Italglas s.r.l., Genoa/Italy.

Of the cash-effective investments in the fiscal year, 67 % related to the Pharma and Tubing business units. As in the previous year, investments focused on growth projects, in particular the construction and expansion of production facilities in Germany, India, Switzerland and Hungary, among other countries, capacity expansions, and the construction and conversion of melting tanks. All major investments were carried out on schedule in the past fiscal year without any significant delays.

Financing activities resulted in a cash outflow of EUR 30 million compared to EUR 101 million in the previous year. Cash outflows were primarily attributable to the repayment of loans in the amount of EUR 68 million, dividend payments of EUR 27 million, the repayment of lease liabilities in the amount of EUR 22 million and the cash allocation to plan assets in the amount of EUR 11 million. This was offset in particular by borrowings of EUR 86 million. The year-on-year decrease in cash outflows of EUR 71 million is due in particular to the investment of EUR 29 million in time deposits with maturities of more than three months in the previous year and the net borrowing of EUR 18 million in the reporting year; this contrasts with the repayment of a net borrowing of EUR 7 million in the previous year. In addition, the allocation to plan assets and dividend payments both fell by EUR 7 million.

All in all, cash and cash equivalents decreased by EUR 130 million. Taking into account the changes due to exchange rates which reduced cash and cash equivalents by EUR 11 million, cash and cash equivalents decreased from EUR 259 million at the end of the previous year to EUR 118 million.

Order commitments from investments in property, plant and equipment and intangible assets amounted to EUR 248 million as of the reporting date (previous year: EUR 188 million). The largest current investment projects relate to the creation, expansion and modernization of production capacities in the Pharma, Advanced Optics, Home Tech and Tubing business units.

Financing instruments

SCHOTT has a diversified range of instruments at its disposal to finance its business activities, mainly consisting of credit lines, loans and lease agreements.

In September 2020, SCHOTT AG entered into a credit line in the amount of EUR 250 million with an international banking syndicate, which is available to SCHOTT through September 2025. It was not utilized at any time in fiscal year 2022/2023.

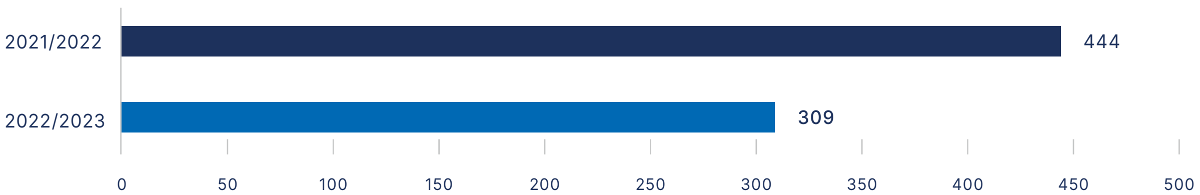
As of the reporting date, SCHOTT Group had fixed-interest loans of EUR 58 million (previous year: EUR 39 million) which are repayable by June 2024 in accordance with the agreed repayment schedules. This includes a local bilateral loan of EUR 7 million (previous year: EUR 1 million) at SCHOTT Tubing (Zhejiang) Co, Ltd, Huzhen Town/China. In addition, SCHOTT AG had a bilateral variable-interest loan of EUR 30 million repayable in May 2025. SCHOTT AG also has a variable-interest promissory note loan in the amount of EUR 15 million at its disposal, which is due in September 2024 according to the agreed repayment schedule. There were also lease liabilities with a total volume of EUR 134 million as of the reporting date (previous year: EUR 122 million).

SCHOTT AG also has a program for the revolving sale of receivables with a volume of up to EUR 50 million. The agreement was extended for an indefinite period in fiscal year 2020/2021 and can be terminated by either contracting party by giving three months' notice. The trade receivables of SCHOTT AG sold on the basis of this program and still outstanding as of September 30, 2023 amounted to EUR 3 million (previous year: EUR 4 million). As SCHOTT no longer bears the relevant credit risks, the receivables were derecognized.

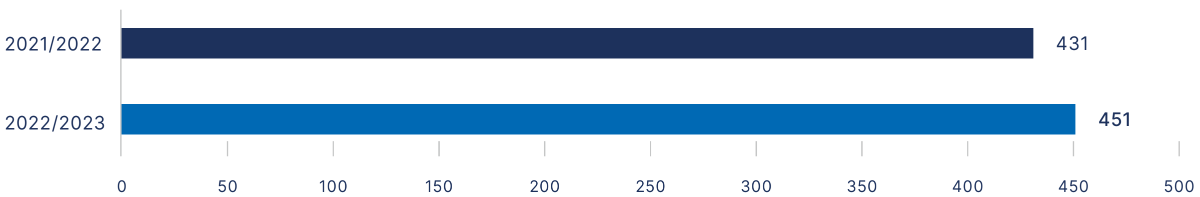
SCHOTT AG also has other bilateral master loan agreements with credit institutions at its disposal in the amount of EUR 145 million, which can be used for guarantees, bill of exchange guarantees or cash credit lines. Of these credit lines, which are available until further notice, EUR 99 million was freely available as of the reporting date. SCHOTT Group also has other bilateral bill of exchange guarantee credit lines and bilateral credit agreements at its disposal at local level.

SCHOTT was able to meet its payment obligations at all times during fiscal year 2022/2023. The company's objective remains to maintain a financial position in line with the requirements of an investment grade rating. Based on our corporate planning, we assume that SCHOTT Group will again have sufficient funds in fiscal year 2023/2024 to finance planned investments and to meet its other financial obligations.

Cash flow from operating activities (in EUR millions)



Capital expenditure on property, plant and equipment (in EUR millions)



Net assets

(in EUR millions)	Sept. 30, 2023	Sept. 30, 2022	Change
Non-current assets	2,264.7	2,092.1	+172.6
Current assets	2,555.8	1,635.1	+920.7
Total assets	**4,820.5**	**3,727.2**	**+1,093.3**
Equity	3,028.1	1,897.3	+1,130.8
Non-current liabilities	900.3	946.1	–45.8
Current liabilities	892.1	883.7	+8.4
Total equity and liabilities	**4,820.5**	**3,727.2**	**+1,093.3**

Non-current assets

Intangible assets decreased by EUR 20 million on the previous year to EUR 123 million. Additions in the fiscal year amounted to EUR 2 million and mainly related to software. On the other hand, the carrying amount was reduced by amortization and impairment losses of EUR 17 million and currency translation differences of EUR 5 million. EUR 6 million of the impairment losses related to the goodwill of the Flat Glass business unit, which was written off in full in the reporting year.

Property, plant and equipment increased from EUR 1,660 million as of the reporting date of the previous year to EUR 1,871 million. Please also refer to the comments in the section entitled "Consolidated Statement of Cash Flows and investment analysis" for further information. In the past fiscal year, SCHOTT upped its investments from EUR 431 million in the previous year to EUR 451 million. This also includes EUR 38 million in recognized right-of-use assets from leases in the fiscal year. This was offset by depreciation and impairment losses of EUR 194 million (netted with reversals of impairment losses), of which EUR 3 million related to impairment losses, and currency translation differences of EUR 39 million.

Deferred tax assets decreased by EUR 167 million to EUR 149 million, due in particular to higher offsetting against deferred tax liabilities and lower deferred tax assets on tax loss carry-forwards compared to the previous year.

Current assets

Inventories, contract assets, trade receivables and trade payables are elements of working capital. Working capital increased by EUR 172 million from EUR 866 million as of the previous year's reporting date to EUR 1,038 million. This was due in particular to a EUR 137 million increase in inventories and a EUR 42 million decrease in trade payables. Besides the significant rise in production costs, the increase in inventories is explained by the weak demand in some business units towards the end of the past fiscal year.

Other current financial assets rose by EUR 57 million to EUR 975 million. The high increase is due to the cash inflow from the IPO of the Pharma business unit on September 28, 2023, which was still outstanding as of the reporting date. The proceeds from the IPO were received by SCHOTT Group on October 2, 2023. The receivables from the IPO recognized as of the reporting date amounted to EUR 935 million.

Other current non-financial assets amounted to EUR 111 million as of the reporting date (previous year: EUR 96 million). The increase is primarily due to higher value-added tax receivables and advance payments made compared to the previous year.

Cash and cash equivalents decreased from EUR 259 million on the previous year's reporting date to EUR 118 million. In this context, we refer to the comments in the section entitled "Consolidated Statement of Cash Flows and investment analysis."

Equity

SCHOTT Group's equity amounted to EUR 3,028 million as of the reporting date, compared to EUR 1,897 million in the previous year. The equity ratio therefore increased from 50.9 % to 62.8 % as of the reporting date. The largest contribution to this increase was made by the IPO of the Pharma business unit in September. SCHOTT generated proceeds of EUR 935 million from the IPO, before deduction of IPO-related expenses. Of this amount, EUR 788 million was recognized directly in generated Group capital and EUR 150 million as an addition to non-controlling interests. The remainder of EUR 3 million reduced other comprehensive income without affecting profit or loss.

The consolidated profit for the period of EUR 277 million also made a significant contribution to the increase in equity. Non-controlling interests increased by EUR 150 million year on year (excluding their share of consolidated profit for the period), mainly due to the IPO. Currency translation differences of EUR 61 million and the dividend to the Carl Zeiss Foundation in the amount of EUR 26 million reduced equity compared to the previous year.

Non-current liabilities

As of the reporting date, pension provisions decreased by EUR 547 million to EUR 522 million as a result of pension payments of EUR 49 million, allocations to plan assets of EUR 11 million, actuarial gains of EUR 6 million and currency translation differences of EUR 3 million. On the other hand, pension provisions were increased by newly earned pension entitlements of EUR 25 million and interest expenses of EUR 21 million. The average interest rate rose from 4.00 % on the previous year's reporting date to 4.36 %.

The funds available in the long term (equity, non-current provisions and non-current liabilities) amounted to EUR 3,928 million (previous year: EUR 2,843 million) or 81 % (previous year: 76 %) of total assets on the reporting date. 173 % (previous year: 136 %) of non-current assets are thus covered by equity and non-current liabilities. The main driver of the increase is the significant rise in equity.

Other non-current financial liabilities increased from EUR 125 million to EUR 148 million as of the reporting date. This is due to a rise in liabilities to banks from EUR 16 million to EUR 30 million and an increase in the non-current portion of lease liabilities from EUR 104 million to EUR 114 million.

Current liabilities

Besides trade payables, current liabilities mainly include current provisions, such as for taxes, warranty obligations and other precautionary measures, as well as accrued liabilities, especially for personnel.

Accrued liabilities rose by EUR 25 million to EUR 255 million year on year. The increase relates to accrued liabilities for personnel and outstanding invoices of around EUR 12 million each.

Other current financial liabilities declined by EUR 153 million to EUR 132 million, driven mainly by lower negative fair values of derivatives.

Other current non-financial liabilities rose by EUR 23 million to EUR 87 million year on year. The increase is due in particular to higher advance payments received on orders and increased liabilities for personnel.

Comparison of business development with the previous year's forecast

Compared to the previous year, sales rose by 4 % or currency-adjusted by 5 %. This was at the lower end of our forecast range of an increase of between 5 % and 8 %.

EBIT fell slightly from EUR 422 million in the previous year to EUR 413 million; we had originally forecast it to rise at a slightly higher rate than the planned sales growth. The successful IPO of the Pharma business unit at the end of September resulted in EBIT-effective expenses of around EUR 21 million in the past fiscal year, which were not included in the forecast. Adjusted for this effect, EBIT rose by around 3 % and therefore at a slightly lower rate than sales. The remaining difference compared to our forecast largely relates to inflation bonuses paid to employees amounting to around EUR 14 million, which were not included in the forecast.

We had forecast values at the level of the previous year for the key performance indicators derived from EBIT, in particular the "SCHOTT Value Added." In fact, we achieved a SCHOTT Value Added of EUR 129 million after EUR 173 million in fiscal year 2021/2022. Apart from the EBIT development described above, the deviation from the forecast is explained by the higher cost of capital due to the continued high level of investment and the increase in working capital.

We forecast a significant increase in investments for the past fiscal year. In fact, we upped investments from EUR 436 million in the previous year to EUR 452 million, a rise of 4 %, which was slightly less than forecast. The main reason for the lower increase is that a number of projects have been postponed due to weaker demand in some business units.

Key financial performance indicators

Besides sales and the result from operating activities (EBIT), the key indicator SCHOTT Value Added represents an important management instrument. The SCHOTT Value Added is the difference between EBIT and the cost of capital. Cost of capital is calculated as the weighted average of the cost of equity and the cost of debt. The goal for all units of SCHOTT Group is to make a positive contribution to the Group's value.

Non-financial performance indicators

Employees

SCHOTT Group had 17,050 employees worldwide as of September 30, 2023 (previous year: 17,213). 10,605 employees were employed outside of Germany at the end of the fiscal year, which equates to 62 % (previous year: 66 %) of the Group's workforce.

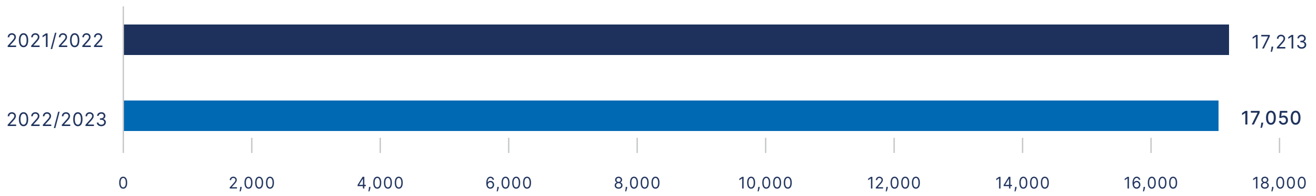
As a technology group, qualified and motivated employees are key to our success. We endeavor to be an attractive employer by offering performance-based pay, a wide range of development opportunities and modern working time models designed to balance work-life commitments. To this end, it was decided in the past fiscal year to reduce the regular weekly working hours for employees covered by collective agreements across Germany from 40 hours to 37.5 hours with effect from April 2024 without any loss of pay.

In the area of continuing education, our employees have access to a broad portfolio of learning content to expand and deepen their skills in various subject areas. Digital learning opportunities in particular have been further expanded in recent years and will continue to be a focus of activities in the new fiscal year.

In addition, dual vocational training continues to be an important pillar in securing our future demand for skilled workers. In fiscal year 2022/2023, SCHOTT trained an average of 331 young people (previous year: 350).

After successfully completing their training, all vocational trainees are generally offered permanent employment. For us, hiring and promoting interns, working students and doctoral candidates is part of our holistic approach to securing young talent. In addition, our International Graduate Program offers career starters an attractive entry opportunity to lay the foundation for a successful professional future with us.

Employees as of the reporting date



Research and development

Corporate research and development (R&D) and SCHOTT's business units are tasked with a common goal: to strengthen innovation, growth and competitiveness. Our R&D activities focus on both new products and the enhancement of our current products, materials and processes.

The R&D ratio for fiscal year 2022/2023 was 3.8 % of Group sales (previous year: 3.6 %). We upped R&D expenditure by EUR 9 million or 9 % to EUR 108 million. At the end of the past fiscal year, 710 people were employed in R&D, which is around 4.2 % of the Group's workforce (previous year: 4.0 %).

Our global R&D network includes the Otto Schott Research Center in Mainz, Germany, as well as R&D units in the business units and in selected regions worldwide. To strengthen the growth strategy in the focus regions of China and the United States, the new venture teams there have been further expanded. In addition, we maintain close contacts with industrial partners, universities and research institutes worldwide.

Main focus of R&D in fiscal year 2022/2023

SCHOTT pursues its opportunities along key strategic topics that include the development of ever thinner and stronger glasses and new materials, the optimization of processes and material solutions for the future markets of communication, mobility, health and resource-sparing energy use. Digitalization and artificial intelligence techniques accelerate the development processes.

Our goal is to become a carbon-neutral company by the year 2030. To this end, the technology strategy was refined in the past fiscal year and work continued on the most important topics. Among other initiatives, the glass melting tank technology was advanced to such an extent that a pilot plant can now be built on an industrial scale. The aim is to produce pharmaceutical tubing in the plant primarily using green electricity, thereby reducing greenhouse gas emissions by around 80 % compared to current technology.

As in the previous year, SCHOTT's research and development activities focus on the following topics:

- Material development and innovations
- Melting and hot forming processes
- Surface and laser technologies
- Simulation and data science

General statement by the board of management on the results of operations, financial position and net assets

In September 2023, SCHOTT was able to place 23 % of the shares in SCHOTT Pharma AG & Co. KGaA on the Frankfurt Stock Exchange, marking the first IPO in SCHOTT's corporate history. The basis for the IPO is the excellent development of the Pharma business unit over many years, which continued in the past fiscal year.

SCHOTT looks back on an inconsistent fiscal year 2022/2023. After an all in all satisfactory first half of the fiscal year, business in the second half weakened considerably amid a largely difficult environment and failed to meet our expectations.

Against this backdrop, sales rose by 4 %, or 5 % adjusted for currency effects, which was at the lower end of our forecast. EBIT fell slightly short of the previous year's record result.

Cash flow from operating activities dropped more sharply from EUR 444 million to EUR 309 million, which is due in particular to the further increase in working capital.

Equity rose from EUR 1,897 million in the previous year to EUR 3,028 million as of the reporting date. Equity was primarily increased by the issue proceeds of EUR 935 million from the IPO of the Pharma business unit (before deduction of IPO-related expenses) and the profit for the period of EUR 277 million. The equity ratio thus stood at 63 % compared with 51 % in the previous year.

Forecast Report

In their fall report, the leading German economic research institutes expect the global economy to remain subdued in the winter months. Weak industrial production and high interest rates are dampening overall economic demand. However, inflation is also expected to fall, which would revive consumer spending and bolster the economy. There are high geopolitical risks to global economic development, such as the ongoing conflict with Russia and the tensions between the USA and China over Taiwan. The massive escalation of the Israel-Palestine conflict following the Hamas attack on Israel in October occurred after the publication of the fall report and represents a further geopolitical risk. Overall, the institutes expect global production to increase by 2.3 % in calendar year 2024, compared to 2.5 % in 2023.[3]

We expect growth rates of between 2 % and 5 % in the industries relevant to SCHOTT in calendar year 2024, which is on a slightly lower scale than in 2023.[4]

[3] Data according to the joint diagnosis of the leading German economic research institutes dated September 22, 2023.
All figures are inflation-adjusted based on the joint diagnosis.
[4] Internal forecast taking relevant market studies such as those from statistics service providers, banks and management consultancies into account.

If the economic expectations, our estimates of the expected development of industries and technologies, and the trend in exchange rates are confirmed, we expect the development described below. Significant changes in the assumptions may, however, lead to considerable deviations.

On the basis of what we know today and the above assumptions, adjusted for the effects of acquisitions and disposals, we expect Group sales to increase by between 2 % and 5 % and EBIT to grow at a similar rate in fiscal year 2023/2024. With regard to the key performance indicators derived from EBIT – especially the SCHOTT Value Added – we expect to see a moderate decline as the planned investment volume, which is already high and set to grow strongly, will have an impact through the cost of capital. As in the previous year, at the time of our forecast, there is an unusually high number of significant risks posed by a fast changing environment and therefore forecasting uncertainties.

According to our financial plan, our solvency is guaranteed for the forecast period. SCHOTT intends to continue growing sustainably in its core businesses in the future. To this end, we will make appropriate investments and examine selected acquisition and cooperation opportunities, as in the past. For the coming fiscal year, we are planning to significantly expand our investments.

Risk and Opportunity Report

Group-wide management of opportunities and risks

The Board of Management of SCHOTT AG bears overall responsibility for an effective risk management system. It sets the framework to ensure the early identification of developments that could jeopardize the continued existence of the company and the introduction of appropriate measures. The risk management system comprises all organizational measures, policies and processes for identifying, evaluating and controlling opportunities and risks. The main elements of the risk management system are the established planning and governance processes, the internal control system and the early warning system. The Finance function is responsible for coordinating and refining this system and for aggregated risk reporting, while the management of the business units and Group functions identifies, controls and reports on operational and strategic risks.

The Supervisory Board of SCHOTT AG monitors the effectiveness of the risk management system; preparatory work is done by the Audit Committee of the Supervisory Board. Finally, Internal Audit regularly tests the operating effectiveness of the risk management system. The key results of these tests are discussed at meetings of the Board of Management, Supervisory Board and Audit Committee. Any adjustments to the risk management system are then implemented by the central Risk Management function.

Planning and governance processes

Decentralized Controlling is responsible for planning and forecasting and continually analyzing the results of the business units. It also coordinates the systematic identification, assessment and documentation of the corresponding opportunities and risks.

The Corporate Finance function works with the operating units and analyzes the development of key performance indicators for the individual business units and the Group as a whole. These efforts are supplemented by evaluations of the opportunities and risks as part of the established planning and forecasting processes. Regular reports to the Board of Management, coupled with appropriate recommendations for action, ensure value-oriented portfolio management tailored to these risks and opportunities.

Internal control system

SCHOTT Group's internal control system comprises the policies, procedures and measures that are designed to aid the organizational implementation of management's decisions. With regard to the (Group) financial reporting process, the focus is on ensuring the efficiency and propriety of financial reporting. The elements of the internal control system are process-integrated and process-independent monitoring activities. The Supervisory Board of SCHOTT AG, in particular the Audit Committee, and the Group Internal Audit department are involved in SCHOTT Group's internal control system through process-independent review activities.

The financial reporting processes are consistently organized according to the principles of segregation of duties and dual control. There is a clear segregation of duties between the departments and companies involved. The segregation of duties relating to administration, execution, billing and approval reduces the possibility of fraud. It also plays a key role in detecting potential errors at an early stage and preventing any misconduct.

Access to the IT applications used in financial reporting processes is restricted, with only authorized persons granted controlled access to systems and data. Access authorizations are assigned on a need-to-know and need-to-do basis. In addition, the dual control principle is applied in designing IT processes and allocating user access rights.

SCHOTT Group's central Accounting department continuously reviews changes in laws and accounting standards for their relevance to the annual financial statements and, if necessary, makes adjustments to its accounting manual. There are also written local and global procedural instructions that are regularly updated and communicated throughout the Group. In addition, further data are prepared and aggregated at Group level for the compilation of external information in the notes and management report. The reporting itself is carried out using a standardized reporting system implemented throughout the Group, in which all consolidation processes are mapped. Internal controls ensure that the group financial reporting is correctly compiled from the financial statements of the Group companies.

The Group Accounting department supports the local units in complex accounting issues and thus ensures a consistent and appropriate presentation in the Consolidated Financial Statements. The services of specialized service providers are sometimes used for complex valuations such as actuarial calculations or purchase price allocations.

The Internal Audit department at SCHOTT AG uses regular systematic reviews and technical measures to monitor the operating effectiveness of the systems and processes implemented. The Internal Audit department draws up an annual risk-based audit plan and applies sampling procedures to test compliance with the legal framework and internal Group guidelines for the Group's entire control and risk management system. The results of the audits are reported directly to the auditees and thus enable the efficient remediation of identified deficiencies and the ongoing enhancement of the internal control system. The Board of Management and Supervisory Board receive regular reports on the audit activities.

On the basis of the organizational, control and monitoring structures established within SCHOTT Group, the internal control and risk management system enables the complete capture, processing and evaluation of company-related matters and their proper presentation in the financial reporting. However, it should be noted that no internal control system, regardless of its design, can provide absolute assurance that matters are recognized correctly and completely in the group financial reporting. These statements refer only to the subsidiaries included in the Consolidated Financial Statements of SCHOTT AG over which SCHOTT AG has direct or indirect control as defined by the International Financial Reporting Standards.

Risk early warning system

The early risk warning system is integrated into SCHOTT's planning and governance processes. Roles, responsibilities and processes are documented in a Group-wide guideline, which is updated on a timely basis to reflect changes in the environment.

Risks are defined for the purposes of the early warning system as all developments and events that can have a negative impact on SCHOTT's future development, to the extent that these have not already been fully anticipated in the company's planning. Accordingly, opportunities are defined as developments and events that can have a positive impact on SCHOTT's future development, to the extent that these have not already been fully anticipated in the company's planning.

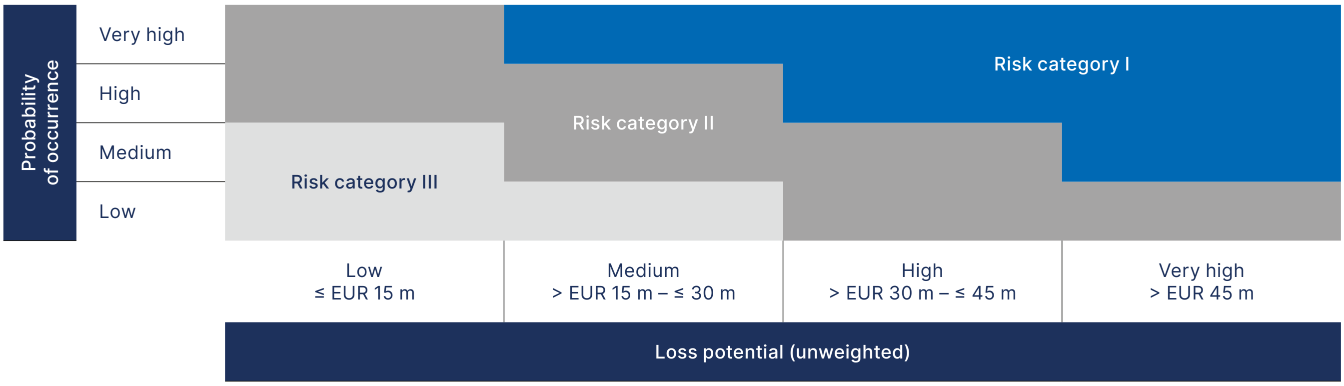
Identified opportunities and risks are assessed on the basis of the possible economic effects on planned consolidated profit for the period and the expected probability of their occurrence. Risks are presented on a net basis, taking into account risk mitigation measures.

We categorize the economic effects into low, medium, high and very high on the basis of the net loss potential determined. In view of the sound equity and earnings development of SCHOTT Group in recent years, the categories in the Consolidated Financial Statements were restructured for fiscal year 2022/2023. The low category now includes all risks with a net loss potential of up to and including EUR 15 million (previously EUR 5 million) and the very high category begins with a net loss potential of more than EUR 45 million (previously EUR 15 million).

We use the following criteria for the probability of occurrence:

Criterion	Description
Low	Occurrence of the opportunity/risk is considered to be highly improbable
Medium	Occurrence of the opportunity/risk is considered to be improbable
High	Occurrence of the opportunity/risk is considered to be probable
Very high	Occurrence of the opportunity/risk is considered to be highly probable

Based on the estimated probability of occurrence and their economic effects, we classify risks into the following three risk categories, with the significant risks classified as risk category I.



At the time of reporting, the related risks are as follows:

SCHOTT has issued guarantees on certain products with terms of duration that extend beyond the legal scope of guarantees and guarantee periods. In addition to our quality management and the conclusion of insurance policies, we have made provisions for this risk in the Consolidated Financial Statements on the basis of our knowledge and insight as of the reporting date. Nevertheless, it cannot be ruled out for the future that expenses may arise, for example, as a result of court or official decisions or the agreement of settlements, which are not covered or not fully covered by the risk provisions made. During the regular risk assessment, the probability of occurrence and loss potential were found to have decreased year on year, but we continue to classify the risk as risk category I.

In some business units we are currently observing negative market trends in some regional markets, in particular in Asia. If we are unable to win sufficient new customer orders, this could lead to underutilization of some production plants. We are classifying this risk for the first time as risk category I with a medium probability of occurrence.

As part of the regular risk assessment, the risk assessment for the risks “continuous energy supply” and “threat of cyber attacks” was downgraded as a result of the additional countermeasures implemented. Neither of the risks is therefore classified as risk category I as of the reporting date.

Due to the aforementioned restructuring of the loss categories, we no longer classify the following risks in the Home Appliances segment as risk category I: “competitive pressure,” “cost development of raw materials” and “cyclical nature of project business.” The same applies to the risk “potential loss of market share” in the Precision Materials segment.

The market and competition

As a globally operating technology group, SCHOTT is dependent on the economic conditions and development of its target markets. Our plans and forecasts for future fiscal years were prepared on the basis of the expected economic development. Uncertainties due to geopolitical conflicts were taken into account in setting the targets.

Due to the many factors influencing the future economic development, uncertainties remain with regard to the achievement of the Group's targets. In this context, political, regulatory or economic events in particular represent direct or indirect uncertainty factors that could have a significant impact on the business.

In terms of our productivity targets, both opportunities and risks arise across all segments, while the continued increase in competitive and price pressure represents a risk. The diversification of our product portfolio as well as our global presence and strong position of our brands and our products in our target markets give us leeway to take advantage of opportunities and minimize risks.

Precision Materials segment

In the Pharma business unit, the diversification of our product portfolio as well as our global presence and strong position of our brands and products in our target markets give us leeway to take advantage of opportunities and minimize risks. In particular, we see the transformation of the product portfolio from core to high-value solutions (HVS) that we have initiated as an opportunity to offer our customers enhanced high-quality containment solutions and delivery systems, which should have a positive impact on future business development.

We are seeing a general increase in demand for containment solutions and delivery systems, which is why we are making targeted investments to expand our production capacities. However, it can be observed that our competitors are also expanding their production capacities, which therefore harbors a risk of price pressure caused by surplus production capacities on the market.

Customer orders have already been received for most of the capacities currently being built up. These are orders for new developments by our customers and existing products. Nevertheless, delays in expanding production capacities, for example due to supply chain problems, could mean that production starts later than originally planned. At the same time, there may be delays in our customers' new developments, which could hold up the start of production.

We are currently observing a slowdown in market momentum in a number of regional markets in Asia, which may have an impact on the capacity utilization of individual production plants.

In the Tubing business unit, our customers have been taking advantage of the relatively stable supply chains since the end of the COVID-19 pandemic to destock and we are seeing marked customer restraint. In this context, a further decline in demand or additional price reductions to defend our market share represent significant risks for us. In Asia, we are currently observing negative market trends in some regional markets. If we are unable to win sufficient new customer orders, this could lead to underutilization of some production plants. Increases in the cost of energy and materials continue to pose significant risks, especially if it does not prove possible to increase revenue to a commensurate degree. We see opportunities in the acquisition of additional customer orders in various regional markets.

In the Electronic Packaging business unit, both opportunities and risks arise from the development of customer demand in the relevant target markets. Following some significant declines in demand due to inventory adjustments in the supply chains coupled with a partial reduction in end customer demand in the past fiscal year, the chance of a rapid recovery in the demand situation is offset by the risk of persistently weak customer demand. We see risks in particular in the intensification of geopolitical conflicts in our regional target markets, the delayed market success of product innovations and increasingly intense competition in our core markets.

Optical Industries segment

In the Optical Industries segment, we currently see risks emanating from geopolitical conflicts, mounting competitive pressure, dependence on customers in some target markets and the loss of market share due to a misguided product policy.

In the Advanced Optics business unit, both opportunities and risks arise from the development of target markets, the completion of projects and the development of factor costs, though the risks currently predominate.

In Lighting and Imaging, there are opportunities and risks due to the development of the relevant markets and price trends, which we consider to be well balanced.

Home Appliances segment

Risks far outweigh opportunities in the Home Appliances segment at present. Risks include, in particular, the price trend for raw materials and supplies as well as the current weakness of a number of regional or sector-specific target markets, where high inflation rates are leading to considerable spending restraint on the part of end consumers.

We see opportunities in the Home Tech business unit in the shape of greater economic activity, higher project-related sales with individual customers and a recovery in the relevant target markets. In the Flat Glass business unit, opportunities arise from a decline in procurement costs and a faster than planned recovery of the target markets, particularly in Europe.

Procurement opportunities and risks

SCHOTT's purchasing organization continuously monitors relevant procurement markets and suppliers in order to identify procurement risks and opportunities at an early stage and respond appropriately. A particular focus here is on the procurement of high-quality production resources, such as raw materials, which can be subject to strong price fluctuations due to limited availability, for example, or plant components.

The production of many of the intermediate products we use is energy-intensive. Any interruption in the energy supply of our suppliers or in the supply chains could lead to supply shortages or interruptions, resulting in production stoppages at our plants.

There is also a risk that supply shortages or supplier insolvency, particularly in the raw materials sector, could cause unplanned production downtime at short notice. We regularly monitor the days of critical production resources on hand and maintain buffer stocks. We also continuously research the material composition of our products so that we can switch to alternative materials if necessary. In addition, we are working to reduce our dependency on individual suppliers (single sourcing).

Within the framework of the established procurement processes, opportunities arising, for example, from the bundling of procurement activities are used, as are those to limit the volatility of energy prices. Developing and implementing procurement strategies for electricity, gas and emission rights is the responsibility of Purchasing, with the support of Treasury.

Production and quality risks

The manufacturing of our products hinges on having functional manufacturing facilities and a reliable energy and media supply. Any interruption to the energy supply or the dependent supply chains could lead to production stoppages at our plants or those of our suppliers. Regular maintenance work, a redundant energy supply or backup infrastructures, for example, help to prevent unplanned production downtimes. Nevertheless, downtimes and defects at manufacturing facilities cannot be ruled out due to the complex technical processes. Any necessary repair work, for example, could lead to unplanned production outages.

We see both opportunities and risks in terms of achieving our productivity targets.

SCHOTT products are sometimes used by our customers in critical production processes, for example in the manufacture of medical products. Risks in this context exist, for example, in the failure to meet defined quality criteria, thereby affecting the performance of the delivered products and, in the worst case, leading to losses on the part of the customer, for which SCHOTT can be held liable in the form of damages.

SCHOTT ensures that all products meet the agreed quality standards and relevant regulatory requirements through extensive quality controls, the use of state-of-the-art production techniques and extensive training programs for the ongoing training of our employees. Moreover, the production techniques and processes used are subject to continuous review as part of improvement processes and are optimized in line with current requirements. Quality controls are applied both within the production processes and during testing of end products. This ensures that critical or essential product quality attributes are consistently achieved, though potential defects can never be completely ruled out given the complex technical processes involved.

The effectiveness of the quality management systems in place is tested in internal and external audits and in some cases supplemented by certification to relevant standards such as ISO 9001. Irrespective of the foregoing, product liability risks are insured to a significant extent.

In addition, tracking systems ensure that affected batches can be identified immediately and recalled if necessary. This minimizes the consequences of discovering a defect or a non-compliant component in a product. Customer reports are promptly handled and systematically documented using complaint management systems that ensure efficient analysis of reported cases and the initiation of necessary measures.

A trend towards ever higher quality standards can be observed in some of our target markets, triggered not least by more exacting requirements from the competent authorities. New laws and regulations entail the risk of being difficult to implement or only at additional cost. At the same time, however, they also open up opportunities for us, as they raise the barriers to entry for potential market participants. They also create an incentive to develop further technological innovations.

Risks and opportunities arising from technological innovation

SCHOTT operates in markets that are characterized by constant innovation. The latest scientific and research findings can significantly accelerate product and development cycles. In addition, it is possible for products to be partially or completely replaced by alternative technologies. SCHOTT’s success and reputation thus depend not only on the ongoing development of innovative products that cater to market requirements, but also on the company’s ability to recognize and implement new technological trends quickly.

Potential risks in this area arise from product developments that do not conform to market or application requirements and from overruns on planned development times and budgets. Such risks are reduced through continuous monitoring of trends, proof-of-concept activities, project management and the early involvement of customers in the development process. We counter this exposure through ongoing investment in research and development, protection of our technical expertise through patents and other industrial property rights as well as continuous observation of the market and strategic business development. In addition, SCHOTT is actively involved in development partnerships and also cooperates with external research institutes.

Financial risks

The Treasury department of SCHOTT AG manages the financing and hedging activities and controls the Group’s cash management system centrally. The nature and scope of SCHOTT’s financing and hedging activities are governed by a binding Group guideline. Financial transactions are entered into only with selected business partners and subject to fixed limits. We conclude derivative financial instruments for hedging purposes.

Due to its international orientation, SCHOTT is exposed to risks resulting from fluctuations in exchange rates, including the financial impact of hyperinflation. The goal of centralized currency management is to protect our business operations from transaction risks that result from exchanging foreign currencies. Generally speaking, our global presence, including local production and global purchasing activities, mitigates transaction risks. Net currency flows that we determine on a regular basis using currency-differentiated liquidity forecasts serve as the basis for hedging. Forward exchange transactions are used as hedging instruments. The majority of our transaction risks are the result of the exchange rate trend of the euro against the US dollar.

We aim to protect consolidated profit against the negative effects of changes in interest rates through interest rate management. Attention is paid here to an appropriate ratio between fixed and variable interest rates and short-term and long-term financing arrangements while taking costs and risks into consideration.

SCHOTT has defined benefit pension plans that could lead to actuarial risks and financial market risks for the Group. Moreover, relevant legal or regulatory amendments affecting the funding of pension plans could increase our funding obligations. SCHOTT has been successively funding its pension obligations as part of its financial strategy. The Group continues to endeavor to use excess liquidity to further fund its pension obligations.

The liquidity risk of the Group is the risk that a Group company will not be able to meet its financial obligations. SCHOTT has sufficient liquidity reserves at its disposal in the form of cash and cash equivalents as well as binding credit lines. For more information on this topic, please refer to the information provided in the discussion of our financial instruments.

Financial liabilities owed to banks and other lenders are mostly bound by adherence to financial covenants. Any breach of these covenants could result in a deterioration of financing conditions or repayment of financial liabilities. We counter this risk by continuously monitoring the covenants on the basis of the applicable actual, plan and forecast values of the related ratios.

As part of treasury activities, counterparty risk is managed through a diversified business allocation and investment policy. This entails a regular, structured counterparty evaluation including individual limit allocation and continuous monitoring of limit utilization. Security and accessibility are more important than yield aspects when it comes to investing available funds.

In order to minimize the risk of non-payment on the part of our customers, we have linked up our SAP-based customer credit management systems in major SCHOTT units worldwide. Our sales and finance organization thus has access to customers' current credit limits, credit exposures as well as order and payment transactions at all times. SCHOTT also uses credit insurance to mitigate customer credit and country risks.

The value of non-current assets and inventories recognized in the Consolidated Statement of Financial Position is dependent on the future economic development of SCHOTT and the company's target markets. SCHOTT Group's business portfolio contributes significantly to the mitigation of this risk through diversification. If SCHOTT's future development should fall short of the planned development, there would be the risk of loss allowances and restructuring charges.

Personnel risks

SCHOTT competes with other companies for skilled workers and executives. Changing demographics, ever changing requirements due to digitalization and different training and qualification standards around the globe pose a challenge to the hiring process. SCHOTT therefore sees a risk that growth cannot be realized as planned due to staffing shortages. SCHOTT Group counters this risk with targeted training and development programs, international development prospects, performance-related compensation systems, a family-friendly personnel policy, extensive health promotion programs and flexible working time models.

It risks

SCHOTT's business processes are supported by IT components in almost all areas. The use of IT inevitably entails risks to the stability of the business processes and to the availability, confidentiality, integrity of information and data, risks that cannot be fully eliminated despite the security infrastructure in place. Cyber attacks have been on the rise around the globe in recent years and are becoming increasingly professional. As business processes become more digitalized, the potential impact of cyber attacks represents a significant risk. To mitigate the possible consequences of this risk, we took out cyber insurance in the past fiscal year to complement the established technical safeguards.

To ensure information security in terms of confidentiality, integrity and availability, SCHOTT has written guidelines, adequate contingency plans for the critical processes and IT systems supporting them, and has implemented the appropriate control mechanisms. SCHOTT is guided by the normative requirements of ISO/IEC 27001, which can be supplemented, if necessary, by action recommendations of the IT-Grundschutz Catalog of the Federal Office for Information Security (BSI). This enables us to manage all security-relevant IT issues.

The introduction of new technologies or the upgrade of existing IT products also poses a challenge to the availability of systems and processes due to the increasing level of interconnectedness. SCHOTT therefore counters risks from IT projects with stringent testing and project management in order to ensure the functionality and availability of the IT systems and thus the reliable operation of downstream business processes as best we can.

Employees are an important factor when it comes to protecting IT-supported business processes. They are therefore trained on an ongoing basis in dealing with risks arising from increasing digitalization and interconnectedness. In this way, we raise employees' awareness of the importance of IT security when dealing with current technologies.

Regulatory risks

SCHOTT is exposed to numerous regulatory risks, such as, in particular, risks in the areas of product liability (including liability for long-term performance guarantees), competition and anti-trust laws, industrial property rights, foreign trade and payments legislation, tax laws and environmental protection.

SCHOTT has issued guarantees on certain products with terms of duration that extend beyond the legal scope of guarantees and guarantee periods. We have made provisions for risks in the Consolidated Financial Statements on the basis of the knowledge and insight as of the reporting date. Nevertheless, there is a risk that future expenses may arise, as a result of court or official decisions or the agreement of settlements, for example, that are not covered or not fully covered by the risk provisions made.

SCHOTT counters risks arising from non-compliance with laws and other rules of conduct by using a compliance management system, Group policies and corresponding training (face-to-face and online training). Nevertheless, the risk of violating the law or rules of conduct due to an individual's inappropriate actions cannot be ruled out completely.

Protecting the environment and promoting the health and safety of employees are key company goals of SCHOTT. The EHS directive, which describes the integrated management system for the environment, health and safety at SCHOTT, is aimed at achieving these goals and minimizing the related risks.

As a partner to the global pharmaceutical, biotechnology and life sciences industries, we are also affected by regulatory changes in these sectors. This entails, for example, the risk of a potentially more restrictive approach by the regulatory authorities when approving new drugs or medical devices. Inadequate compliance with the applicable regulations on the part of SCHOTT customers could delay approval processes or even reduce the number of newly approved drugs and thus also negatively impact the future prospects in SCHOTT's relevant target markets in the medium term. The Group is also subject to extensive approval, registration and reporting obligations in numerous countries for its own products. Failure to comply with the sometimes complex requirements can lead to sales or import bans and fines. The functions responsible for regulatory affairs within SCHOTT monitor the relevant markets and evaluate whether changes to processes are necessary.

SCHOTT and its subsidiaries operate worldwide and are therefore subject to a wide variety of national tax laws and regulations. Changes to tax laws, rulings and interpretation by the tax authorities or courts in these countries can lead to additional tax expenses and payments and therefore also have an impact on the corresponding tax items in the statement of financial position and statement of income. The central Group Tax department, which is supported by external consultants in the various countries, continuously observes and analyzes the tax environment in order to manage the resulting risks.

SCHOTT AG and certain Group subsidiaries are party to various judicial, arbitration and official proceedings. The outcome of these proceedings is uncertain. All precautionary accounting provisions deemed necessary for these proceedings are included in the Consolidated Financial Statements based on an estimate of the respective risk. Based on the current status of the proceedings, the Board of Management assumes that these legal disputes can be settled without causing a going concern risk. However, court or official decisions or settlement agreements could result in expenses that are not, or not fully, covered by provisions or insurance benefits and could have a negative impact on our business and its results.

Unauthorized use or appropriation of our intellectual property rights (including infringement of our patents or other technical property rights) could jeopardize SCHOTT Group's technological lead and thus its competitive position. The infringement of our brands would have the same effect on our competitive position. Internal security rules and an actively pursued intellectual property rights strategy have been our successful response to this type of risk. Furthermore, we ensure that we do not come into conflict with third-party patents, in particular, as far as possible by regularly monitoring third-party intellectual property rights. However, a violation of third-party property rights in Germany and abroad cannot be completely ruled out, despite these measures.

Other external risks

In principle, direct or indirect consequences of general life risks such as natural disasters, pandemics, armed conflicts or force majeure and the resulting damage to economically relevant or even critical infrastructure can only be predicted and controlled to a limited extent. As far as possible, however, proactive measures are taken to enable an appropriate and swift response to crises and to ensure that the corresponding losses are insured.

Damage to SCHOTT Group's buildings, production facilities and warehouses or those of its suppliers and to goods in transit could result in property damage or business interruption. Despite the insurance coverage in place, there is a risk that potential losses are not fully covered.

In addition, epidemics or pandemics can directly or indirectly affect our production and performance processes. Depending on the spread of an infectious disease, delivery routes to us or our customers could be affected regionally or globally, for example. Local plant shutdowns could also occur, as a result of measures ordered by the authorities or insufficient availability of employees, for example. In addition to our insurance coverage, we have established Group-wide rules on managing emergencies and crises.

Furthermore, SCHOTT is exposed to risks from changes in political conditions. These include, among other factors, the modification or termination of current trade agreements, increasing protectionism or uncertainties regarding the future political orientation at home and abroad.

The growing number of violent conflicts and wars, and the related sanctions, are having a negative impact on the world economy, global supply chains and, especially in Europe, on the prices and availability of key energy sources and commodities. SCHOTT has taken various steps, such as expanding backup infrastructures already in place, in order to mitigate any resulting negative impact.

Overall situation with respect to risks and opportunities

The uncertainty surrounding the future development of the geopolitical conflicts with their direct and indirect consequences, coupled with still relatively high inflation rates have created an environment that is extremely challenging for politics, the economy and society.

In these difficult circumstances, SCHOTT relies on its skills, capacities and resources to adjust flexibly to changing market conditions and thus capitalize on opportunities for the long-term development of the Group.

As of the reporting date, the Board of Management does not see any going concern risks for SCHOTT, taking account of the scenarios used in planning and measures that have been taken or are planned. Compared to the previous year, the measures taken to secure the energy supply have improved SCHOTT's resilience. However, we continue to see a tense risk situation fueled by geopolitical developments, while our internal capital adequacy has improved further thanks to the positive development of equity.

Provision for the promotion of women's participation in executive positions according to section 76 (4) and section 111 (5) of the german stock corporation act

Under the Act on the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector (FührposGleichberG) of April 24, 2015, certain companies in Germany are required to set targets for the proportion of women on the Supervisory Board, the Board of Management and the two management levels below the Board of Management and to state by when the respective proportion of women should be reached. The respective companies were required to decide on their targets and periods for implementation by September 30, 2015. For setting the first period for implementation, the period was not, by law, permitted to extend beyond June 30, 2017. The next period for implementation, and any subsequent periods, was up to five years.

At its meeting on May 19, 2022, the Supervisory Board resolved to make full use of the five years for the period beginning on July 1, 2022. The target for the proportion of women on both the Supervisory Board and the Board of Management is 25 % by June 30, 2027. As of September 30, 2023, there was one woman on the four-member Board of Management of SCHOTT AG, and there was one woman on the 12-member Supervisory Board at the end of the fiscal year.

At the two management levels below the Board of Management, the proportion of women was 22.7 % and 25.5 %, respectively, as of September 30, 2023. At its meeting held on April 25, 2022, the Board of Management resolved to increase the proportion of women at management level 1 to 31 % and at management level 2 to 30 % in the period to June 30, 2027.

Supplementary Report

Significant events after the reporting date

No significant events occurred after the close of the fiscal year.

Mainz, December 19, 2023

Dr. Frank Heinricht Dr. Andrea Frenzel Dr. Heinz Kaiser Dr. Jens Schulte

Consolidated Financial Statements

For the fiscal year from October 1, 2022 to September 30, 2023

Consolidated Statement of Income

From October 1, 2022 to September 30, 2023

(in EUR thousands)	Notes	2022/2023	2021/2022
Sales	4	2,872,448	2,774,821
Cost of sales		–1,860,081	–1,765,798
Gross profit		1,012,367	1,009,023
Selling expenses	5	–310,622	–317,809
Research and development costs	6	–107,720	–98,523
General administrative expenses	5	–192,992	–188,060
Other operating income	7	48,131	52,206
Other operating expenses	8	–47,932	–48,194
Income from investments accounted for using the equity method	9	11,669	13,257
Result from operating activities		412,901	421,900
Interest income	10	9,442	5,862
Interest expense	10	–28,549	–15,336
Other net financial income/expense	10	–10,152	–13,850
Financial result		–29,259	–23,324
Result from continuing operations before income taxes		383,642	398,576
Income taxes	11	–109,751	–130,061
Result from continuing operations		273,891	268,515
Result from discontinued operations (after taxes)	12	2,923	369
Consolidated profit for the period		276,814	268,884
of which attributable to non-controlling interests	13	1,588	–1,110
of which attributable to the owner of SCHOTT AG		275,226	269,994

Consolidated Statement of Comprehensive Income

From October 1, 2022 to September 30, 2023

(in EUR thousands)	Notes	2022/2023	2021/2022
Consolidated profit for the period		276,814	268,884
Amounts that will not be reclassified to profit or loss in subsequent periods			
Actuarial gains/losses from pension provisions	24	5,856	305,014
Deferred taxes	24	−2,874	−92,354
		2,982	212,660
Amounts that may be reclassified to profit or loss in subsequent periods			
Currency translation differences		−50,320	107,147
Non-controlling interests*		88	4,638
Other comprehensive income/loss from investments accounted for using the equity method		−4,531	5,122
		−54,763	116,907
Other comprehensive income/loss		−51,781	329,567
Total comprehensive income		225,033	598,451
of which attributable to non-controlling interests		1,676	3,528
of which attributable to the owner of SCHOTT AG		223,357	594,923

* The amounts shown for the non-controlling interests pertain mainly to currency translation differences.

Consolidated Statement of Financial Position

As of September 30, 2023

Assets

(in EUR thousands)	Notes	Sept. 30, 2023	Sept. 30, 2022
Non-current assets			
Intangible assets	14	122,696	142,530
Property, plant and equipment	15	1,871,165	1,660,098
Investments accounted for using the equity method	16	106,771	108,286
Deferred taxes	11	148,560	166,610
Other financial assets	17	12,699	10,756
Other non-financial assets	18	2,823	3,820
		2,264,714	2,092,100
Current assets			
Inventories	19	743,978	607,168
Contract assets	20	108,456	102,586
Trade receivables	20	485,452	497,755
Income tax refund claims		13,107	14,996
Other financial assets	21	975,196	57,423
Other non-financial assets	22	111,179	96,233
Cash and cash equivalents	23	118,391	258,958
		2,555,759	1,635,119
Total assets		4,820,473	3,727,219

Equity and Liabilities

(in EUR thousands)	Notes	Sept. 30, 2023	Sept. 30, 2022
Equity			
Subscribed capital	24	150,000	150,000
Capital reserves	24	322,214	322,214
Generated Group capital	24	2,339,502	1,298,501
Accumulated other Group capital	24	1,734	63,090
Non-controlling interests	24	214,679	63,525
		3,028,129	1,897,330
Non-current liabilities			
Provisions for pensions and similar commitments	25	522,282	546,618
Provisions for income taxes		24,854	72,486
Other provisions	26	67,391	77,707
Deferred tax liabilities	11	48,443	59,610
Other financial liabilities	29	148,123	124,553
Other non-financial liabilities	30	89,184	65,171
		900,277	946,145
Current liabilities			
Provisions for income taxes		18,527	16,882
Other provisions	26	50,835	63,120
Accrued liabilities	27	255,418	229,999
Trade payables	28	300,032	341,942
Tax liabilities		48,796	14,297
Other financial liabilities	29	131,538	153,465
Other non-financial liabilities	30	86,921	64,039
		892,067	883,744
Total equity and liabilities		4,820,473	3,727,219

Consolidated Statement of Cash Flows

From October 1, 2022 to September 30, 2023

(in EUR thousands)	2022/2023	2021/2022
Consolidated profit for the period	276,814	268,884
Depreciation and amortization/impairment reversals on non-current assets	211,267	208,937
Increase/decrease in provisions and accrued liabilities	−37,494	33,256
Other non-cash expenses and income	13,071	−5,230
Gain/loss on the disposal of intangible assets and property, plant and equipment	1,179	−4,735
Gain/loss from financial assets	−1,427	−913
Increase/decrease in inventories and advance payments made on inventories	−156,894	−145,726
Increase/decrease in contract assets	−5,870	−20,452
Increase/decrease in trade receivables	−13,975	−58,496
Increase/decrease in other assets	−17,655	−41,500
Increase/decrease in advance payments received	40,145	52,112
Increase/decrease in trade payables	−29,274	91,905
Increase/decrease in other liabilities	25,374	18,941
Increase/decrease in deferred taxes	3,491	47,216
Cash flow from operating activities (A)	**308,752**	**444,199**
Cash inflow from the disposal of property, plant and equipment/intangible assets	1,831	14,489
Cash outflow for investments in property, plant and equipment/intangible assets	−413,617	−401,024
Cash inflow from the disposal of consolidated companies (or parts thereof)	0	28,461
Cash inflow from the disposal of financial assets	909	61
Cash outflow for the acquisition of consolidated companies and other business divisions	−816	−18,281
Cash outflow for investments in financial assets	−3,695	−3,140
Dividends received	6,409	820
Cash flow from investing activities (B)	**−408,979**	**−378,614**
Dividends paid	−26,546	−33,337
Proceeds from loans	86,037	49,005
Repayment of loans	−67,665	−55,550
Allocation to plan assets	−11,441	−18,843
Cash inflow/outflow from financial receivables	18,240	−27,962
Raising/repayment of financial liabilities	−6,917	3,183
Payment of principal portion of lease liabilities	−21,515	−17,219
Cash flow from financing activities (C)	**−29,807**	**−100,723**
Change in cash and cash equivalents (A+B+C)	**−130,034**	**−35,138**
Opening balance of cash and cash equivalents	**258,958**	**280,781**
– Checks, cash on hand	441	50
– Deposits with banks	258,517	280,731
Change in cash and cash equivalents due to exchange rates	−10,533	7,285
Changes in cash and cash equivalents due to changes in the scope of consolidation and presentation	0	6,030
Closing balance of cash and cash equivalents	**118,391**	**258,958**
– Checks, cash on hand	141	441
– Deposits with banks	118,250	258,517

The Consolidated Statement of Cash Flows is discussed under Note 34.

(in EUR thousands)	2022/2023	2021/2022
Additional notes to the consolidated statement of cash flows*		
Interest paid	−9,927	−5,103
Interest received	9,442	6,307
Income taxes paid	−113,425	−61,077

* Included in cash flow from operating activities

Consolidated Statement of Changes in Equity

From October 1, 2022 to September 30, 2023

	Attributable to the owner		
(in EUR thousands)	Subscribed capital	Capital reserves	Generated Group capital
Balance as of Oct. 1, 2021	150,000	322,214	846,372
Consolidated profit for the period			269,994
Other comprehensive income			212,660
Total comprehensive income			482,654
Dividends			–30,000
Change in the scope of consolidation			–525
Balance as of Sept. 30, 2022	150,000	322,214	1,298,501
Balance as of Oct. 1, 2022	150,000	322,214	1,298,501
Consolidated profit for the period			275,226
Other comprehensive income			2,982
Total comprehensive income			278,208
Dividends			–25,600
Transactions involving non-controlling interests			788,393
Change in the scope of consolidation			0
Balance as of Sept. 30, 2023	150,000	322,214	2,339,502

Equity is discussed in Note 24.

	Accumulated other Group capital			
	Currency translation differences	Shareholder of SCHOTT AG	Non-controlling interests	SCHOTT Group equity
	–51,360	1,267,226	83,614	1,350,840
		269,994	–1,110	268,884
	112,269	324,929	4,638	329,567
	112,269	594,923	3,528	598,451
		–30,000	–3,337	–33,337
	2,181	1,656	–20,280	–18,624
	63,090	1,833,805	63,525	1,897,330
	63,090	1,833,805	63,525	1,897,330
		275,226	1,588	276,814
	–54,851	–51,869	88	–51,781
	–54,851	223,357	1,676	225,033
		–25,600	–946	–26,546
	–3,500	784,893	150,424	935,317
	–3,005	–3,005	0	–3,005
	1,734	2,813,450	214,679	3,028,129

Notes to the Consolidated Financial Statements

For fiscal year 2022/2023

General Information

1 Preliminary remarks

SCHOTT AG, Mainz, (for short: SCHOTT) is an unlisted company incorporated under German law that operates internationally in 35 countries in the business units Advanced Optics, Electronic Packaging, Flat Glass, Home Tech, Lighting and Imaging, Pharma (formerly Pharmaceutical Systems) and Tubing. SCHOTT AG has its registered office at Hattenbergstrasse 10, 55122 Mainz, Germany, and is entered in the commercial register of the local court in Mainz under HRB 8555. The sole shareholder of SCHOTT AG is the Carl Zeiss Foundation, Heidenheim an der Brenz and Jena.

SCHOTT is an international technology group that develops and manufactures specialized materials, components and systems. It operates mainly in the home appliances, pharmaceutical, electronics, optical and transportation industries.

The Consolidated Financial Statements of SCHOTT were prepared on the legal basis of Section 315e (3) of the German Commercial Code (HGB) in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, supplemented by the applicable commercial law regulations under Section 315e (1) HGB. Necessary adjustments under IFRSs have been made to the extent that the consolidated companies' separate financial statements according to local GAAP diverge from these principles. Interim financial statements are used for subsidiaries whose reporting date differs from the Group reporting date. With the exception of the changes described in Note 2, the accounting policies, presentation and disclosure requirements are the same as in the previous year.

The Consolidated Financial Statements are prepared in euros. Unless noted otherwise, all amounts are stated in thousand euros (EUR thousands). The Consolidated Statement of Income has been prepared according to the cost of sales (function of expense) method.

The Consolidated Financial Statements prepared as of September 30, 2023, and the Group Management Report were authorized for issue by the Board of Management on December 19, 2023. The plan is for the Supervisory Board to approve the Consolidated Financial Statements at its meeting on January 26, 2024.

2 Changes in accounting standards and application of new and revised accounting standards

2.1 Standards and interpretations to be applied in the past fiscal year

The following amendments to standards, which were to be mandatorily applied for the first time in the past fiscal year under review, have been published by the International Accounting Standards Board (IASB).

		Application mandatory for fiscal years beginning on or after	Revised/ expanded notes disclosures
Standards			
Various	Amendments to IFRS 3, IAS 16 and IAS 37; Annual Improvements 2018–2020	Jan. 1, 2022	No

The application of the amendments to the standards did not result in any material impact on the values reported in these Consolidated Financial Statements, but could affect the accounting for future transactions.

2.2 Published standards and interpretations that have not yet been applied

Besides the mandatory IFRSs mentioned in Note 2.1, the IASB published other IFRSs, of which several have been endorsed by the EU in part but will only become mandatory at a later date.

		Application mandatory for fiscal years beginning on or after	Endorsement by the EU Commission
Standards			
IAS 12	Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules	Immediately* and Jan. 1, 2023	Nov. 8, 2023
IFRS 17	Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023	Sept. 8, 2022
IAS 12	Amendments to IAS 12: Deferred Taxes related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023	Aug. 11, 2022
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Jan. 1, 2023	Mar. 2, 2022
IAS 8	Amendments to IAS 8: Definition of Accounting Estimates	Jan. 1, 2023	Mar. 2, 2022
IFRS 17	Insurance Contracts	Jan. 1, 2023	Nov. 19, 2021
IFRS 16	Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	Jan. 1, 2024	Nov. 20, 2023
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-Current; Classification of Liabilities as Current or Non-Current – deferral of the effective date; Non-Current Liabilities with Covenants	Jan. 1, 2024	No
IAS 7 and IFRS 7	Amendments to IAS 7 and IFRS 7: Reverse Factoring Transactions	Jan. 1, 2024	No
IAS 21	Amendments to IAS 21: Lack of Exchangeability	Jan. 1, 2025	No

*) Entities may apply the exemption immediately, but are required to comply with certain disclosure requirements in annual reporting periods beginning on or after January 1, 2023.

SCHOTT does not make use of any existing options for early adoption. These standards will be implemented in the Consolidated Financial Statements on the date of mandatory adoption. According to current estimates, the new or amended regulations mentioned above do not have any significant effects.

3 Significant accounting policies and consolidation methods

3.1 Scope of consolidation, acquisitions and divestments

Scope of consolidation

In addition to SCHOTT AG, 12 companies (previous year: 14) based in Germany and 52 foreign companies (previous year: 53) were fully consolidated in the Consolidated Financial Statements. A subsidiary is fully consolidated from the date on which SCHOTT obtains control. SCHOTT has control if it is exposed, or has rights, to variable returns from its involvement in the company and can affect those returns through its power over the company. The reporting date for the separate financial statements of the subsidiaries included in the Consolidated Financial Statements was in most cases the same as the reporting date for the Consolidated Financial Statements. Interim financial statements were prepared for companies with a different reporting date. Five companies (previous year: five) were included in the scope of consolidation as of the reporting date using the equity method accounting.

In fiscal year 2022/2023, one subsidiary was included in the Consolidated Financial Statements for the first time, while the scope of consolidation decreased by four entities as a result of two disposals. The changes are shown in the following table:

Disposals from the scope of consolidation	Share of voting rights	Date
SCHOTT Solar CR, k.s., Valašské Meziříčí/Czech Republic *)	100 %	Dec. 31, 2022
MiniFAB Europe GmbH, Saarbrücken *)	100 %	Feb. 28, 2023
SCHOTT-Rohrglas AG & Co. KG, Mainz **)	100 %	Oct. 1, 2022
SCHOTT Government Services, LLC, Rye Brook/USA ***)	100 %	Sept. 30, 2023

* Deconsolidated due to liquidation
** Deconsolidated due to merger with SCHOTT AG, Mainz
*** Deconsolidated due to merger with SCHOTT North America Inc., Rye Brook/USA

Additions to the scope of consolidation	Share of voting rights	Date
SCHOTT PHARMA D.O.O. BEOGRAD, Belgrade/Serbia	100 %	May. 9, 2023

Please refer to the separate list of shareholdings with respect to the disclosures required by Section 313 (2) HGB.

Acquisitions/divestments

Acquisitions

There were no acquisitions with a significant impact on the net assets, financial position and results of operations in the fiscal year.

Divestments

As part of the IPO of SCHOTT Pharma AG & Co. KG, Mainz (“SCHOTT Pharma AG & Co. KGaA”) on September 27, 2023, a total of 34,641,362 ordinary shares of SCHOTT Pharma AG & Co. KGaA were successfully placed with investors at an offer price of EUR 27.00 per ordinary share and thus at a total value of approximately EUR 935.3 million, including 4,518,438 ordinary shares to cover potential overallotments. The no-par value ordinary bearer shares were previously held by SCHOTT Glaswerke Beteiligungs- und Export GmbH, Mainz, a wholly owned subsidiary of SCHOTT AG. The total number of ordinary shares offered in the IPO corresponded to up to 23.0 % of the capital stock of SCHOTT Pharma AG & Co. KGaA (including overallotments). The ordinary shares of SCHOTT Pharma AG & Co. KGaA have been traded on the regulated market of the Frankfurt Stock Exchange since September 28, 2023. The stabilization period was terminated early on October 6, 2023 without ordinary shares being repurchased on the market. After the end of the stabilization period, 23.0 % of shares (34,641,362 ordinary shares) were therefore in free float.

As this transaction did not lead to a loss of control, the sale of the shares to non-controlling interests is to be treated as an equity transaction between two groups of shareholders in accordance with IFRS 10.23 and recognized directly in equity. SCHOTT Group’s equity therefore increased by EUR 935.3 million, of which EUR 150.4 million was recognized as non-controlling interests, and profit or loss was not affected. The transaction costs incurred in connection with the IPO were recognized in full as an expense (see also Note 8). The cash inflow for the ordinary shares was received in October 2023.

Subsidiaries with material non-controlling interests

Since September 28, 2023, a total of 34,641,362 ordinary shares or 23.0 % of the capital stock of SCHOTT Pharma AG & Co. KG, Mainz, have been traded on the regulated market of the Frankfurt Stock Exchange. EUR 150.4 million was reported as non-controlling interests as of September 30, 2023.

The following table contains condensed financial information of SCHOTT Pharma Group, showing the amounts before intra-group eliminations.

(in EUR thousands)	Sept. 30, 2023
Current assets	468,338
Non-current assets	763,490
Current liabilities	351,146
Non-current liabilities	188,503
Sales	898,602
Profit for the period	151,934
Other comprehensive income/loss	–20,304
Total comprehensive income	131,630
Cash flow from operating activities	181,652
Cash flow from investing activities	–171,411
Cash flow from financing activities	–11,395
Net cash flow	–1,154

No dividends were distributed to non-controlling interests of SCHOTT Pharma AG & Co. KG, Mainz, in the reporting year.

The non-controlling interests in SCHOTT Flat Glass Holding B.V., Tiel/Netherlands, remained unchanged with EUR 11.3 million compared to the previous year as of September 30, 2023, and an ownership interest of 33 %. The aggregated assets and liabilities of the company, including the subsidiaries it held, amounted to EUR 186.2 million and EUR 72.9 million, respectively, as of the reporting date (previous year: EUR 194.8 million and EUR 87.2 million, respectively). Aggregate sales of EUR 250.1 million (previous year: EUR 245.0 million) and total comprehensive income of EUR 6.8 million (previous year: EUR 2.0 million) were achieved in fiscal year 2022/2023.

As of the reporting date, material non-controlling interests were held in SCHOTT Finanzierungs- und Verwaltungs GmbH, Mainz.

The ownership share of non-controlling interests amounts to:

		Sept. 30, 2023	
Name	Country of incorporation and principal place of business	Voting rights	Equity shares
SCHOTT Finanzierungs- und Verwaltungs GmbH, Mainz	Germany	25 %	67 %

Voting rights and equity shares remained unchanged compared to September 30, 2022.

The cumulative balance of material non-controlling interests is as follows:

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
SCHOTT Finanzierungs- und Verwaltungs GmbH, Mainz	3,143	4,906

Total comprehensive income of SCHOTT Finanzierungs- und Verwaltungs GmbH, Mainz, in fiscal year 2022/2023 amounted to EUR –2,644 thousand (previous year: EUR 526 thousand). The equity of the company as of September 30, 2023 amounted to EUR 4,714 thousand (previous year: EUR 7,359 thousand).

3.2 Consolidation methods

In accordance with IFRS 3 **Business Combinations**, business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, SCHOTT elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognized as expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for the non-controlling interest over the net identifiable assets acquired and liabilities assumed.

The share of equity attributable to third parties not associated with the Group is reported under equity in the Consolidated Statement of Financial Position as "Non-controlling interests."

Intercompany receivables and liabilities as well as expenses and income of the consolidated companies are offset against each other as part of consolidation. Intercompany profits or losses from deliveries and services to other Group companies are likewise eliminated.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A contractual arrangement with the other vote holders
- Rights resulting from other contractual arrangements
- Voting rights and potential voting rights of the Group

The results, assets and liabilities of material associated companies have been included using the equity method in accordance with IAS 28 **Investments in Associates and Joint Ventures**. Associates are investments over which significant influence can be exercised. As a rule, SCHOTT's accounting policies are also applied to its associated companies. Joint ventures within the meaning of IFRS 11 **Joint Arrangements** are also accounted for using the equity method. In the past fiscal year, SCHOTT Group was not involved in joint operations as defined by IFRS 11 **Joint Arrangements**.

The shares are presented at cost on initial recognition in the Consolidated Statement of Financial Position and adjusted during subsequent measurement to reflect changes in the Group's share in the equity (net assets) after the acquisition date as well as losses resulting from impairments.

3.3 Currency translation

The separate financial statements of the foreign Group companies were translated based on the functional currency concept in accordance with IAS 21 **The Effects of Changes in Foreign Exchange Rates**. The functional currency of the relevant companies is their respective national currency, since all of their economic, financial and organizational operations are carried out independently in their national currencies.

Foreign currency receivables and payables in the separate financial statements of Group companies are translated at the currency rates applicable on the reporting date. Translation differences arising therefrom are recognized in profit or loss under other operating expenses or other operating income, as appropriate.

The assets and liabilities of subsidiaries whose functional currency is not the euro are translated at the mean rate of exchange on the reporting date, while their expenses and income are translated at the average exchange rate of the month in which the transaction took place. Equity is translated at historical rates of exchange. Resulting translation differences are not reported in the Consolidated Statement of Income, but instead in a separate line item of equity.

The following table shows the exchange rates of the foreign currencies of greatest importance to SCHOTT Group:

	Mean rate of exchange on the reporting date Sept. 30		Average rate for the fiscal years	
1 euro =	2023	2022	2022/2023	2021/2022
Chinese renminbi	7.67	6.94	7.44	7.16
Japanese yen	158.00	140.89	146.56	133.33
Swiss franc	0.97	0.96	0.98	1.03
Singapore dollar	1.44	1.40	1.44	1.50
Czech koruna	24.32	24.56	23.99	24.90
Hungarian forint	389.10	421.38	390.62	374.32
US dollar	1.06	0.97	1.06	1.10

The functional currencies of SCHOTT Envases Argentina S.A., Buenos Aires/Argentina, and SCHOTT Orim Cam Sanayi ve Ticaret A.S., Çerkezköy/Turkey, which are included in the Consolidated Financial Statements, i.e., the Argentine peso and the Turkish lira, are considered to be hyperinflationary within the meaning of IAS 29 **Financial Reporting in Hyperinflationary Economies**. IAS 21.43 therefore requires that the reporting packages of these two companies have to be restated pursuant to IAS 29 to reflect the purchasing power as of the end of the reporting period before they are included in the Consolidated Financial Statements of SCHOTT AG. This restatement was applied to all of the companies' assets and liabilities prior to translation. Then all amounts in the reporting packages were translated at the closing rate on the reporting date for inclusion in the Consolidated Financial Statements.

The restatement pursuant to IAS 29 was based on the provisions for historical cost financial statements. Non-monetary assets and liabilities, equity and total comprehensive income must be restated to reflect the change in the applicable price index. Monetary items are not restated because they are already expressed in terms of the monetary unit current as of the reporting date. Monetary items are money held and items to be received or paid in money.

A general price index that reflects the changes in purchasing power must be determined for the restatement. This index should be applied by all companies reporting in the currency of this economy. For the company in Argentina, SCHOTT applies the indices proposed by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE) in Resolution JG 539/18, which companies using the Argentine peso as their functional currency should apply to determine any restatement required due to hyperinflation. These indices are mainly based on the wholesale price index for periods until December 31, 2016 and on the retail price index for periods thereafter. The FACPCE publishes a detailed index table every month. The index for fiscal year 2022/2023 was 2.38 on the basis of the purchasing power as of September 30, 2022 (previous year: 1.83).

For SCHOTT Orim Cam Sanayi ve Ticaret A.S., Çerkezköy/Turkey, the consumer price index (TÜİK, Tüketici Fiyat Endeksi) of the Turkish Statistical Institute (TurkStat) was used. The index for fiscal year 2022/2023 was 1.62 on the basis of the purchasing power as of September 30, 2022 (previous year: 1.83).

For the restatement of non-monetary items (not including equity), SCHOTT applied the change in the general price index from the date of initial recognition of the transaction (e.g., the date of acquisition for property, plant and equipment) until the end of the reporting year. For non-monetary assets and liabilities that are carried at amounts current at the end of the reporting period, such as net realizable value and fair value, no restatement is necessary. Under IAS 29, restated non-monetary assets must be tested for impairment in accordance with appropriate IFRSs. If the recoverable amount of an item of property, plant and equipment or an intangible asset (or net realizable value for inventories) falls below its restated amount, an impairment loss must be recognized in profit or loss even if no impairment was identified prior to the restatement.

At the beginning of the first period of application of IAS 29, the components of equity (except retained earnings) are restated by applying a general price index from the date the components were contributed or otherwise arose. This includes reserves consisting of amounts recognized in other comprehensive income. Retained earnings are adjusted by the net amount derived from the restatement of the other amounts in the opening statement of financial position. At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later. As the Group currency, the euro, is the currency of a non-hyperinflationary economy, the previous year's Consolidated Financial Statements were not restated in accordance with IAS 21.42b.

All items in the statement of comprehensive income for the reporting year are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements. The restated profit for the current period is added to the restated retained earnings in the opening statement of financial position. Current income tax expenses are restated in line with the change in the general price index.

The gain or loss on the net monetary position is calculated as the difference between historical cost and the restatement of non-monetary assets, equity and items in the statement of comprehensive income. The total loss on the net monetary position amounted to EUR 9,433 thousand in the reporting year (previous year: EUR 13,202 thousand) and is included in the financial result. SCHOTT presented the net effect from the changes in inflation and exchange rates in currency translation differences within other comprehensive income in these Consolidated Financial Statements.

3.4 Significant judgments and estimates

Judgments in applying accounting policies

For companies in which SCHOTT holds less than 100 % of the voting rights, it may be necessary to exercise judgment over whether control, joint control or significant influence exists. Judgment is also required in the classification of certain financial assets, such as securities. The assessment of whether assets that are to be disposed of can be disposed of in their current condition and whether their disposal is highly probable is also subject to judgment.

Use of estimates

The preparation of financial statements in accordance with IFRSs requires estimates that affect the measurement of assets and liabilities, the nature and scope of contingent liabilities, concrete purchase commitments as of the reporting date as well as the amount of income and expenses in the reporting period.

The assumptions and estimates mainly relate to:

- the determination of the transaction price in the case of variable consideration and the recognition of revenue over a period of time versus at a point in time (Note 4);
- the uniform determination of economic useful lives of property, plant and equipment and intangible assets throughout the Group (Notes 14 and 15);
- the determination of the lease term and the incremental borrowing rate for leases. In particular, when determining the term of leases, all facts and circumstances which represent an economic incentive to exercise extension options or not to exercise termination options are taken into account (Note 32);
- the recoverability of goodwill (Note 14);
- the recoverability of inventories (Note 19);
- the recoverability of receivables (Note 31);
- the recognition and measurement of provisions (Notes 25 and 26), in particular warranty provisions due to the long terms of up to 30 years and the wide range of possible claims, and
- the realizability of future tax relief in the recognition and measurement of deferred tax assets (Note 11).

The assumptions and estimates are based on premises that are in turn based on the most current information available at the time. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances that are beyond the control of the Group. Thus, the actual results can differ from the estimates. Changes are recognized in profit or loss as and when better information is available.

In particular, our expectations with respect to the development of the business are based on both the circumstances prevailing when the Consolidated Financial Statements are prepared as well as our realistic expectations regarding the future development of the industry and global environment.

Effects of climate change

Potential risks related to climate change are continuously analyzed using the risk management system. The risks identified by SCHOTT include rising energy and commodity prices as well as volatile material availability in particular. In addition, extreme weather events are already becoming increasingly apparent, which can cause damage to buildings, production facilities and warehouses and lead to increasing fragility in supply chains. During the risk analysis, SCHOTT did not identify any significant risks to SCHOTT's business model as of the reporting date, considering the measures taken by SCHOTT to limit risks. Therefore, SCHOTT does not currently expect such risks to have a significant impact on the business model or on its net assets, financial position and results of operations. This assessment is derived from various estimates and related assumptions based on historical experience and various other factors that are believed to be reasonable under the circumstances.

3.5 Accounting policies

General

With the exception of the measurement of certain financial instruments at fair value, the Consolidated Financial Statements of SCHOTT AG are prepared on the basis of accounting policies applied uniformly throughout the Group, based on historical cost.

The significant accounting policies have not changed since the previous year and are explained below.

Recognition of sales revenue and other revenue, contract assets

In accordance with IFRS 15, SCHOTT recognizes sales revenue when control of the products has been transferred or the service has been rendered, in other words, when the customer has the ability to control the use of the transferred goods or services and substantially obtains all of the remaining benefits. The prerequisite for this is that a contract with enforceable rights and obligations exists and, among other things, the receipt of the consideration is sufficiently probable. Sale revenue comprises the consideration that SCHOTT is expected to receive for the transfer of goods or the rendering of services.

When standard products are sold, sales revenue is recognized when control is transferred to the buyer, usually upon delivery of the goods. However, in the case of order-related production where a specific product is owed and the final product cannot be sold to any other customer (customer-specific asset without alternative use), sales revenue is recognized in accordance with IFRS 15 over time. Generally speaking, SCHOTT's production is based on standardized manufacturing processes, which are each carried out on an order-by-order basis. As a rule, the production time is short (a few days) and series production (standardized production for customer-specific specifications) takes place. For SCHOTT, the output for the customer is therefore the most important factor. Accordingly, sales revenue recognition on the basis of the units produced is generally considered to be suitable for accurately showing the progress towards completion. In this case, a contract asset must be recognized because SCHOTT has recognized sales revenue from the satisfaction of the performance obligation before the conditions for invoicing and thus the recognition of a trade receivable have been met.

A contract asset is the right to receive consideration in exchange for goods or services transferred to a customer. If SCHOTT satisfies its performance obligations by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are recognized as current assets because they arise and become due during the normal operating cycle. Impairment losses on contractual assets follow the rules for financial assets. Further details are provided in Note 31.

In contrast to contract assets, receivables represent the unconditional right to consideration, i.e., the payment becomes due automatically as a result of the passage of time.

If a single contract with a customer contains several performance obligations, the agreed transaction price is allocated to the separate performance obligations in accordance with the relative stand-alone selling prices. The relative stand-alone selling prices generally correspond to the contractually agreed prices for the separate performance obligations.

SCHOTT has concluded long-term series supply contracts with selected customers, under which the customers make advance payments for series deliveries in subsequent fiscal years. These advance payments will be offset in the future provided customers purchase contractually agreed minimum quantities. The advance payments therefore represent contract liabilities within the meaning of IFRS 15 **Revenue from Contracts with Customers** and are reported as advance payments received on orders under other non-financial liabilities. If the agreed date of the prepayment represents a significant benefit from financing for SCHOTT, SCHOTT adjusts the amount of the promised consideration for the effects of the financing component when determining the transaction price. The resulting interest expenses are recognized in the financial result.

If the period between the transfer of a promised good to the customer and its payment by the customer does not exceed one year, SCHOTT, applying the practical expedient in accordance with IFRS 15.63, does not adjust the promised consideration for the effects of a significant financing component.

SCHOTT agrees on payment terms of up to 90 days, depending on the market and region.

SCHOTT typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These so-called "assurance-type warranties" are recognized in accordance with IAS 37 **Provisions, Contingent Liabilities and Contingent Assets**.

To the extent that SCHOTT provides services, sales revenue is recognized over time in accordance with IFRS 15.35a. Services provided by SCHOTT in connection with the sale of products generally relate to transportation services. Such sales revenue is recognized as soon as the service has been rendered.

SCHOTT makes use of IFRS 15.121 and does not publish any information on transaction prices allocated to any remaining performance obligations, if the underlying contracts have an expected original term of no more than one year.

When granting a license, SCHOTT examines whether the customer is granted a right of access to SCHOTT's intellectual property as that intellectual property exists over the entire license period or a right to use SCHOTT's intellectual property as that intellectual property exists at the time the license was granted. In the first case, the sales revenue is recognized over time, in the second case at the point in time at which the license is granted.

Interest income is recognized over time. Dividends are recognized at the point in time at which the right to receive payment arises.

Sales revenue is recognized net of sales-related taxes and variable components such as bonuses, cash discounts and rebates. If a contractual consideration contains a variable component, SCHOTT determines the amount of the consideration due to the company in exchange for the transfer of the goods to the customer. Discounts are generally allocated to the separate performance obligations on the basis of the relative stand-alone selling prices. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative sales revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Recognition of expenses

Costs incurred in order to generate sales revenue and the cost of merchandise are reported under cost of sales. This item also includes expenses related to additions to provisions to cover warranties.

Besides personnel and non-personnel costs and depreciation in the sales functions, selling expenses include shipping, advertising, sales promotion, market research and customer service costs as well as outbound freight.

General administrative expenses include personnel and non-personnel costs and depreciation attributable to administrative operations.

Taxes other than income taxes, such as property tax and motor vehicle tax, are assigned to production cost, research and development, selling and administrative expenses based on where they were actually incurred.

Fair value measurement

SCHOTT measures certain financial instruments, derivatives, for example, at fair value on every reporting date. The fair value of financial instruments measured at amortized cost is presented in Note 31.

The fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants on the measurement date. Fair value is measured based on the assumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the most advantageous market for the asset or liability in the absence of a principal market.

The Group must have access to the principal or most advantageous market.

The fair value of an asset or liability is measured based on assumptions that market participants would make in setting the price of the asset or liability. Here, it is assumed that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value with as many significant, observable inputs as possible and as few unobservable inputs as possible.

All assets and liabilities for which the fair value is determined or presented in the Consolidated Financial Statements are categorized in the fair value hierarchy described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Valuation methods for which the lowest level input that is significant to the entire fair value measurement can be directly or indirectly observed on the market
- Level 3: Valuation methods for which the lowest level input that is significant to the entire fair value measurement cannot be observed on the market

For assets and liabilities that are recognized on a recurring basis in the financial statements, SCHOTT determines whether there have been any reclassifications between the hierarchy levels by reviewing the classification at the end of each reporting period (based on the lowest level input that is significant to the entire fair value measurement).

External appraisers are brought in as needed for the measurement of significant assets, such as property, as well as significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and compliance with professional standards, for example.

In order to meet the fair value reporting requirements, SCHOTT has established classes of assets and liabilities on the basis of their nature, characteristics and risks as well as the levels of the fair value hierarchy described above.

Research and development costs

Research costs are always expensed.

Development costs must be capitalized if certain conditions are demonstrably and cumulatively met. For instance, it must be possible to use or sell the internally generated intangible asset, resulting in an economic benefit flowing to the company. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is demonstrated, usually when a product development project has reached a defined milestone according to an established project management model. In order to determine the amounts to be capitalized, assumptions are made regarding the future cash flows from assets, applicable discount rates and the period in which asset-generating cash flows are expected to accrue. There were no capitalizable development costs in either the reporting year or the previous year.

Development costs that cannot be capitalized are expensed.

Intangible assets

Intangible assets are recognized if (a) the intangible asset can be identified (this means it can be separated or arises from contractual or other rights), (b) it is probable that future economic benefits will flow to SCHOTT Group from the intangible asset, and (c) the costs of the intangible asset can be reliably determined. Intangible assets with finite useful lives are recognized at cost and amortized over the estimated useful life or a shorter contract term using the straight-line method. Amortization of intangible assets with finite useful lives is recognized in the Consolidated Statement of Income under the expense category corresponding to the function of the intangible asset for the company.

The useful lives of intangible assets are generally as follows:

	Years
Development costs	5
Patents and licenses	2 to 20
Software	3 to 5

Property, plant and equipment

Property, plant and equipment, with the exception of right-of-use assets, is carried at cost less accumulated depreciation in accordance with IAS 16 **Property, Plant and Equipment**. Subsequent measurement is based on the cost model (IAS 16.30). This also applies to spare parts that are used for longer than one period. In addition to direct material and labor costs, the cost of self-constructed property, plant and equipment also includes a share of indirect costs as well as borrowing costs as long as the requirements of IAS 23 are met. Property, plant and equipment is depreciated according to the straight-line method. Additions during the course of the year are depreciated pro rata temporis.

If significant parts of a non-current asset have different useful lives, they are recognized as separate non-current assets and depreciated accordingly (component accounting). At SCHOTT Group, this affects in particular large machines for manufacturing specialty glass products and buildings.

Depreciation is generally based on the following useful lives:

	Years
Buildings	10 to 50
Technical equipment and machinery	5 to 25
Other equipment, operating and office equipment	3 to 20

Maintenance and repairs are expensed, while investments in replacement and expansion as well as restoration and waste disposal commitments are capitalized. Gains and losses on the disposal of non-current assets are recognized under other operating income and other operating expenses, respectively.

Right-of-use assets

SCHOTT recognizes right-of-use assets on the commencement date of the lease (i.e., the date on which the underlying leased asset is ready for use). Right-of-use assets are measured at cost less all accumulated depreciation and all accumulated impairment losses and are adjusted for any remeasurement of the lease liabilities. The cost of right-of-use assets comprises the lease liabilities recognized, the initial direct costs incurred and the lease payments made at or before the commencement date, less any incentives received.

The right-of-use assets are also reviewed for impairment. Details of the accounting policies are set out in the section “Impairment of non-financial assets.”

Government grants

Government grants are not recognized until it is reasonably certain that SCHOTT will be able to meet the associated terms and conditions and the grant will actually be approved. Government grants for assets are deducted from the cost of the respective asset. Other government grants are recognized as income over the period that is necessary to match them to the expenses which they are intended to compensate.

Impairment of non-financial assets

Goodwill acquired as part of business combinations is tested for impairment once a year and whenever there are indications of impairment. For the purposes of this impairment test, the assets are assigned to cash-generating units that benefit from their use. In accordance with the provisions of IAS 36, an impairment loss is recognized if the carrying amount of the cash-generating unit to which the goodwill is assigned exceeds its recoverable amount. The recoverable amount of a cash-generating unit is the higher of the fair value of the cash-generating unit less costs to sell and its value in use. The value in use is determined using a discounted cash flow method for each cash-generating unit. If the carrying amount of a cash-generating unit (CGU) exceeds its recoverable amount, the goodwill is written down to its recoverable amount. It is prohibited to reverse impairment losses on goodwill.

The other intangible assets as well as property, plant and equipment are tested for impairment if there are indications that there could be reasons for an impairment. Assets must be adjusted for impairment if the carrying amount exceeds the net sales proceeds that would result from an arm's length sale or the value in use. The value in use is determined on the basis of the expected future cash inflows that the asset or the cash-generating unit to which the asset belongs is likely to generate over the period of use, assuming no change in use. If there are indications that reasons that led to an impairment loss in the past no longer apply, a test is performed to determine whether the impairment is to be reversed up to the amortized carrying amount.

The planning periods used generally comprise three years and are based on past experience as well as management's best estimate of future development. Longer planning periods of up to 10 years are only used when developing new business areas, as meaningful historical figures are not yet available. As in the previous year, the long-term growth rate used in planning amounts to 1.0 % p.a.

The expected cash flows are discounted using the weighted average cost of capital. This cost of capital is derived from capital market models and also from the debt-equity ratios and cost of debt of comparable companies in the industry (peer group). The discount rates thus determined for the individual CGUs in the year under review ranged between 10.3 % and 12.7 % before taxes (previous year: between 8.5 % and 10.6 %), adjusted where necessary for other currency areas. Further details, including the carrying amounts, can be found under Notes 14 and 15.

Investments accounted for using the equity method

The carrying amounts of investments in associated companies accounted for using the equity method are increased or decreased by the amount of the Group's share in income, dividends distributed or other changes in equity. Any losses of an associate that exceed the Group's investment in the investee are recognized only to the extent that the Group has entered into legal or constructive obligations or made payments for the investee.

Inventories

Inventories are measured at the lower of cost or net realizable value, i.e., the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Cost is determined on the basis of the weighted average cost. Production cost includes directly attributable material and personnel costs as well as appropriate portions of material and production overheads, including depreciation, determined on the basis of normal capacity utilization of the production facilities. Financing costs are taken into account in accordance with IAS 23.

Tax refund claims and tax liabilities
In accordance with IAS 12 **Income Taxes**, tax refund claims relate exclusively to claims for refunds of taxes on income and earnings. Tax refund claims are recognized if the Group can expect a corresponding refund on the basis of the applicable legal situation. Conversely, a liability for current income taxes is recognized when an obligation has arisen. SCHOTT regularly assesses individual tax matters to determine whether there is any scope for interpretation in light of applicable tax regulations. Tax provisions are recognized if necessary.

Deferred taxes
Under IAS 12 **Income Taxes**, deferred tax assets and liabilities are recognized for all temporary differences between tax and IFRS carrying amounts, tax credits and tax loss carry-forwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period in which an asset is realized or a liability is settled. SCHOTT uses the tax rates and tax laws applicable as of the reporting date when calculating deferred tax assets and liabilities. The effects of tax rate changes on deferred taxes are recognized when changes to relevant laws are enacted. Deferred tax assets are recognized only to the extent that it is likely that temporary differences, tax loss carry-forwards or tax credits can be offset against future taxable income. When determining the amount of deferred tax assets, management must use significant judgment with respect to the timing and amount of future taxable income as well as future tax planning strategies. In contrast to the period of three years generally used for planning, tax planning takes place for extended periods of up to five years. Further details, including the carrying amounts, can be found under Note 11.

The minimum taxation rules in accordance with the OECD guidelines on international taxation (BEPS Pillar Two) have been adopted in a number of countries with relevant business activities of SCHOTT Group. The Group makes use of the exemption from accounting for deferred taxes in connection with BEPS Pillar Two, which was the subject of the amendment to IAS 12 published in May.

Value-added tax
Expenses and assets are recognized net of value-added tax. The following cases are exceptions:

- If the value-added tax that is incurred when assets are purchased or services are utilized is not recoverable from the tax authorities, the value-added tax is recognized as part of the production cost of the asset or as part of the expense item, as applicable.
- If assets and liabilities are stated with the amount of value-added tax included.
- For Group companies for which only a pro rata refund of the value-added tax is possible the non-refundable portion of the tax is not deducted.
- No value-added tax is deducted for Group companies for which no value-added tax refund is possible.

The value-added tax amount recoverable from or payable to the tax authorities is reported in the Consolidated Statement of Financial Position under receivables or payables.

Other current non-financial assets
This item includes prepaid expenses for goods or services, receivables from other taxes, as well as entitlements to investment grants or government subsidies. These receivables do not meet the definition of a financial instrument and are measured at cost or their lower fair value.

Cash and cash equivalents
SCHOTT treats cash on hand and checks, demand deposits and time deposits with original maturities of up to three months as cash and cash equivalents. These cash and cash equivalents meet the criteria of IAS 7 **Statement of Cash Flows**.

Non-current assets held for sale and discontinued operations
When non-current assets are held for sale, no further depreciation or amortization is applied; instead, the fair value is determined. Impairment losses are recognized to the extent that the carrying amount of these assets exceeds their fair value less expected costs to sell. The basis for calculating the fair value is an estimate of the realizable sales proceeds. The operating results and write-downs on assets held for sale are reported under the result from operating activities.

Discontinued operations are presented separately as soon as a component of an entity that represents a separate major line of business or geographical area of operations or a subsidiary acquired exclusively to be resold is available for sale and management has initiated an official sales process. When a business area is reported as a discontinued operation for the first time, the previous year's disclosures relating to the Consolidated Statement of Income and the Consolidated Statement of Cash Flows are adjusted in accordance with IFRS 5.34. If the company decides not to sell a business area and it is accounted for as a continuing operation again, then the information from the current and previous years with respect to the Consolidated Statement of Income and the Consolidated Statement of Cash Flows is to be shown under the results and cash flows from continuing operations in accordance with IFRS 5.36. As of September 30, 2023, the former business units Photovoltaics, Advanced Optics Lithotec, Display Glass and Traditional Television Glass met the requirements for discontinued operations. Even after they were discontinued in the years 2007 to 2012, these areas still generated follow-up expenses, income and cash flows in subsequent years and in the past fiscal year. These are mainly the result of changes in estimates regarding guarantee commitments and the utilization of the respective provisions.

The result from discontinued operations, comprised of net current income and disposal income, is presented separately in the Consolidated Statement of Income.

If the discontinued operation does not meet the definition of a major line of business, it is reported as a disposal group.

Provisions for pensions and similar commitments

Defined contribution plans are expensed in the period in which the payment obligation arises. There is no requirement to recognize an obligation in the case of pure contribution commitments. Defined benefit pension commitments are measured using the projected unit credit method stipulated in IAS 19 **Employee Benefits**, taking future salary and pension adjustments into account. Revaluations, including actuarial gains and losses, the effects of asset ceilings excluding net interest (not applicable to the Group) and the return on plan assets excluding net interest are recognized immediately in generated Group capital. Pension commitments in Germany are determined on the basis of the biometric bases of calculation set forth in the Heubeck Mortality Tables 2018 G.

Past service cost is recognized as an expense either at the time at which the plan amendment/curtailment takes place or when the costs associated with the restructuring or termination of employment are recorded, whichever is earlier. Accordingly, the unvested past service costs can no longer be deferred and recognized over the future vesting period.

Pension commitments outside of Germany are determined using local actual parameters and bases of calculation.

The present value of the defined benefit obligation at the end of the fiscal year is compared with the fair value of plan assets (funded status). The asset values are netted with the corresponding obligations. Provisions for pensions also include a small amount of employee-financed pension commitments (deferred compensation).

According to the long-term orientation of these plans, such estimates are subject to substantial uncertainties. Further details, including the carrying amounts, can be found under Note 25.

Other provisions

In accordance with IAS 37 **Provisions, Contingent Liabilities and Contingent Assets**, SCHOTT recognizes provisions for obligations to third parties if the company has a present obligation as a result of a past event, an outflow of resources embodying economic benefits that will probably (that means more likely than not) be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions with a remaining term of more than one year are recognized at the present value of the settlement amount.

Restructuring provisions

Restructuring provisions are recognized if a restructuring plan is available and restructuring has already begun or the respective parties have been informed as of the reporting date. The amount of the provision includes all direct expenditure necessarily incurred within the scope of restructuring which is not associated with the ongoing or future activities of the company.

Warranty provisions

Warranty provisions are reported under sales provisions along with other provisions arising in connection with sales. Warranty provisions are determined on the basis of known individual cases, historical data and empirical values. The original estimate of costs related to warranties is reviewed annually. Due to their nature and the multi-year period of some warranties, provisions for warranties are based on estimates that are fraught with significant uncertainties.

Provisions for litigation risks

Provisions are recognized for risks arising from litigation in which a SCHOTT Group company is the defendant. The amount recognized corresponds to the amount likely to be paid in the event of a negative outcome. This includes in particular compensation for damages, settlements, litigation costs and penalties.

Accrued liabilities

An accrued liability is recognized if a current legal or constructive obligation to third parties has arisen that will result in a probable outflow of resources, but the timing or the amount of the probable outflow of resources is no longer uncertain (in contrast to provisions). The financial liabilities reported are recognized at amortized cost.

Other non-financial liabilities

Other non-financial liabilities include advance payments received on orders, liabilities from other taxes and other liabilities that do not meet the definition of financial liabilities. They are recognized at cost or the respective settlement amount.

Leasing

The determination of whether an arrangement contains a lease is made based on the economic substance of the arrangement at the inception of the lease. This requires an assessment as to whether fulfillment of the contractual arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to the use of the asset, even if this right is not expressly set forth in the arrangement.

The Group as lessee

According to IFRS 16 **Leases**, lessees are required to account for all leases in the form of a right-of-use asset and a corresponding lease liability. The lease liability is measured at the present value of the lease payments not yet made. It is presented in the Consolidated Statement of Income as a financing transaction, so that the right-of-use asset is depreciated on a straight-line basis and the lease liability is amortized using the effective interest method. When measuring the lease liability for the first time, extension, termination and purchase options are taken into account if their exercise is deemed to be reasonably certain. SCHOTT considers a probability of more than 75 % to be a prerequisite for the existence of reasonable certainty. The practical expedient is used for leases of low-value assets and for short-term leases. Leases for assets sold and leased back (sale-and-leaseback) are presented according to the same principles.

The Group as lessor

The Group acts as lessor in some cases, particularly for buildings. Since substantially all of the risks and benefits associated with the ownership of the asset are not transferred from the Group to the lessee under these leases, they are classified as operating leases. Lease payments from operating leases are generally recognized on a straight-line basis as lease income over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense accordingly as rental income is earned over the term of the lease. Conditional lease payments are recognized as income in the period in which they are earned.

Contingent assets and liabilities

These are potential assets or liabilities which are the result of past events and whose existence is dependent on the occurrence or non-occurrence of one or several future events over which SCHOTT does not have full control. Contingent liabilities can also be current liabilities that are the result of a past event in which a resulting outflow of resources is improbable or cannot yet be reliably determined. In accordance with IAS 37 **Provisions, Contingent Liabilities and Contingent Assets**, they are not recognized.

Notes to the Consolidated Statement of Income and to the Consolidated Statement of Financial Position

4 Sales

	2022/2023		2021/2022	
	(in EUR thousands)	%	(in EUR thousands)	%
Germany	360,501	12.5	364,164	13.1
Europe excluding Germany	1,077,215	37.5	954,862	34.4
Asia and South Pacific	671,003	23.4	737,834	26.6
North America	603,923	21.0	547,350	19.8
South America	128,124	4.5	125,854	4.5
Middle East and Africa	31,682	1.1	44,757	1.6
	2,872,448	100.0	2,774,821	100.0

Sales mainly result from the sale of goods.

The timing of sales revenue recognition is determined as follows:

(in EUR thousands)	2022/2023	2021/2022
Goods transferred at a point in time	2,636,014	2,519,382
Goods and services transferred over time	236,434	255,439
	2,872,448	2,774,821

The table below shows sales by customer industry:

(in EUR thousands)	2022/2023	2021/2022
Precision Materials (electronics, automotive industry, pharmaceuticals)	1,567,086	1,521,172
Optical Industries (optics, electronics, automotive and aviation industries)	413,361	357,983
Home Appliances (home appliance industry)	910,520	886,775
Trade and others/consolidation	–18,519	8,891
	2,872,448	2,774,821

5 Selling and general administrative expenses

Selling expenses include in particular personnel and non-personnel costs, depreciation and impairment losses related to sales functions, logistics, market research, shipping, advertising and certification costs as well as project costs in connection with the IPO of the Pharma business unit. Personnel and non-personnel costs of the management and administrative centers are reported under general administrative expenses, unless they have been charged to other functional areas as internal services.

6 Research and development costs

Research and development costs increased by EUR 9.2 million in fiscal year 2022/2023 to EUR 107.7 million (this corresponds to 3.8 % of sales; previous year: 3.6 %).

7 Other operating income

Other operating income includes income arising from operating activities that cannot be allocated to other functional areas.

(in EUR thousands)	2022/2023	2021/2022
Income from on-charging	11,551	13,117
Income from the reversal of provisions/accrued liabilities	8,617	12,096
Income from write-ups of property, plant and equipment	5,660	29
Income from grants and reimbursements	5,050	5,214
Exchange gains	3,330	0
Scrap proceeds	2,577	2,141
Income from commissions, rentals and licenses	2,112	2,362
Income from non-income taxes	1,872	1,032
Gain on disposals of property, plant and equipment	1,669	3,329
Income from insurance payments	1,215	1,467
Income from changes in the scope of consolidation	5	5,281
Other	4,473	6,138
	48,131	52,206

The changes in loss allowances on receivables and other assets are reported on a net basis.

As in the previous year, income from grants and cost reimbursements relates solely to government grants for which the conditions for collection have been finally met.

8 Other operating expenses

Other operating expenses include all expenses that are not specifically allocated to the functional areas of production, sales, research and development or administration, or are not reported separately elsewhere.

(in EUR thousands)	2022/2023	2021/2022
Bank charges	21,313	1,628
Impairment losses on property, plant and equipment and intangible assets	7,771	301
Loss allowances on receivables and other assets	5,101	740
Expenses from non-income taxes	2,380	1,730
Expenses for restructuring	2,343	19,502
Expenses from the recognition of provisions/accrued liabilities	2,059	3,432
Donations	650	614
Exchange losses	0	17,730
Other	6,315	2,517
	47,932	48,194

The changes in loss allowances on receivables and other assets are reported on a net basis.

The bank charges include costs related to the IPO of SCHOTT Pharma AG & Co. KG, Mainz, in the amount of EUR 19.7 million.

In the previous year, expenses for restructuring included impairment losses on assets in Russia of EUR 12 million.

9 Income from investments accounted for using the equity method

Please refer to the comments in Note 16 “Investments accounted for using the equity method.”

Income from investments accounted for using the equity method shown under consolidated profit for the period can be broken down as follows:

(in EUR thousands)	2022/2023	2021/2022
SCHOTT Poonawalla Pvt. Ltd., Mumbai/India	9,605	10,669
EMPHA S.p.A., Turin/Italy	2,412	2,898
Glaverpane S.A., Jemeppe-sur-Sambre/Belgium	87	114
Smart Skin Technologies Inc., Fredericton/Canada	−275	−475
Zhejiang Crystal-SCHOTT Optical Technology Co., Ltd., Taizhou/China	−160	−124
SCHOTT-Italglas s.r.l., Genoa/Italy*)	0	175
	11,669	13,257

*) Until December 31, 2021 consolidated using the equity method, then fully consolidated

10 Financial result

(in EUR thousands)	2022/2023	2021/2022
Interest and similar income	9,442	5,862
Interest and similar expenses	−28,549	−15,336
of which net interest expense from pensions	−20,713	−12,064
Interest result	**−19,107**	**−9,474**
Income from investments	2,021	820
Expenses/income from securities and financial assets	−594	278
Loss on the net monetary position (hyperinflation)	−9,433	−13,202
Other financial expenses	−2,146	−1,746
Other financial result	**−10,152**	**−13,850**
Total financial result	**−29,259**	**−23,324**

The net interest expense from pensions includes the interest expense from unwinding the discount on the pension obligations and the expected return on plan assets. The expected return on plan assets is assumed to be equal to the discount rate applied to the pension obligations.

11 Income taxes

Income taxes can be broken down according to their sources as follows:

(in EUR thousands)	2022/2023	2021/2022
Current taxes	−106,676	−79,792
Deferred taxes	−3,075	−50,269
Income taxes	**−109,751**	**−130,061**

Deferred taxes are calculated on the basis of the tax rates that will apply on the expected realization date, based on the legal environment in the individual countries. Corporate income tax, trade tax and the solidarity surcharge result in a tax rate totaling 28 % for German companies (previous year: 28 %). Tax rates outside of Germany ranged between 11 % and 35 % (previous year: between 11 % and 34 %).

As of September 30, deferred tax assets and liabilities are attributable to the following Consolidated Statement of Financial Position line items:

	Sept. 30, 2023		Sept. 30, 2022	
(in EUR thousands)	Assets	Liabilities	Assets	Liabilities
Intangible assets	14,363	8,143	7,740	5,299
Property, plant and equipment	14,480	61,136	9,165	59,086
Inventories	15,899	1,009	16,508	6,520
Current and non-current other assets	18,318	29,547	13,562	23,121
Provisions for pensions and similar commitments	92,864	0	106,370	0
Current and non-current other provisions and accrued liabilities	22,569	7,203	25,888	6,871
Current and non-current other liabilities	57,464	29,159	58,440	27,065
Tax loss carry-forwards	5,240	0	11,499	0
Other	0	4,883	0	14,210
Deferred taxes before offsetting	**241,197**	**141,080**	**249,172**	**142,172**
Offset amounts*	92,637	92,637	82,562	82,562
Carrying amount	**148,560**	**48,443**	**166,610**	**59,610**

* Amounts offset within individual taxable entities

The change in deferred taxes in fiscal year 2022/2023 as well as in the previous year is presented below:

	2022/2023		2021/2022	
(in EUR thousands)	Consolidated income statement	Recognized in other comprehensive income	Consolidated income statement	Recognized in other comprehensive income
Intangible assets	3,779		2,368	
Property, plant and equipment	3,265		–16,996	–1,499
Inventories	4,902		337	
Current and non-current other assets	–1,670		1,653	
Provisions for pensions and similar commitments	–10,632	–2,874	–21,422	–92,354
Current and non-current other provisions and accrued liabilities	–3,651		231	
Current and non-current other liabilities	–3,070		13,207	
Tax loss carry-forwards	–6,259		–15,306	
Other	9,327		–14,258	
Deferred taxes before exchange rate effects	**–4,009**	**–2,874**	**–50,186**	**–93,853**
Exchange rate effects	934		–115	
Deferred tax expense	**–3,075**		**–50,301**	
of which for continuing operations	–3,075		–50,269	
of which for discontinued operations	0		–32	

Deferred taxes on deductible temporary differences are recognized insofar as it is probable that the temporary differences will reverse as a result of sufficient future taxable income. The same applies for deferred taxes on loss carry-forwards, provided the losses can be used within the relevant planning period. Due to positive forecasts of taxable profits, SCHOTT Technical Glass Solutions GmbH, Jena, recognized deferred tax assets for temporary differences of EUR 2,379 thousand and other companies recognized EUR 1,730 thousand in total, although these companies suffered tax losses in the past fiscal year or in the previous year.

An assessment of recoverability during a corresponding planning period resulted in no deferred tax assets being recognized for certain tax loss carry-forwards and deductible differences. Tax loss carry-forwards, interest carry-forwards and tax credits for which no deferred tax assets are recognized exist in the amount of EUR 122,757 thousand (previous year: EUR 114,254 thousand) for corporate income tax and comparable foreign taxes, in the amount of EUR 113,945 thousand (previous year: EUR 112,533 thousand) for trade tax and comparable foreign taxes and in the amount of EUR 2,460 thousand (previous year: EUR 2,520 thousand) for tax credits. Furthermore, no deferred taxes were recognized on future deductible differences in the amount of EUR 9,143 thousand (previous year: EUR 10,307 thousand). The resulting unrecognized deferred tax assets amount to EUR 39,159 thousand (previous year: EUR 36,832 thousand) for tax loss carry-forwards, interest carry-forwards and tax credits and EUR 2,312 thousand (previous year: EUR 2,525 thousand) for future deductible differences.

Of the unrecognized tax loss carry-forwards (corporate income tax), an amount of EUR 12,386 thousand expires within the next three years, EUR 1,499 thousand expires after four years and another EUR 21,517 thousand expires after five years or later. There is no time limit on the utilization of the other unrecognized tax loss carry-forwards.

In the reporting year, deferred taxes of EUR –2,874 thousand (previous year: EUR –92,354 thousand) were recognized in other comprehensive income. These related to adjustments to pension provisions recognized directly in other comprehensive income. In the reporting year, deferred tax liabilities of EUR 4,882 thousand (previous year: EUR 14,210 thousand) were recognized for retained earnings of foreign subsidiaries to the extent that they are likely to be realized in the foreseeable future as a result of a planned dividend distribution or sale. If all earnings that are reinvested in the long term and whose distribution is not planned were distributed as dividends in full, an additional tax liability of a maximum of EUR 29,256 thousand (previous year: EUR 15,739 thousand) could arise if current tax law would continue to apply.

The following table shows a reconciliation of the expected to the actually recognized tax expense. To determine the expected tax rate, the result from continuing operations before income taxes is multiplied by a tax rate of 28 % (previous year: 28 %). This comprises a tax rate of 15.8 % (previous year: 15.8 %) for corporate income tax including the solidarity surcharge and 12.2 % (previous year: 12.2 %) for trade tax:

(in EUR thousands)	2022/2023	2021/2022
Result from continuing operations before income taxes	383,642	**398,576**
Calculated tax expense at the anticipated tax rate (28.0 %; previous year: 28.0 %)	107,420	111,601
Effect of tax rate changes	–422	2,692
Non-deductible expenses	23,151	13,547
Tax-exempt components of income	–7,636	–7,444
Tax difference due to foreign tax rates	–3,809	–10,639
Change in impairment losses on deferred tax assets	4,948	5,747
Taxes relating to previous periods	–3,764	–1,061
Change in deferred taxes (outside basis differences)	–9,328	14,210
Other	–809	1,408
Income taxes according to the consolidated statement of income	109,751	**130,061**
Effective tax rate according to the Consolidated Financial Statements	28.6 %	32.6 %

Effects from non-deductible expenses of EUR 16,380 thousand related to expenses for which the actual costs or a flat rate allowance were not deductible in connection with the IPO of SCHOTT Pharma AG & Co. KGaA, Mainz.

Effects from the change in impairment losses on deferred tax assets totaling EUR 4,948 thousand related in particular to SCHOTT Tubing (Zhejiang) Co., Ltd., Huzhen Town/China, in the amount of EUR 6,652 thousand and SCHOTT Technical Glass Solutions GmbH, Jena, in the amount of EUR 4,127 thousand. This was offset by effects from tax assets recognized for the first time or from the use of tax assets not previously recognized, in particular in the amount of EUR –2,426 thousand at SCHOTT North America, Inc., Rye Brook/USA, in the amount of EUR –1,902 thousand at SCHOTT Pharmaceutical Packaging OOO, Zavolzhye/Russia, and in the amount of EUR –1,081 thousand at SCHOTT MiniFAB Pty Ltd, Scoresby/Australia.

Tax income for previous periods totaling EUR –3,764 thousand relates to current taxes in the amount of EUR –2,693 thousand and deferred taxes in the amount of EUR –1,071 thousand due to the adjustment of tax bases.

EUR 10,589 thousand of the reduction in deferred tax liabilities on outside basis differences is due to the sale of the investment in SCHOTT Poonawalla Pvt. Ltd, Mumbai/India, to SCHOTT Pharma Schweiz AG, St. Gallen/Switzerland. As a result of the sale, the deferred tax liability recognized in the previous year for this purpose was realized as Indian withholding tax of EUR 9,208 and as German tax of EUR 1,381 thousand. The Indian withholding tax is included in the item "Tax difference due to foreign tax rates" and the German tax in the item "Non-deductible expenses."

The minimum taxation rules in accordance with the OECD guidelines on international taxation (BEPS Pillar Two) have been adopted in a number of jurisdictions with relevant business activities of SCHOTT Group. In accordance with IAS 12, the related deferred tax effects were not taken into account.

12 Discontinued operations

In fiscal year 2022/2023, as in the previous year, discontinued operations mainly comprised the Photovoltaics business unit. Accordingly, the Photovoltaics business unit is reported in the result from discontinued operations in the Consolidated Statement of Income for the year under review and the previous year in accordance with the provisions of IFRS 5 concerning the presentation of discontinued operations.

The result from discontinued operations is as follows:

(in EUR thousands)	2022/2023	2021/2022
Sales	0	0
Cost of sales	0	0
Gross profit	**0**	**0**
Selling and administrative expenses	−6,840	−644
Other operating income	10,119	905
Other operating expenses	−25	−49
Financial result	94	164
Result before income taxes	**3,348**	**376**
Income taxes	−425	−7
Result from discontinued operations	**2,923**	**369**

The result before income taxes of the discontinued operation Photovoltaics mainly relates to the reversal of provisions for warranties, the addition to provisions for performance guarantees and effects from the liquidation of an investment.

The profit before income taxes amounts to EUR 3,348 thousand (previous year: EUR 376 thousand).

The following tables contain a breakdown of the results of the individual business units:

2022/2023

(in EUR thousands)	Photovoltaics	Other	Total
Sales	0	0	0
Cost of sales	0	0	0
Gross profit	**0**	**0**	**0**
Selling and administrative expenses	−6,840	0	−6,840
Other operating income	10,119	0	10,119
Other operating expenses	−25	0	−25
Financial result	94	0	94
Result before income taxes	**3,348**	**0**	**3,348**
Income taxes	−425	0	−425
Result from discontinued operations	**2,923**	**0**	**2,923**

2021/2022

(in EUR thousands)	Photovoltaics	Other	Total
Sales	0	0	0
Cost of sales	0	0	0
Gross profit	**0**	**0**	**0**
Selling and administrative expenses	–644	0	–644
Other operating income	900	5	905
Other operating expenses	–49	0	–49
Financial result	164	0	164
Result before income taxes	**371**	**5**	**376**
Income taxes	–6	–1	–7
Result from discontinued operations	**365**	**4**	**369**

The discontinued operations' cash flows are presented below:

(in EUR thousands)	2022/2023	2021/2022
Operating activities	–3,626	–4,282
Investing activities	87	162
Financing activities	–9	1

13 Share of profit/loss attributable to non-controlling interests

Profits attributable to non-controlling interests amounted to EUR 4,094 thousand (previous year: EUR 3,871 thousand), whereas losses came to EUR 2,506 thousand (previous year: EUR 4,981 thousand).

14 Intangible assets

The annual goodwill impairment test was performed on June 30, 2023. The value in use served as the basis for determining the recoverable amount for the cash-generating units to which goodwill is assigned. Further details can be found under Note 3.5.

The following tables show the main goodwill reported in the Consolidated Statement of Financial Position:

Cash-generating unit	G*	WACC after taxes	WACC before taxes	Sept. 30, 2023 EUR millions
Home Tech	1.0 %	8.7 %	11.7 %	38.5
Pharma (formerly Pharmaceutical Systems)	1.0 %	8.9 %	11.8 %	29.5
Advanced Optics	1.0 %	9.6 %	12.7 %	7.2
Lighting and Imaging	1.0 %	8.4 %	11.1 %	4.8
Tubing	1.0 %	9.2 %	12.2 %	2.2
Flat Glass	1.0 %	8.2 %	10.9 %	0.0

* The growth rate that was used to extrapolate the cash flow forecasts

Cash-generating unit	G*	WACC after taxes	WACC before taxes	Sept. 30, 2022 EUR millions
Home Tech	1.0 %	7.7 %	10.5 %	41.4
Pharma (formerly Pharmaceutical Systems)	1.0 %	6.7 %	9.0 %	29.0
Advanced Optics	1.0 %	7.8 %	10.6 %	7.2
Flat Glass	1.0 %	7.0 %	9.5 %	6.1
Lighting and Imaging	1.0 %	6.7 %	9.0 %	5.2

* The growth rate that was used to extrapolate the cash flow forecasts

The recoverable amount of the cash-generating unit Flat Glass fell short of its carrying amount by around EUR 6 million in the past fiscal year. For this reason, an impairment loss was recognized on the full amount of goodwill.

For all other cash-generating units, the recoverable amount exceeds the carrying amount. A negative change in a key assumption could lead to an impairment loss for the cash-generating units Home Tech and Tubing under the following circumstances. Key assumptions in determining the recoverable amount are, in particular, the weighted average cost of capital and the operating free cash flow ("OFCF") following the detailed planning period ("terminal value"). All other planning assumptions being equal, an increase in the WACC (after taxes) of more than 1.4 percentage points (Home Tech) or more than 1.2 percentage points (Tubing) would lead to an impairment loss. Likewise, falling short of the OFCF planned for the terminal value by more than 19 % (Home Tech) or more than 16 % (Tubing) would lead to an impairment loss.

The Board of Management believes that no reasonably possible change in any of the key assumptions used in determining the value in use of the other cash-generating units would cause the carrying amount of the cash-generating units to materially exceed their recoverable amount.

The following table includes impairment losses of EUR 6,152 thousand (previous year: EUR 2,867 thousand) in accumulated amortization and impairment. Of this amount, EUR 6,129 thousand related to the full impairment of the goodwill of the cash-generating unit Flat Glass. The impairment losses are mainly attributable to the values in use falling below their carrying amounts. Impairment losses of EUR 6,134 thousand (previous year: EUR 3 thousand) were recognized in other operating expenses. Impairment losses of EUR 18 thousand (previous year: EUR 2,864 thousand) were reported in the functional areas.

Fully impaired goodwill was derecognized in the past fiscal year.

(in EUR thousands)	Development costs	Patents, licenses and similar rights	Goodwill	Total
Cost				
Balance as of Oct. 1, 2021	1,231	105,015	174,716	280,962
Change in the scope of consolidation	0	6,735	9,769	16,504
Additions	0	4,312	0	4,312
Disposals	548	12,174	1,832	14,554
Repostings	0	2,593	0	2,593
Reclassifications**	0	−6	−46	−52
Currency translation***	0	7,325	6,682	14,007
Balance as of Sept. 30, 2022	683	113,800	189,289	303,772
Accumulated amortization and impairment				
Balance as of Oct. 1, 2021	1,137	59,997	95,207	156,341
Change in the scope of consolidation	0	93	−17	76
Current amortization*	94	15,016	0	15,110
Disposals	548	12,303	1,832	14,683
Repostings	0	33	0	33
Reclassifications**	0	−5	−8	−13
Currency translation***	0	3,521	857	4,378
Balance as of Sept. 30, 2022	683	66,352	94,207	161,242
Carrying amount				
Balance as of Sept. 30, 2022	0	47,448	95,082	142,530
Cost				
Balance as of Oct. 1, 2022	683	113,800	189,289	303,772
Change in the scope of consolidation	0	0	124	124
Additions	0	1,544	2	1,546
Disposals	382	2,322	95,138	97,842
Repostings	0	1,053	0	1,053
Reclassifications**	0	0	0	0
Currency translation***	0	−4,554	−3,497	−8,051
Balance as of Sept. 30, 2023	301	109,521	90,780	200,602
Accumulated amortization and impairment				
Balance as of Oct. 1, 2022	683	66,352	94,207	161,242
Current amortization	0	10,952	6,129	17,081
Disposals	382	2,118	95,138	97,638
Repostings	0	−1	0	−1
Currency translation***	0	−2,364	−414	−2,778
Balance as of Sept. 30, 2023	301	72,821	4,784	77,906
Carrying amount				
Balance as of Sept. 30, 2023	0	36,700	85,996	122,696

* Impairment losses are included in current amortization.
** Reclassifications of assets held for sale in accordance with IFRS 5.
*** Currency translation includes effects from the hyperinflation restatement pursuant to IAS 29 of EUR 2,758 thousand (previous year: EUR 133 thousand) under cost and EUR 73 thousand (previous year: EUR 121 thousand) under accumulated amortization and impairment.

15 Property, plant and equipment

Impairment losses on property, plant and equipment were recognized in the amount of EUR 3,153 thousand in the past fiscal year (previous year: EUR 12,666 thousand). These impairment losses can mainly be attributed to write-downs of property, plant and equipment at various production sites in Germany and abroad and are related to restructuring and other measures for location adjustment and optimization. Impairment losses attributable to property, plant and equipment include EUR 2,089 thousand (previous year: EUR 9,890 thousand) for technical equipment and machinery, EUR 1,024 thousand for assets under construction (previous year EUR 0 thousand), EUR 8 thousand (previous year: EUR 1,425 thousand) for land, land rights and buildings and EUR 32 thousand (previous year: EUR 1,351 thousand) for other equipment, operating and office equipment.

Impairment losses of EUR 2,271 thousand (previous year: EUR 11,870 thousand) were recognized in other operating expenses, thereof EUR 634 thousand (previous year: EUR 11,570 thousand) in restructuring expenses. Impairment losses of EUR 882 thousand (previous year: EUR 796 thousand) were recognized in the functional areas, thereof EUR 882 thousand (previous year: EUR 796 thousand) in cost of sales.

Reversals of impairment losses of EUR 5,660 thousand (previous year: EUR 29 thousand) mainly relate to technical equipment and machinery and are included in other operating income. The reversals of impairment losses relate in particular to our location in Russia due to improved economic prospects.

Government grants for assets amounting to EUR 12,520 thousand (previous year: EUR 6,163 thousand) have been deducted from the cost of the respective asset. These grants are mainly attributable to the subsidiaries SCHOTT Hungary Kft., Lukácsháza/Hungary, and SCHOTT Pharma AG & Co. KGaA, Mainz, which received grants for production-related projects. Purchase commitments for non-current assets amounted to EUR 247,892 thousand as of the reporting date (previous year: EUR 187,731 thousand). As in the previous year, no significant borrowing costs under IAS 23 were capitalized during the past fiscal year, as there were no significant qualifying assets. Similarly, no collateral, for instance in the form of recorded liens on real property, was provided to third parties.

The asset classes include right-of-use assets. Further information on leases in SCHOTT Group is provided in Note 32.

(in EUR thousands)	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Total
Cost					
Balance as of Oct. 1, 2021	**847,889**	**1,895,216**	**340,816**	**299,697**	**3,383,618**
Change in the scope of consolidation	0	883	53	0	936
Additions	108,657	98,071	28,530	195,958	431,216
Disposals	36,642	53,835	15,010	15	105,502
Repostings	16,954	80,687	18,329	−118,563	−2,593
Reclassifications**	−241	−951	−109	117	−1,184
Currency translation***	42,942	80,438	20,920	11,938	156,238
Balance as of Sept. 30, 2022	**979,559**	**2,100,509**	**393,529**	**389,132**	**3,862,729**
Accumulated depreciation and impairment					
Balance as of Oct. 1, 2021	**495,340**	**1,264,621**	**246,942**	**1,002**	**2,007,905**
Change in the scope of consolidation	0	237	12	0	249
Current depreciation*	39,053	122,561	31,633	609	193,856
Reversal of impairment losses	0	29	0	0	29
Disposals	30,811	49,179	14,444	0	94,434
Repostings	122	58	14	−227	−33
Reclassifications**	−152	−475	−42	0	−669
Currency translation***	20,692	59,189	15,508	397	95,786
Balance as of Sept. 30, 2022	**524,244**	**1,396,983**	**279,623**	**1,781**	**2,202,631**
Carrying amount					
Balance as of Sept. 30, 2022	**455,315**	**703,526**	**113,906**	**387,351**	**1,660,098**
Cost					
Balance as of Oct. 1, 2022	**979,559**	**2,100,509**	**393,529**	**389,132**	**3,862,729**
Additions	46,343	87,681	26,443	290,097	450,564
Disposals	7,550	52,226	17,571	39	77,386
Repostings	62,220	113,448	19,524	−196,246	−1,054
Currency translation***	−18,707	−34,149	−6,761	−12,986	−72,603
Balance as of Sept. 30, 2023	**1,061,865**	**2,215,263**	**415,164**	**469,958**	**4,162,250**
Accumulated depreciation and impairment					
Balance as of Oct. 1, 2022	**524,244**	**1,396,983**	**279,623**	**1,781**	**2,202,631**
Current depreciation*	44,370	121,186	32,770	1,519	199,845
Reversal of impairment losses	896	4,742	22	0	5,660
Disposals	6,981	47,490	17,216	0	71,687
Repostings	95	−122	53	−25	1
Currency translation***	−8,605	−20,866	−4,444	−130	−34,045
Balance as of Sept. 30, 2023	**552,227**	**1,444,949**	**290,764**	**3,145**	**2,291,085**
Carrying amount					
Balance as of Sept. 30, 2023	**509,638**	**770,314**	**124,400**	**466,813**	**1,871,165**

* Impairment losses are included in current depreciation.
** Reclassifications of assets held for sale in accordance with IFRS 5.
*** Currency translation includes effects from the hyperinflation restatement pursuant to IAS 29 of EUR 26,073 thousand (previous year: EUR 36,882 thousand) under cost and EUR 19,405 thousand (previous year: EUR 20,532 thousand) under accumulated depreciation and impairment.

16 Investments accounted for using the equity method

Equity investments in associated companies and joint ventures accounted for using the equity method are shown in the following table:

Company	Country	Primary activity	Equity shares Sept. 30, 2023	Equity shares Sept. 30, 2022
EMPHA S.p.A.	Turin/Italy	Holding	50 %	50 %
Glaverpane S.A.	Jemeppe-sur-Sambre/Belgium	Flat Glass	35 %	35 %
SCHOTT Poonawalla Pvt. Ltd.	Mumbai/India	Pharma (formerly Pharmaceutical Systems)	50 %	50 %
Smart Skin Technologies Inc.	Fredericton/Canada	Pharma (formerly Pharmaceutical Systems)	20 %	20 %
Zhejiang Crystal-SCHOTT Optical Technology Co., Ltd.	Taizhou/China	Advanced Optics	41 %	41 %

The following overview summarizes the financial information on investments accounted for using the equity method as of September 30 (basis of calculation: 100 %):

2022/2023

(in EUR thousands)	Assets as of Sept. 30	Liabilities as of Sept. 30	Equity as of Sept. 30	Sales	Result after taxes
EMPHA S.p.A.*	15,601	20	15,581	0	4,034
Glaverpane S.A.*	86,190	71,409	14,781	116,791	248
SCHOTT Poonawalla Pvt. Ltd.	155,997	40,434	115,564	106,547	19,210
Smart Skin Technologies Inc.*	15,550	7,730	7,820	5,443	–3,022
Zhejiang Crystal-SCHOTT Optical Technology Co., Ltd.	18,602	3,151	15,451	2,146	–390
	291,940	**122,744**	**169,197**	**230,927**	**20,080**

* Last available financial statements December 31, 2022

2021/2022

(in EUR thousands)	Assets as of Sept. 30	Liabilities as of Sept. 30	Equity as of Sept. 30	Sales	Result after taxes
EMPHA S.p.A.*	15,581	34	15,547	0	3,976
Glaverpane S.A.*	50,628	36,094	14,534	71,239	326
SCHOTT Poonawalla Pvt. Ltd.	163,713	51,546	112,167	109,425	21,338
Smart Skin Technologies Inc.*	17,304	7,232	10,072	3,972	–82
Zhejiang Crystal-SCHOTT Optical Technology Co., Ltd.	21,132	3,680	17,452	2,349	–303
	268,358	**98,586**	**169,772**	**186,985**	**25,255**

* Last available financial statements December 31, 2021

The changes recognized in other comprehensive income due to currency differences amount to EUR –5,293 thousand (previous year: EUR 3,940 thousand) for SCHOTT Poonawalla Pvt. Ltd., EUR –677 thousand (previous year: EUR 525 thousand) for Zhejiang Crystal-SCHOTT Optical Technology Co. and EUR –86 thousand (previous year: EUR 197 thousand) for Smart Skin Technologies Inc. For goodwill, the changes recognized in other comprehensive income due to currency differences amount to EUR –431 thousand (previous year: EUR 333 thousand) for SCHOTT Poonawalla Pvt. Ltd. and EUR –84 thousand (previous year: EUR 171 thousand) for Smart Skin Technologies Inc.

The development of the carrying amount of the investments is summarized in the following table:

(in EUR thousands)	2022/2023	2021/2022
Balance as of Oct. 1	108,286	89,258
Changes in the scope of consolidation	0	606
Income from investments accounted for using the equity method	11,669	13,257
Dividend distributions	–6,614	0
Exchange rate-related effects (other comprehensive income)	–6,570	5,165
Balance as of Sept. 30	106,771	108,286

17 Other non-current financial assets

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Shares in non-consolidated affiliated companies	3,935	5,847
Investments	5,847	3,493
Securities classified as non-current assets	943	511
Loans/credits to third parties and employees	529	499
Shares not measured at equity	24	24
Miscellaneous other financial receivables	1,421	382
	12,699	10,756

Other non-current financial assets relate to the measurement categories “financial assets not subject to IFRS 9” (EUR 3,961 thousand; previous year: EUR 5,903 thousand), “assets recognized at fair value through profit or loss” (FVTPL) (EUR 6,763 thousand; previous year: EUR 3,949 thousand) and “loans and receivables” (EUR 1,975 thousand; previous year: EUR 904 thousand). See also the comments under Note 31.1 “Financial assets and financial liabilities.”

The increase in investments is attributable to a capital increase at Psephit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz, in the amount of EUR 2.4 million for the construction of a logistics center.

There is no collateral on non-current financial assets.

There are no non-current financial assets whose terms have been renegotiated and which would otherwise be past due or impaired.

Shares in non-consolidated affiliated companies are recognized at cost. Investments held as financial instruments are recognized at fair value through profit or loss.

18 Other non-current non-financial assets

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Receivables from tax authorities	907	1,696
Prepaid expenses	627	560
Miscellaneous other non-financial receivables	1,289	1,564
	2,823	3,820

19 Inventories

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Raw materials and supplies	329,967	308,940
Work in progress	232,900	193,649
Finished goods and merchandise	311,697	234,266
Write-downs	–130,586	–129,687
	743,978	607,168

In the year under review, write-downs of inventories to their net realizable value amounting to EUR 12,811 thousand (previous year: EUR 10,146 thousand) and reversals of impairment losses due to changes in estimates of future sales volumes amounting to EUR 11,912 thousand (previous year: EUR 2,931 thousand) were recognized. The carrying amount of inventories recognized at fair value less costs to sell is EUR 266,737 thousand (previous year: EUR 179,872 thousand). The amount of inventories recognized as an expense in fiscal year 2022/2023 is EUR 1,602 million (previous year: EUR 1,451 million).

As in the previous year, no inventories were pledged as collateral for liabilities as of the reporting date of the fiscal year just ended, apart from the usual retentions of title.

20 Trade receivables and contract assets

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Trade receivables from third parties	469,799	482,552
Trade receivables from participations	5,779	7,790
Trade receivables from affiliated companies	4,175	1,623
Notes receivable from third parties	5,699	5,790
Trade receivables (after loss allowances)	**485,452**	**497,755**
Contract assets	108,456	102,586
Trade receivables and contract assets (after loss allowances)	**593,908**	**600,341**

All trade receivables have a remaining term to maturity of less than one year. The fair value of the receivables therefore corresponds to the carrying amount. Trade receivables from affiliated companies relate to ongoing transactions with companies not included in the Consolidated Financial Statements of SCHOTT AG.

The loss allowances on trade receivables developed as follows compared to the previous year:

(in EUR thousands)	2022/2023	2021/2022
Balance as of Oct. 1	**10,447**	**10,295**
Changes in the scope of consolidation	0	66
Currency translation	−183	−122
Additions	8,078	3,797
Utilization	−371	−650
Reversals	−3,772	−2,939
Balance as of Sept. 30	**14,199**	**10,447**

An overview of the maturities of trade receivables, including the loss rate and allowance rates, is provided in the risk management report in the notes on credit risk.

The receivables portfolio does not include any receivables whose conditions have been renegotiated and which would otherwise be past due or impaired. With the exception of the retentions of title customary in the industry, there is no collateral for trade receivables. Of the trade receivables, EUR 37,057 thousand is secured by credit insurance. In order to meet the special requirements, SCHOTT cooperates with several credit insurers. In addition to a global insurance contract covering the companies domiciled in the EU, several local insurance contracts exist worldwide for the entities participating in credit insurance. The insurance ratio is 95 % for virtually all insurance contracts.

Contract assets amounted to EUR 108,456 thousand as of September 30, 2023 (previous year: EUR 102,586 thousand). This includes an allowance for expected credit losses of EUR 352 thousand (previous year: EUR 89 thousand). As of the reporting date, contract assets increased by EUR 5,870 thousand.

21 Other current financial assets

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Receivables from IPO of the Pharma business unit	935,317	0
Positive fair values of derivatives	13,233	12,990
Time deposits (maturity > 3 months, < 1 year)	7,434	29,398
Restricted cash and cash equivalents	4,697	3,453
Loan receivables	3,964	2,936
Creditors with debit balances	2,361	3,370
Excess of plan assets over pension and similar commitments	2,161	2,317
Dividends receivable	2,000	0
Other marketable securities	1,532	1,489
Factoring receivables	376	341
Cash clearing receivables from participations	0	568
Cash clearing receivables from affiliated companies	0	1
Miscellaneous other financial receivables	2,301	802
Impairment losses	−180	−242
	975,196	57,423

The placement of ordinary shares during the IPO of SCHOTT Pharma AG & Co. KGaA, Mainz, resulted in receivables of EUR 935.3 million as of September 30, 2023, which were settled in October 2023.

Due to the overfunding of plan assets in one of the contractual trust arrangements, an excess of plan assets over pension and similar commitments was recognized on the assets side of the Consolidated Statement of Financial Position.

Results from impairment losses and derecognitions of other financial assets are reported under other operating income as income from the reversal of impairment losses or under other operating expenses as expenses from impairment losses.

In the case of other financial assets, there were no assets in the reporting periods whose conditions were renegotiated and which would otherwise be past due or impaired.

22 Other current non-financial assets

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Receivables from other taxes	49,522	41,814
Advance payments made	29,609	14,052
Prepaid expenses	17,399	18,746
Emission certificates	7,115	6,041
Asset value from reinsurance policies	321	230
Miscellaneous other non-financial receivables	7,213	15,350
	111,179	96,233

23 Cash and cash equivalents

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Checks, cash on hand	141	441
Deposits with banks (terms up to 90 days)	99,584	152,192
Time deposits (maturity up to 90 days)	18,666	106,325
	118,391	258,958

The effective interest rates for bank deposits and time deposit investments with a term to maturity of up to 90 days were between 1.17 % and 3.98 % in the euro region (previous year: close to zero and 1.17 %). The fair value of cash and cash equivalents corresponds to the carrying amount. Restricted cash and cash equivalents is reported under other current financial assets (Note 21).

24 Equity

The subscribed capital of SCHOTT AG amounts to EUR 150,000 thousand and capital reserves to EUR 322,214 thousand. Subscribed capital consists of 150,000,000 registered shares with a nominal value of EUR 1.00 each. Each share has one voting right and is entitled to dividends.

Income and expenses recognized in other comprehensive income (excluding non-controlling interests) developed as follows:

(in EUR thousands)	Profit/loss from revaluation of defined benefit pension plans	Currency translation	Total income and expenses recognized in other comprehensive income
Balance as of Oct. 1, 2021	**–368,700**	**–51,360**	**–420,060**
Changes recognized in other comprehensive income	305,014	112,269	417,283
Reclassification adjustments	0	2,181	2,181
Deferred taxes	–92,354	0	–92,354
Balance as of Sept. 30, 2022	**–156,040**	**63,090**	**–92,950**
Balance as of Oct. 1, 2022	**–156,040**	**63,090**	**–92,950**
Changes recognized in other comprehensive income	5,856	–58,351	–52,495
Reclassification adjustments	0	–3,005	–3,005
Deferred taxes	–2,874	0	–2,874
Balance as of Sept. 30, 2023	**–153,058**	**1,734**	**–151,324**

The range of the possible dividend distribution is determined in accordance with Article 24 of the Articles of Association of the Carl Zeiss Foundation and depends on the consolidated equity ratio and the consolidated profit for the period after non-controlling interests. In accordance with the resolution of the shareholders' meeting on March 13, 2023, for fiscal year 2022/2023, a dividend of EUR 25,600 thousand was paid to the Carl Zeiss Foundation, and EUR 722,296 thousand was carried forward to new account. For fiscal year 2023/2024, the Board of Management of SCHOTT AG proposes to distribute a dividend of EUR 29,200 thousand and to carry forward the remaining amount to new account.

Non-controlling interests

Non-controlling interests increased by EUR 150.4 million as of September 30, 2023 due to the sale of the 23.0 % shareholding in SCHOTT Pharma AG & Co. KGaA, Mainz, as part of the IPO. Further details can be found under Note 3.1.

The other significant non-controlling interests are held in SCHOTT Flat Glass Holding B.V., Tiel/Netherlands, and SCHOTT Finanzierungs- und Verwaltungs GmbH, Mainz.

Capital management

The purpose of capital management is to maximize the company's income by optimizing the relationship between equity and borrowed capital. It also ensures that all Group companies can operate under the premise of continuing as a going concern.

The equity and borrowed capital relevant for capital management mainly comprises financial liabilities and equity in SCHOTT AG attributable to the Carl Zeiss Foundation. This consists of issued shares, the capital reserves and retained earnings.

At SCHOTT, capital management measures in accordance with IAS 1 include in particular the use of borrowed capital, the optimization of investment activities, dividend payments, the optimization of net working capital and capital increases and reductions.

SCHOTT's corporate management strategy is guided, among other factors, by the value-based SCHOTT Value Added (SVA) concept. All strategic and operating activities are assessed based on their contribution to increasing the company's value. SCHOTT seeks to successfully utilize its business assets and create value in excess of the Group's cost of capital.

SCHOTT's corporate planning and monthly reporting both include the continuous calculation of net liquidity and operating free cash flow at the level of the individual business units as well as at the Group level. Net liquidity includes all cash and cash equivalents as well as time deposits less financial liabilities. Net liquidity provides information on the financial status. Operating free cash flow identifies the cash surplus remaining after deducting investments in non-current assets. Surplus funds could be used, for example, to repay financial liabilities or finance investments without drawing on external sources. In this way, measures needed to influence the capital structure can be identified early.

The majority of financial liabilities owed to banks and other lenders require compliance with financial covenants that refer to the ratio of net debt to EBITDA (leverage). We continuously monitor the covenants on the basis of the respectively applicable actual, plan and forecast values of the related ratios. Based on the current plan and forecast values, SCHOTT assumes that the covenants will be adhered to for the foreseeable intermediate future.

In addition, the Board of Management constantly reviews the capital structure. This review includes an assessment of the equity ratio and the debt-equity ratio. The equity ratio corresponds to the ratio of equity to total assets in the Consolidated Statement of Financial Position. As of September 30, 2023, the equity ratio is 62.8 % (previous year: 50.9 %).

The net cash/(debt) position, which represents an important internal key figure for the financial management of SCHOTT, comprises the following:

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Cash and cash equivalents	118,391	258,958
Time deposits (maturity > 3 months, < 1 year)	7,434	29,398
Other marketable securities	1,532	1,489
Net cash clearing liabilities	–8,893	–9,376
Lease liabilities	–134,347	–121,694
Liabilities to banks	–105,115	–87,910
Net cash/(debt) position	**–120,998**	**70,865**

The overall strategy remained unchanged compared to last year.

25 Provisions for pensions and similar commitments

For defined contribution plans abroad, EUR 15,795 thousand (previous year: EUR 14,160 thousand) and in Germany EUR 36,225 thousand (previous year: EUR 34,092 thousand) were recognized as expenses, thereof EUR 42,457 thousand (previous year: EUR 39,924 thousand) in contributions to state pension insurance institutions. Pension provisions in Germany also include employee-financed pension commitments (deferred compensation) in the amount of EUR 2,697 thousand (previous year: EUR 3,127 thousand). The asset values were netted against the corresponding obligations. The pension provisions for defined benefit obligations include current pensions as well as company- and employee-funded pension entitlements. In addition, provisions of the US companies for healthcare obligations are recognized as liabilities under this item. Under IAS 19 **Employee Benefits**, these allowances are classified as defined benefit plans.

In Germany, a distinction is made between four major pension commitments:

Pension Charter "P74" is a remuneration-dependent, overall benefit scheme netted with social security, for which the defined benefit obligation (DBO) is calculated proportionately.

The “P 82 old” and “P 82 new” Pension Charters are likewise remuneration-dependent pension schemes. In these schemes, the pension benefit increases by a percentage of pensionable remuneration for each year of eligible service; salary components in excess of the income threshold are more heavily weighted. The DBO is also calculated proportionately.

The pension scheme “VO 2015” as well as the previously applicable pension scheme “VO 2000” which was replaced on October 1, 2015 are defined contribution plans with a dynamic benefit contribution in which the DBO is calculated according to the earned pension method. These are building block schemes within the scope of which a benefit contribution is determined each year which is then converted into a pension building block using actuarial methods. This pension building block is credited to the employee’s individual benefit account. The pension contribution depends on pensionable income and also on SCHOTT Group’s pre-tax profits.

The currently valid “VO 2015 NEW,” which has been valid for new entrants since November 1, 2015, is a defined contribution plan with a dynamic benefit contribution. The calculation of the benefit contribution is similar to that of the “VO 2015.” This is awarded to the employee as a minimum capital payment and credited to an individualized account within the framework of a CTA (contractual trust arrangement).

As of October 1, 2025, the “VO 2015 NEW” pension scheme, including transitional arrangements, will also apply for employees who were employed by the Group by November 1, 2015, when “VO 2015 NEW” came into effect.

Outside of Germany (in particular in the USA), the committed benefits depend mainly on the length of service and the most recent salary. Decisions regarding the allocation of plan assets generally reflect the development of plan assets and pension commitments. In addition, decisions outside of Germany are often shaped by requirements that pension commitments have to be covered by plan assets as well as tax regulations regarding the deductible amounts.

The assumptions that calculation of the DBO are based on with respect to interest rates, wage and pension trends, but also mortality rates, vary depending on the economic and other parameters of the respective country in which the plans exist. The interest rates are calculated as of the reporting date for each specific company depending on the average weighted duration of the pension commitments using matching maturities and currencies.

The calculation of the benefit obligations as well as the related plan assets in certain cases is based on the following actuarial parameters (weighted average):

	Sept. 30, 2023			Sept. 30, 2022		
(in %)	Total	Domestic	Abroad	Total	Domestic	Abroad
Discount rate	4.36	4.50	3.82	4.00	4.00	3.98
Future salary increases	2.86	3.00	1.92	2.90	3.00	2.09
Future pension increases	1.93	2.23	0.00	2.00	2.25	0.00
Expected rate of inflation	2.15	2.25	1.78	2.17	2.25	1.85

The following actuarial parameters apply for the entities based outside of Germany for each country or region:

	Sept. 30, 2023			Sept. 30, 2022		
(%)	Discount rate	Future salary increases	Expected rate of inflation	Discount rate	Future salary increases	Expected rate of inflation
USA	5.50–5.60	N/A	2.30	5.00–5.10	N/A	2.30
Switzerland	1.90–2.00	1.50	1.20	2.40	1.40	1.10

Based on IAS 19, the defined benefit pension obligations exhibit the following funded status. The table also contains the employee-financed pension commitments:

	Sept. 30, 2023			Sept. 30, 2022		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Present value of obligations not financed by a fund	39,477	16,473	23,004	45,274	17,501	27,773
Present value of obligations wholly or partly financed by a fund	1,146,843	925,553	221,290	1,163,552	947,285	216,267
Total present value of benefit obligations	**1,186,320**	**942,026**	**244,294**	**1,208,826**	**964,786**	**244,040**
Benefit obligations recognized in the consolidated statement of financial position	**1,186,320**	**942,026**	**244,294**	**1,208,826**	**964,786**	**244,040**
Plan assets recognized in the consolidated statement of financial position	**664,038**	**467,099**	**196,939**	**662,208**	**464,544**	**197,664**
Funded status	**522,282**	**474,927**	**47,355**	**546,618**	**500,242**	**46,376**
Pension provisions	**522,282**	**474,927**	**47,355**	**546,618**	**500,242**	**46,376**

Net pension expense can be broken down as follows:

	2022/2023			2021/2022		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Service cost	24,630	20,264	4,366	28,914	22,296	6,618
Net interest expense	20,713	18,909	1,804	12,065	10,959	1,106
Past service cost	–317	–205	–112	0	0	0
Administration expenses	6	0	6	6	0	6
Total expenses recognized in the consolidated statement of income	**45,032**	**38,968**	**6,064**	**40,985**	**33,255**	**7,730**

Net interest expense is included in the interest result. Other expense components recognized in the Consolidated Statement of Income are presented under the corresponding functional area within the result from operating activities (EBIT).

The following table presents the development of the defined benefit obligation:

	2022/2023			2021/2022		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Defined benefit obligation at the beginning of the fiscal year	**1,208,826**	**964,786**	**244,040**	**1,557,512**	**1,286,412**	**271,100**
Changes in the scope of consolidation	0	0	0	642	0	642
Changes in exchange rates	–11,736	0	–11,736	40,509	0	40,509
Service cost	24,630	20,264	4,366	28,914	22,296	6,618
Past service cost	–317	–205	–112	0	0	0
Interest expense	46,487	37,765	8,722	22,710	17,680	5,030
Actuarial gains (–) or losses (+) from changes in financial assumptions	–54,827	–60,246	5,419	–411,459	–336,290	–75,169
Actuarial gains (–) or losses (+) from changes in demographic assumptions	–1,148	0	–1,148	–1,561	0	–1,561
Actuarial gains (–) or losses (+) from experience adjustments	28,814	27,188	1,626	26,749	20,413	6,336
Pension payments	57,447	47,982	9,465	58,067	46,215	11,852
Other changes	3,038	456	2,582	2,877	490	2,387
Defined benefit obligation at the end of the fiscal year	**1,186,320**	**942,026**	**244,294**	**1,208,826**	**964,786**	**244,040**
of which committed without plan assets	39,477	16,473	23,004	45,274	17,501	27,773
of which partially covered by plan assets	1,146,843	925,553	221,290	1,163,552	947,285	216,267

Plan assets developed as follows in the fiscal year:

	2022/2023			2021/2022		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Plan assets at the beginning of the fiscal year	**664,525**	**466,861**	**197,664**	**690,660**	**478,322**	**212,338**
Interest income from plan assets	25,774	18,856	6,918	10,645	6,720	3,925
Changes in exchange rates	–8,724	0	–8,724	33,314	0	33,314
Actuarial gains (+) and losses (–)	–21,273	–20,853	–420	–81,256	–31,581	–49,675
Employer contribution	11,441	4,976	6,465	18,843	14,081	4,762
Benefits paid	–8,501	–954	–7,547	–10,542	–1,171	–9,371
Other changes	2,957	374	2,583	2,861	490	2,371
Fair value of plan assets	**666,199**	**469,260**	**196,939**	**664,525**	**466,861**	**197,664**
Overfunding of plan assets	–2,161	–2,161	0	–2,317	–2,317	0
Plan assets recognized in the consolidated statement of financial position at the end of the fiscal year	**664,038**	**467,099**	**196,939**	**662,208**	**464,544**	**197,664**
Actual gains (+) and losses (–) on plan assets	4,501	–1,997	6,498	–70,610	–24,860	–45,750

Plan assets in Germany are managed mainly in the form of contractual trust arrangements (CTAs).

Under the CTAs, SCHOTT AG has transferred assets over to a trust association, which in turn transfers the funds it receives over to another trust association (custodian). This organization is obliged to manage and invest the funds it receives solely for the company in accordance with an administrative agreement. The investment takes place via special fund mandates with external asset managers. This is a mixed fund that deals with stocks and bonds and is managed by asset managers in accordance with prescribed investment guidelines, including a defined value protection strategy.

Since fiscal year 2014/2015, a CTA has invested EUR 65,016 thousand in a newly founded Group company. The company is controlled by SCHOTT AG, which holds the remaining equity interest in the company besides the CTA. The company generates its income by holding investments in non-consolidated companies, by entering into license agreements with non-group companies and by granting loans to Group companies, including SCHOTT AG. The fair value of the CTA's investment in the Group company amounts to EUR 3,143 thousand as of the reporting date. The shares in two real estate special purpose entities amounting to an ownership share of 89.9 % each in one of the CTAs have a total value of EUR 54,466 thousand as of the end of the fiscal year. SCHOTT rents a partial area from one company and the entire property back from the other company.

The plan assets abroad mainly consist of two pension funds in the USA whose funding ratio amounts to nearly 100 %. The pension fund is also managed by external asset managers based on prescribed investment guidelines applying an asset/liability matching approach. Still other plan assets are managed by a dependent collective foundation based in Switzerland.

Portfolio structure of plan assets:

	Sept. 30, 2023			Sept. 30, 2022		
(%)	Total	Domestic	Abroad	Total	Domestic	Abroad
Securities quoted on active markets	29	31	23	25	26	23
Fixed-interest securities quoted on active markets	58	59	54	49	46	58
Qualifying insurance policies	4	4	4	4	4	4
Cash and cash equivalents	4	5	2	13	19	1
Other	5	1	17	9	5	14
	100	100	100	100	100	100

Allocations to plan assets are as follows:

	2022/2023			2021/2022		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Total allocation	11,441	4,976	6,465	18,843	14,081	4,762

At least EUR 12,199 thousand in contributions to plan assets are expected for the following fiscal year.

A change in the principal actuarial assumptions would have the following effects on pension obligations for Germany, the USA and Switzerland, with the vast share pertaining to Germany:

	Sept. 30, 2023			
	Increase by	(in EUR thousands)	Decrease by	(in EUR thousands)
Discount rate	+ 50 basis points	−66,437	− 50 basis points	73,823
Future change in salary	+ 50 basis points	8,448	− 50 basis points	−8,041
Future change in pensions	+ 50 basis points	46,745	− 50 basis points	−38,817
Life expectancy	+ 1 year	40,265	− 1 year	−40,787

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years out of the defined benefit plan obligation:

(in EUR thousands)	2024	2025	2026	2027	2028	2029–2033
Domestic	52,165	51,279	52,215	53,947	56,099	296,510
Abroad	15,440	16,115	17,191	16,771	16,235	85,098
Total	67,605	67,394	69,406	70,718	72,334	381,608

The duration of the defined benefit obligation was 13 years (previous year: 13 years) at the end of the reporting period. The duration represents the commitment period for which the capital to cover the pension obligations is invested and depends on the payout profile and interest rates.

26 Other provisions

	Sept. 30, 2023		Sept. 30, 2022	
(in EUR thousands)	up to 1 year	over 1 year	up to 1 year	over 1 year
Sales	12,764	38,273	11,183	46,461
Personnel costs	2,537	18,915	2,489	19,557
Other	35,534	10,203	49,448	11,689
	50,835	67,391	63,120	77,707

(in EUR thousands)	Balance as of Oct. 1, 2022	Utilization	Reversal	Addition	Currency changes	Balance as of Sept. 30, 2023
Sales	57,643	8,708	10,606	13,104	–396	51,037
Personnel costs	22,046	6,333	1,090	6,993	–164	21,452
Other	61,138	18,897	8,037	14,011	–2,478	45,737
	140,827	33,938	19,733	34,108	–3,038	118,226

The sales provisions mainly comprise warranty provisions of EUR 38.0 million (previous year: EUR 42.8 million) and losses from delivery obligations. EUR 26.4 million (previous year: EUR 30.5 million) of this amount relates to discontinued operations. Of these provisions for the discontinued operations, EUR 3.7 million was utilized (previous year: EUR 3.7 million), EUR 6.3 million was reversed (previous year: EUR 0.4 million) and EUR 6.2 million was allocated (previous year: EUR 0.0 million). Warranty provisions are subject to particularly high estimation uncertainty due to the long terms of up to 30 years and the wide range of possible claims.

EUR 92 thousand of the discount on non-current provisions was unwound in fiscal year 2022/2023 (previous year: EUR 180 thousand); the amount is included in the additions column.

The anniversary obligations shown under personnel provisions in the amount of EUR 13.0 million (previous year: EUR 12.6 million) were measured at an actuarial interest rate of 4.1 % (previous year: 3.5 %) for domestic obligations in the amount of EUR 11.4 million (previous year: EUR 11.4 million). Obligations stemming from phased retirement in the amount of EUR 13.1 million (previous year: EUR 14.2 million) are determined on the basis of actuarial calculations and biometric calculation bases set forth in the Heubeck Mortality Tables 2018 G applying an actuarial interest rate of 3.99 % (previous year: 2.64 %) according to the projected unit credit method. The obligations for phased retirement are secured by means of a value protection balance held on a notarial trust account in the amount of EUR 7,959 thousand (previous year: EUR 9,342 thousand), with the obligations netted against the value protection balance.

The reversals of provisions recognized in previous years are largely reported in other operating income and the result from discontinued operations (EUR 6.4 million; previous year: EUR 0.7 million) in the Consolidated Statement of Income.

Miscellaneous other provisions include, among other items, provisions for litigation risks of EUR 19.9 million (previous year: EUR 18.5 million), for non-income taxes of EUR 1.8 million (previous year: EUR 2.1 million), for restoration obligations and clean-up of contaminated sites totaling EUR 2.9 million (previous year: EUR 2.8 million), as well as for risks of possible penalties and interest payments of EUR 4.2 million (previous year: EUR 6.3 million), EUR 1.5 million for precious metal losses (previous year: EUR 1.9 million), EUR 0.3 million for restructuring (previous year: EUR 1.2 million), EUR 2.3 million for usage fees (previous year: EUR 0.3 million) and various other risks and precautionary measures.

27 Accrued liabilities

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Christmas bonuses	66,769	62,494
Other personnel commitments	118,052	110,163
Outstanding invoices	50,074	38,365
Commissions/bonuses	16,256	15,916
Other accrued liabilities	4,267	3,061
	255,418	229,999

28 Trade payables

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Trade payables to third parties	298,786	341,115
Trade payables to affiliated companies	936	410
Trade payables to participations	310	417
	300,032	341,942

All trade payables reported in the reporting period and the previous year have a remaining term to maturity of less than one year. In the fiscal year, there were agreements with domestic suppliers on the extension of payment terms up to 180 days. As of the reporting date, trade payables in the amount of EUR 995 thousand are covered by these agreements.

Trade payables to affiliated companies include liabilities from current business relationships with affiliated companies not included in the Consolidated Financial Statements.

29 Other non-current and current financial liabilities

	Sept. 30, 2023		Sept. 30, 2022	
(in EUR thousands)	up to 1 year	over 1 year	up to 1 year	over 1 year
Liabilities to banks	75,115	30,000	71,691	16,219
Negative fair values of derivatives	14,048	0	33,053	0
Lease liabilities	20,736	113,611	17,933	103,761
Other liabilities to affiliated companies	7,824	0	6,281	0
Debtors with credit balances	2,291	0	5,218	0
Liabilities to participations	1,069	0	3,663	0
Factoring liabilities	4,697	0	3,453	0
Interest on precious metal lease	1,625	0	1,060	0
Miscellaneous financial liabilities	4,133	4,512	11,113	4,573
	131,538	148,123	153,465	124,553

An overview of the contractual remaining maturity of undiscounted financial liabilities is included in the comments on risk management under the notes on liquidity risk.

As in the previous year, there were no delays in principal or interest payments in the Group during fiscal year 2022/2023.

Liabilities to banks include promissory note loans in the amount of EUR 15,000 thousand compared with EUR 50,000 thousand in the previous year.

The changes in lease liabilities are discussed in more detail in Note 32 “Leases.”

The liabilities to affiliated companies of EUR 7,824 thousand (previous year: EUR 6,281 thousand) and to investments of EUR 1,069 thousand (previous year: EUR 3,663 thousand) relate to cash clearing liabilities that are subject to interest at arm’s length conditions.

As of September 30, 2023, other financial liabilities (non-current and current) include EUR 7.6 million in liabilities due to contingent purchase price obligations from company acquisitions (previous year: EUR 9.9 million). Due to existing agreements from company acquisitions made in the USA in past years, earn-out payments totaling EUR 661 thousand were made in the year under review.

30 Other non-current and current non-financial liabilities

	Sept. 30, 2023		Sept. 30, 2022	
(in EUR thousands)	up to 1 year	over 1 year	up to 1 year	over 1 year
Advance payments received on orders	51,348	88,538	35,891	64,709
Social security liabilities	8,841	0	8,499	0
Payroll tax withheld from salaries and wages	6,352	0	6,681	0
Deferred income	3,858	646	2,067	462
Liabilities due to tax authorities	3,300	0	2,826	0
Miscellaneous other non-financial liabilities	13,222	0	8,075	0
	86,921	89,184	64,039	65,171

Advance payments received on orders represent contract liabilities within the meaning of IFRS 15. All current advance payments received on orders reported as of September 30, 2022 led to sales in the past fiscal year. It is expected that the advance payments received on orders with a term of more than one year will lead to sales in fiscal years 2023/2024 to 2034/2035. The increase compared to the previous year is due to two long-term series supply contracts concluded in the reporting period for which advance payments were made. The order book as of September 30, 2023 is expected to generate total sales of EUR 1,043 million in the period from fiscal year 2023/2024.

Additional Notes

31 Financial instruments and risk management

31.1 Financial assets and financial liabilities

In accordance with IFRS 9 **Financial Instruments** financial assets at SCHOTT Group are broken down into the following categories:

- Measured at amortized cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the Group's business model for managing its financial assets.

Financial assets that are held within a business model that provides for holding the asset in order to collect the contractual cash flows are measured at **amortized cost**. At SCHOTT Group, this includes in particular cash and cash equivalents, time deposits and trade receivables.

If financial instruments are not held exclusively for the purpose of collecting the agreed cash flows, they are measured **at fair value through profit or loss (FVTPL)**. At SCHOTT Group, these are trade receivables that SCHOTT regularly offers to a purchasing company as part of a revolving factoring program.

For equity instruments, IFRS 9 optionally permits measurement at fair value through other comprehensive income. SCHOTT has not applied this option in these Consolidated Financial Statements.

The category **"financial assets at fair value through profit or loss (FVTPL)"** at SCHOTT also includes derivative financial instruments that are not designated in hedge accounting. Derivative financial instruments are measured at fair value. This corresponds to the market value and can be either positive or negative. The fair value is calculated using present value or option pricing models. For the valuation of options, the Black-Scholes model is used and for all valuations, the respective present value is determined on the basis of current spot prices and corresponding yield curves. The relevant market prices and interest rates observed on the reporting date and obtained from recognized sources are used as inputs for the models. Any gain or loss resulting from subsequent measurement is recognized in the Consolidated Statement of Income.

The derivatives contracted by SCHOTT are partly subject to legally enforceable offsetting agreements, which, however, do not allow for the offsetting of receivables and liabilities in the Consolidated Statement of Financial Position, i.e., there is no current legal right to offset the recognized amounts with a simultaneous intention to settle on a net basis, but rather a right to set off amounts in the event of the insolvency of a counterparty. Therefore, the amounts are recognized in the Consolidated Statement of Financial Position on a gross basis.

The following table shows the financial assets and liabilities of SCHOTT Group that are subject to offsetting.

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Financial assets		
Positive fair values of derivatives	13,233	12,990
Offsettable due to framework contracts	−10,385	−10,603
Net amount of financial assets	**2,848**	**2,387**
Financial liabilities		
Negative fair values of derivatives	14,048	33,053
Offsettable due to framework contracts	−10,385	−10,603
Net amount of financial liabilities	**3,663**	**22,450**

Derivatives embedded in compound financial instruments are recognized separately at fair value if their economic characteristics and risks are not closely related with those of the underlying contracts and the compound financial instruments are not measured overall at fair value through profit or loss. These embedded derivatives are measured at fair value, whereby changes in the fair value are recognized in profit or loss. When a contract is signed that entails significant cash flows, it is assessed whether the contract includes an embedded derivative. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would have otherwise been associated with the contract.

Financial liabilities are generally allocated to the measurement category **"at amortized cost"** and are carried at amortized cost using the effective interest method. Lease liabilities are recognized at the present value of the lease payments and reported under financial liabilities.

At SCHOTT Group, regular way purchases and sales are recognized as of the settlement date, regardless of their categorization. Derivative financial instruments are recognized on the trade date. Financial assets and liabilities are generally not netted unless SCHOTT has a right of set-off and intends to settle on a net basis. Financial assets and liabilities were not netted in these Consolidated Financial Statements.

Financial assets are initially recognized at fair value. The transaction costs directly attributable to the acquisition or issue of financial instruments are taken into account when determining the carrying amount for the first time. The fair values recognized in the Consolidated Statement of Financial Position regularly correspond to market prices. If these cannot be determined directly by recourse to an active market, they are measured as far as possible using standard market valuation models based on inputs observable on the market.

Impairment of financial assets

The impairment model under IFRS 9 **Financial Instruments** is based on expected credit losses and applies to all financial assets (debt instruments) measured either at amortized cost or at fair value through other comprehensive income. In addition to losses already incurred, the model also includes expectations for the future with regard to the impairment of financial assets. IFRS 9 provides for a three-step procedure for allocating impairment losses in determining expected loan losses, which can be summarized as follows:

Stage 1: All financial assets are allocated to Stage 1 at initial recognition. An allowance is recognized for expected credit losses within the next 12 months.

Stage 2: If a financial asset has experienced a significant increase in credit risk but is not impaired in its credit quality, it is transferred from Stage 1 to Stage 2. An allowance for the full lifetime expected credit losses on the financial asset is recorded. Payments past due for more than 30 days are considered an indication of a significant increase in credit risk.

Stage 3: If a financial asset is credit-impaired or if it defaults, it is transferred to stage 3. An allowance for the full lifetime expected credit losses on the financial asset is recorded. The effective interest income is calculated on the basis of the net amount (gross amount less loss allowance). Objective evidence that a financial asset is credit-impaired includes being past due for 120 days or more and other information about significant financial difficulties of the debtor.

Cash and cash equivalents as well as time deposits are allocated to Stage 1, as cash and cash equivalents are essentially invested only with banks and financial institutions with a low default risk.

The simplified approach is applied to trade receivables and contract assets. It is not necessary to estimate any significant increase in credit risk in this case. As soon as a receivable has demonstrably defaulted, the carrying amount of the receivable is reduced immediately.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when one of the three following requirements is met:

- The contractual rights to receive cash flows from a financial asset have expired.
- SCHOTT Group retains the rights to receive cash flows from financial assets, but is obligated to immediately pay these cash flows to a third party under an agreement fulfilling the requirements of IFRS 9.3.2.5 (“pass-through arrangement”).
- SCHOTT Group has transferred its contractual rights to receive cash flows from a financial asset and has either (a) transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred control of the asset.

A financial liability is derecognized from the Consolidated Statement of Financial Position when the obligation underlying the liability is discharged, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized through profit or loss.

Disclosures on financial instruments

The following tables outline carrying amounts and fair values according to measurement categories and classes of financial instruments as of September 30, 2023, and September 30, 2022:

Classification, measurement categories and reconciliation to the consolidated statement of financial position items as of September 30, 2023

Measurement:			At amortized cost		At fair value	
Measurement category:			Financial assets measured at amortized cost		Financial assets at fair value through profit or loss (FVTPL)	
Class:			Loans and receivables		Investments and securities	
Consolidated Statement of Financial Position items (in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Non-current assets						
Investments accounted for using the equity method	106,771		0	0	0	0
Other financial assets	12,699	13,001	1,975	1,975	6,763	7,065
Current assets						
Trade receivables	485,452	485,452	413,496	413,496	0	0
Other financial assets	975,196	975,196	958,270	958,270	1,532	1,532
Cash and cash equivalents	118,391	118,391	118,391	118,391	0	0
	1,698,509	1,592,040	1,492,132	1,492,132	8,295	8,597

Measurement:			At amortized cost			
Measurement category:			Financial liabilities measured at amortized cost			
Class:			Liabilities		Lease liabilities	
Consolidated Statement of Financial Position items (in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	Carrying amount	Fair value[3]
Equity and liabilities						
Non-current liabilities						
Other financial liabilities	148,123	33,181	34,512	33,181	113,611	n.a.[2]
Current liabilities						
Accrued liabilities	255,418	255,418	66,330	66,330	0	0
Trade payables	300,032	300,032	300,032	300,032	0	0
Other financial liabilities	131,538	111,138	96,754	97,090	20,736	n.a.[2]
	835,111	699,769	497,628	496,633	134,347	0

[1] Financial assets not subject to IFRS 7 also relate to EUR 664,038 thousand in plan assets at fair value that were offset against provisions for pensions of EUR 1,186,320 thousand. The overfunding of pension obligations in the amount of EUR 2,161 thousand existing as of September 30, 2023 is recognized under other financial assets.
[2] n.a. – not applicable
[3] No fair value is stated for lease liabilities according to IFRS 16.

There were no financial guarantee contracts as of the reporting date.

	At fair value					
	Financial assets at fair value through profit or loss (FVTPL)		Financial assets at fair value through profit or loss (FVTPL)			
	Receivables tendered under the ABS program		Derivatives		Financial assets not subject to IFRS 7[1]	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	0	0	0	0	106,771	
	0	0	0	0	3,961	3,961
	71,956	71,956	0	0	0	0
	0	0	13,233	13,233	2,161	2,161
	0	0	0	0	0	0
	71,956	71,956	13,233	13,233	112,893	6,122

			At fair value			
			Financial liabilities at fair value through profit or loss (FVTPL)			
			Derivatives		Financial liabilities not subject to IFRS 7[1]	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
			0	0	0	0
			0	0	189,088	189,088
			0	0	0	0
			14,048	14,048	0	0
			14,048	14,048	189,088	189,088

Classification, measurement categories and reconciliation to the consolidated statement of financial position items as of September 30, 2022

Measurement:			At amortized cost		At fair value	
Measurement category:			Financial assets measured at amortized cost		Financial assets at fair value through profit or loss (FVTPL)	
Class:			Loans and receivables		Investments and securities	
Consolidated Statement of Financial Position items (in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Non-current assets						
Investments accounted for using the equity method	108,286	n.a.[2]	0	0	0	0
Other financial assets	10,756	23,083	904	904	3,949	3,949
Current assets						
Trade receivables	497,755	497,755	421,339	421,339	0	0
Other financial assets	57,423	57,423	40,627	40,627	1,489	1,489
Cash and cash equivalents	258,958	258,958	258,958	258,958	0	0
	933,178	837,219	721,828	721,828	5,438	5,438

Measurement:			At amortized cost			
Measurement category:			Liabilities			
Class:			Liabilities		Lease liabilities	
Consolidated Statement of Financial Position items (in EUR thousands)	Total carrying amounts	Total fair values	Carrying amount	Fair value	Carrying amount	Fair value[3]
Equity and liabilities						
Non-current liabilities						
Other financial liabilities	124,553	21,198	20,792	21,198	103,761	n.a.[2]
Current liabilities						
Accrued liabilities	229,999	229,999	54,281	54,281	0	0
Trade payables	341,942	341,942	341,942	341,942	0	0
Other financial liabilities	153,465	135,532	102,479	102,479	17,933	n.a.[2]
	849,959	728,671	519,494	519,900	121,694	0

[1] Financial assets not subject to IFRS 7 also relate to EUR 662,208 thousand in plan assets at fair value that were offset against provisions for pensions of EUR 1,208,826 thousand. The overfunding of pension obligations in the amount of EUR 2,317 thousand existing as of September 30, 2022 is recognized under other financial assets.
[2] n.a. – not applicable.
[3] No fair value is stated for lease liabilities according to IFRS 16.

There were no financial guarantee contracts as of the reporting date.

	At fair value					
	Financial assets at fair value through profit or loss (FVTPL)		Financial assets at fair value through profit or loss (FVTPL)			
	Receivables tendered under the ABS program		Derivatives		Financial assets not subject to IFRS 7[1]	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	0	0	0	0	108,286	n.a.[2]
	0	0	0	0	5,903	18,230
	76,416	76,416	0	0	0	0
	0	0	12,990	12,990	2,317	2,317
	0	0	0	0	0	0
	76,416	76,416	12,990	12,990	116,506	20,547

			At fair value			
			Financial liabilities at fair value through profit or loss (FVTPL)			
			Derivatives		Financial liabilities not subject to IFRS 7[1]	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
			0	0	0	0
			0	0	175,718	175,718
			0	0	0	0
			33,053	33,053	0	0
			33,053	33,053	175,718	175,718

Fair value measurement

The following table shows the measurement of fair value of the Group's assets and liabilities by hierarchical levels:

Quantitative information on measuring the fair value of assets by hierarchical level as of September 30, 2023:

			Measurement of fair value using		
(in EUR thousands)	Valuation date	Total	Quoted prices on active markets (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)
Financial assets measured at fair value through profit and loss:					
Investments	Sept. 30, 2023	6,122	0	0	6,122
Securities	Sept. 30, 2023	2,475	1,532	0	943
Trade receivables tendered under the ABS program	Sept. 30, 2023	71,956	0	0	71,956
Derivatives	Sept. 30, 2023	13,233	0	13,233	0
There were no regroupings between Level 1 and Level 2 in the valuation hierarchy in the reporting period.					
Financial liabilities at fair value through profit or loss:					
Derivatives	Sept. 30, 2023	14,048	0	14,048	0
Liabilities for which a fair value is disclosed:					
Non-current liabilities to banks and other non-current financial liabilities	Sept. 30, 2023	33,181	0	33,181	0
There were no regroupings between the Levels in the valuation hierarchy in the reporting period.					

Investments measured at fair value through profit or loss are generally measured using the discounted cash flow method. Where there are significant net asset values in the investments being measured, supplementary valuation methods, such as real estate appraisals, are also used.

The Level 3 investments relate to two real estate companies in which the Group holds shares of 10.1 % each. A recent appraisal had been conducted for each the properties held by these companies as of the reporting date. The change between the previous year's and this fiscal year's reporting date mainly relates to capital contributions for investments in a logistics center and a loss from the fair value adjustment. The loss is included in the financial result of SCHOTT Group and was not realized as of the reporting date. The key input for appraising the properties is the market rent per square meter. Significant increases (decreases) in estimated rental value and rent growth per annum would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate (risk of the loss of rent) and discount rate would also result in a significantly lower (higher) fair value.

The securities assigned to Level 3 as of September 30, 2023 relate to fund units for which there are no quoted prices or significant observable inputs. A loss of EUR 108 thousand from the adjustment of the fair value has been recognized for this purpose in the fiscal year. This loss is included in the financial result of SCHOTT Group and was not realized as of the reporting date. The valuation of the fund units depends on a large number of inputs.

Receivables tendered under the ABS program are generally measured at nominal value less an expected discount. Resulting fluctuations in value are immaterial. Details are presented in Note 31.2.

Quantitative information on measuring the fair value of assets by hierarchical level as of September 30, 2022:

			Measurement of fair value using		
(in EUR thousands)	Valuation date	Total	Quoted prices on active markets (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)
Financial assets measured at fair value through profit and loss:					
Investments	Sept. 30, 2022	3,438	0	0	3,438
Securities	Sept. 30, 2022	2,000	1,489	0	511
Trade receivables tendered under the ABS program	Sept. 30, 2022	76,416	0	0	76,416
Derivatives	Sept. 30, 2022	12,990	0	12,990	0
There were no regroupings between Level 1 and Level 2 in the valuation hierarchy in the reporting period.					
Financial liabilities at fair value through profit or loss:					
Derivatives	Sept. 30, 2022	33,053	0	33,053	0
Liabilities for which a fair value is disclosed:					
Non-current liabilities to banks and other non-current financial liabilities	Sept. 30, 2022	21,198	0	21,198	0
There were no regroupings between the Levels in the valuation hierarchy in the reporting period.					

The carrying amounts of fair value financial instruments are determined on the basis of inputs that are observable on the market. If market prices are not available, they are measured using the discounted cash flow method, taking market conditions in the form of typical credit ratings and/or liquidity spreads into account when calculating their present value.

Shares in non-consolidated subsidiaries are recognized at amortized cost.

For all current financial instruments in the categories “financial assets measured at amortized cost” and “financial liabilities measured at amortized cost,” it is assumed that the carrying amount corresponds to the fair value.

The trade receivables tendered to the purchasing company as part of the revolving factoring program are categorized as “assets measured at fair value through profit or loss” (FVTPL). For these receivables, it is assumed that the impairment model applied for the amortized cost represents a suitable approximation of the fair value. These receivables are therefore also subject to the uniform impairment model applied throughout the Group. The adjustments recognized in profit or loss are reported in the Consolidated Statement of Income together with the adjustments to trade receivables recognized at amortized cost.

For all non-current financial instruments in the categories “financial assets measured at amortized cost” and “financial liabilities measured at amortized cost,” the fair value is generally determined by discounting future cash flows using interest rates currently available for borrowings. In principle, interest rates at which new loans with a corresponding risk structure, original currency and term would be concluded are used.

The following tables present the expenses and income by measurement category:

Fiscal year 2022/2023:

(in EUR thousands)	From interest and similar income/expenses	From subsequent measurement: At fair value	From subsequent measurement: Impairment losses/reversals	Net income/expense 2022/2023
Financial assets measured at amortized cost	6,171	0	−3,690	2,481
Financial assets and financial liabilities measured at fair value through profit or loss (FVTPL)	0	19,673	0	19,673
Financial liabilities measured at amortized cost	−2,240	0	0	−2,240
Total	3,931	19,673	−3,690	19,914
Net foreign exchange result				−15,766
Total				4,148

Fiscal year 2021/2022:

(in EUR thousands)	From interest and similar income/expenses	From subsequent measurement: At fair value	From subsequent measurement: Impairment losses/reversals	Net income/expense 2021/2022
Financial assets measured at amortized cost	2,809	0	−198	2,611
Financial assets and financial liabilities measured at fair value through profit or loss (FVTPL)	0	−33,378	0	−33,378
Financial liabilities measured at amortized cost	−2,770	0	0	−2,770
Total	39	−33,378	−198	−33,537
Net foreign exchange result				15,717
Total				−17,820

Interest on financial instruments is presented under the interest result and includes interest income from financial instruments categorized as “financial assets measured at amortized cost,” “financial assets measured at fair value through profit or loss” (FVTPL) as well as interest expenses from financial liabilities.

Impairment losses and reversals of impairment losses on assets measured at amortized cost are presented in other operating income and other operating expenses. Income and expenses from “financial assets and liabilities at fair value through profit or loss” (FVTPL) are also recognized under other operating income and other operating expenses. This applies to derivative financial instruments and the receivables tendered to the purchasing company as part of the revolving factoring program.

No financial instruments whose fair value previously could not be reliably determined have been derecognized.

A net currency loss of EUR 15,766 thousand (previous year: net currency gain of EUR 15,717 thousand) was realized for assets and liabilities measured at amortized cost.

All other components of the subsequent measurement of financial instruments are included in other net financial income/expense.

31.2 Derecognition of financial instruments

In 2007, a framework agreement was concluded with a purchasing company for the purchase of trade accounts receivable, which was extended for an indefinite period in fiscal year 2020/2021 and can be terminated by either party by giving three months' notice. According to this agreement, SCHOTT AG sells trade primary receivables denominated in euros on a monthly revolving basis at a discount on the purchase price to a special purpose entity up to a maximum nominal amount of EUR 50 million (previous year: EUR 50 million). SCHOTT can freely decide whether and in what volume to sell receivables. The volume of receivables sold amounted to EUR 8.2 million as of September 30, 2023, and was thus up slightly on the previous year's level of EUR 7.7 million. SCHOTT already received payments in the amount of EUR 4.7 million on the receivables sold as of the reporting date and recognizes a corresponding obligation to forward this amount. Thus trade receivables are reduced by the sale of receivables in the net amount of EUR 3.5 million as of the reporting date.

The relevant risk for the risk assessment with respect to the receivables sold is the risk of default on the part of the customers. The maximum loss to be borne by SCHOTT based on this credit risk is limited to the purchase price discount of 1.19 %, which is retained by the special purpose entity upon sale and reimbursed in proportion to the unconsumed portion.

Retransfer of past due or defaulted receivables to SCHOTT by the special purpose entity is contractually excluded. The continuing involvement serves to partially cover late-payer risks from the receivables sold. The inherent risk from the continuing involvement is covered in SCHOTT AG's risk management by periodic monitoring of credit risks, dunning runs, etc. Defaulted amounts from transferred receivables are primarily carried by the purchasing entity. SCHOTT bears the risk of late payments on the part of the debtors.

In order to hedge the other miscellaneous defaults resulting from credit risk representing substantially all of the risks and rewards associated with the receivables, the special purpose entity has taken out separate credit insurance.

The carrying amount of the reserve account for defaults on receivables in the amount of EUR 56 thousand recognized under other current receivables represents the continuing involvement in the receivables that were derecognized from the Consolidated Statement of Financial Position as part of the ABS transaction. The fair value approximates the carrying amount. The maximum risk of loss from the continuing involvement essentially corresponds to the carrying amount cited above.

Losses amounting to EUR 41 thousand were incurred during the transfer of receivables outstanding as of the reporting date. SCHOTT recognized a total of EUR 654 thousand as an expense from its continuing involvement, including program fees, in fiscal year 2022/2023.

31.3 Risk management

Within the course of their business operations, the companies of SCHOTT Group are subject to financial risks arising from market fluctuations of exchange rates, interest rates and commodity prices in the operational business. The Treasury Department of SCHOTT AG manages the financing and hedging activities and controls the Group's cash management centrally.

Risk exposures are identified regularly by Risk Controlling. The maximum accepted market risk is continuously monitored by the Treasury Committee on the basis of specified limits. In addition, Risk Controlling informs the Treasury Committee each month about the transactions and the result of hedging activities. Hedging strategies are reviewed by the Treasury Committee at least every year and adjusted, if necessary.

The type and scope of underlying transactions to be hedged are regulated by the Board of Management for the entire Group in a binding treasury guideline. Derivative financial instruments are exclusively used for hedging purposes; i.e., only in connection with corresponding underlying transactions arising from primary business activities that display a risk profile contrary to the hedging transaction. All transactions are conducted under strict functional separation of trading, settlement, documentation and risk controlling. All transactions are recorded and evaluated centrally in the treasury management system and are subject to constant monitoring of the risks.

Due to unforeseen fluctuations in sales volumes, the forecast for energy consumption was reduced in the course of fiscal year 2023. Therefore, SCHOTT also established an energy trading portfolio in order to be able to react flexibly to further changes.

There were no significant changes in processes, goals or methods of risk management compared to the previous year. For further information on risk management, please refer to the risk report in the Group Management Report.

Credit risk

Credit risk arises when the business partner of a financial instrument is unable to meet their contractual obligations. Consequently, the maximum amount of the claim corresponds to the gross carrying amount owed by each counterparty.

Most of SCHOTT's credit risks can be attributed to trade receivables from third parties. SCHOTT reduces credit risks with respect to the receivables portfolio by continuously monitoring the credit rating and payment history of its business partners. Each business partner is assigned an individual credit limit on the basis of these criteria. SCHOTT does not see any noteworthy credit risk for the company, as it continuously monitors credit limits for a large and heterogeneous customer base. In addition, SCHOTT also uses factoring and credit insurance in individual cases to mitigate customer credit risk.

The credit risk arising from cash and cash equivalents and from derivatives is limited by working exclusively with selected business partners. Furthermore, general bank counterparty risk is mitigated by periodic structured valuation, limit allocation and a diversified business transaction and investment policy. In addition, SCHOTT only employs marketable instruments authorized under the treasury guideline with sufficient market liquidity.

The following table outlines the carrying amounts of the financial assets. They are broken down into classes and are equivalents of SCHOTT Group's maximum default risk and credit exposure as of the reporting date:

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Loans, receivables and cash and cash equivalents	1,492,132	721,828
Financial assets not subject to IFRS 7	112,893	116,506
Financial assets at fair value through profit or loss (FVTPL):		
– Derivatives	13,233	12,990
– Investments	6,763	3,949
– Other marketable securities	1,532	1,489
– Tendered receivables	71,956	76,416
	1,698,509	933,178

As of the reporting date (as in the previous year), no collateral was held that would allow the debtor to sell the collateral or provide it as their own collateral in the event of default.

A simplified approach is used to determine loss allowances on trade receivables and contract assets as they do not contain any significant financing components. Trade receivables are classified into a total of eight credit risk classes and according to the corresponding past due dates. SCHOTT defines a receivable as a default if the contractual cash flows are more than 120 days past due or the creditworthiness of the debtor has deteriorated to such an extent that repayment can no longer be assumed. SCHOTT assumes that there has been no significant increase in the credit risk when calculating loss allowances on cash and cash equivalents. Cash and cash equivalents totaling EUR 118 million are mainly invested with banks with high credit ratings. For cash and cash equivalents, the loss allowance was calculated on the basis of 12-month expected losses and reflects the short maturities.

The following table provides an overview of past due amounts, default risk and expected credit losses for trade receivables from third parties and contract assets:

(in EUR thousands)	Gross carrying amount	Loss rate (weighted average)	Loss allowance	Credit-impaired
Not past due	418,988	0.3 %	1,360	No
1–30 days past due	43,979	0.4 %	169	No
31–60 days past due	9,009	0.9 %	81	No
61–90 days past due	5,064	2.8 %	142	No
More than 90 days past due	19,420	64.4 %	12,447	Yes
Market value adjustments (without breakdown by maturity)	3,191			
Total trade receivables	**499,651**		**14,199**	
Contract assets (not past due)	**108,808**	**0.3 %**	**352**	**No**

For the previous year, the past due amounts, default risk and expected credit losses for trade receivables from third parties and contract assets were as follows:

(in EUR thousands)	Gross carrying amount	Loss rate (weighted average)	Loss allowance	Credit-impaired
Not past due	438,629	0.1 %	382	No
1–30 days past due	38,219	0.2 %	84	No
31–60 days past due	11,444	2.4 %	274	No
61–90 days past due	3,734	1.5 %	56	No
More than 90 days past due	14,015	65.9 %	9,651	Yes
Market value adjustments (without breakdown by maturity)	2,161			
Total trade receivables	**508,202**		**10,447**	
Contract assets (not past due)	**102,675**	**0.1 %**	**89**	**No**

The loss allowances on trade receivables that are more than 90 days past due include specific allowances of EUR 6,980 thousand for the past fiscal year due to individual risks and loss events (previous year: EUR 6,800 thousand).

There were no other financial assets that were past due and not impaired as of the previous year’s reporting date.

Liquidity risk

Liquidity risk describes the risk that a company is unable to sufficiently meet its financial obligations. SCHOTT's financial liabilities mainly consist of trade payables and liabilities to banks. Only derivatives with negative fair values are reported under liabilities recognized at fair value through profit or loss (FVTPL). The following table provides an overview of the remaining contractual maturities of undiscounted financial liabilities:

(in EUR thousands)	Carrying amount	Gross outflow	Up to 1 year	1 to 5 years	More than 5 years
Sept. 30, 2023					
Liabilities	497,628	497,628	463,116	34,387	125
Lease liabilities	134,347	168,606	22,907	69,091	76,608
Derivatives	14,048	14,048	14,048	0	0
Sept. 30, 2022					
Liabilities	519,494	520,807	498,701	21,348	758
Lease liabilities	121,694	151,510	18,984	59,672	72,854
Derivatives	33,053	33,053	33,053	0	0

The derivatives reported as of the reporting date are mainly forward exchange contracts and, to a lesser extent, natural gas futures. The volume of the foreign exchange hedges corresponds to a triple-digit million amount when translated into euros. The volume of natural gas futures is in the high single-digit millions.

The Treasury department is responsible for the management of liquidity risk, for which an efficient cash management system is used. SCHOTT ensures its solvency and liquidity supply through rolling liquidity planning and by maintaining liquidity reserves.

In September 2020, SCHOTT AG entered into a new syndicated credit line of EUR 250 million with an international banking syndicate. Drawdowns on the credit line would bear variable interest. This credit line is part of the liquidity reserve and is available to SCHOTT AG through September 2025. The credit line was not utilized in fiscal year 2022/2023.

SCHOTT AG also has bilateral credit facility agreements which can be used for guarantees, bill of exchange guarantees, or cash credit lines and can be assigned for bilateral loan agreements at the local level. These credit lines, which have been made available until further notice, amount to a total of EUR 145 million, bear variable interest rates and have fixed guarantee commissions at standard market conditions. Of this amount, EUR 99 million was freely available as of the reporting date. The Group also has other bilateral bill of exchange guarantee credit lines and bilateral credit agreements at its disposal at the local level.

In addition, there is a program for the non-recourse, revolving factoring of receivables with a volume of up to EUR 50 million and an indefinite term that can be terminated by either contracting party by giving three months' notice. As of September 30, 2023, trade receivables were reduced by EUR 3.5 million (previous year: EUR 4.3 million) due to the sale of receivables previously recognized in the Consolidated Statement of Financial Position.

Market risk

Market risks are the result of changing market prices that lead to fluctuations of fair value or future cash flows of financial instruments. SCHOTT is an international Group and therefore particularly susceptible to currency, interest rate and commodity price risks.

Currency risk

Currency risks arise from investments, financing measures and business operations not conducted in the functional currency. The aim of currency management is to hedge business operations against earnings and cash flow fluctuations. Generally, only risks resulting from an exchange of foreign currency cash flows into the respective local currency (transaction risks) are hedged as part of currency management. SCHOTT does not generally hedge risks arising from the foreign currency translation of the items of the Consolidated Statement of Financial Position and earnings figures of foreign Group companies (translation risks).

Generally speaking, our global presence, including local production and global purchasing activities, mitigates transaction risks. Net currency positions that we determine on a regular basis using currency-differentiated liquidity forecasts serve as the basis for hedging the remaining transaction risks. Currency forwards which have a remaining term of no more than 12 months are used to hedge transaction risk.

Currency risk is determined on the basis of a cash flow-at-risk analysis in accordance with internal risk reporting. This analysis is based on open positions in non-functional currencies. The exposure includes a forecast of cash flows over the next 12 months and hedging instruments in foreign currencies and is shown in the table below.

(in EUR millions)	Exposure Sept. 30, 2023	Exposure Sept. 30, 2022
Australian dollar	−3.2	−3.5
Brazilian real	−24.4	−8.5
Chinese renminbi	−9.6	−37.7
Indian rupee	−45.1	−28.4
Japanese yen	1.0	3.5
Malaysian ringgit	−31.0	−30.2
Mexican peso	−6.8	−4.5
Swiss franc	−151.1	−162.5
Singapore dollar	−8.4	−8.2
Thai baht	−9.3	−10.7
Czech koruna	−17.7	−19.9
Hungarian forint	−5.9	−2.3
US dollar	167.2	213.7
Other	11.0	−10.5

Transaction risks were hedged for the majority of the currencies listed.

Cash flow-at-risk is calculated using a stochastic simulation. Based on observed changes in exchange rates over the last 250 trading days, possible future developments in exchange rates are simulated, taking their correlations into account. Cash flow-at-risk (CFaR) represents the potential loss that the exposure will not exceed based on a confidence interval of 95 % and a holding period of one year. As of September 30, 2023, CFaR amounted to EUR 12.0 million (previous year: EUR 12.4 million).

Interest rate risk

The aim of interest rate management is to protect the financial result from the negative effects of fluctuating market interest rates. Attention is paid here to an appropriate ratio between fixed and variable interest rates and short-term and long-term financing arrangements while taking costs and risks into consideration.

Interest rate risk is identified consistent with internal reporting by means of a sensitivity analysis in which the yield curve is shifted parallel by 100 basis points. This illustrates the effects of a change in interest rates on the financial result. This analysis only takes financial instruments with variable interest rates into account, as changes in market interest rates would affect the fair value. In addition, fixed-rate financial assets and financial liabilities with a residual maturity less than or equal to 12 months are included because they are considered to be subject to variable interest due to the potential refinancing risk. Based on the relevant items and the market data as of September 30, 2023, a parallel positive shift of the euro yield curve by 100 basis points would lead to income in the Consolidated Statement of Income of EUR 0.3 million (previous year: EUR 1.5 million). A parallel negative shift in the euro yield curve by 100 basis points would result in a loss in the Consolidated Statement of Income of EUR 0.3 million (previous year: EUR 1.7 million). This sensitivity analysis as of the reporting date forms a representative analysis of SCHOTT's interest rate risk.

SCHOTT measures fixed-interest financial instruments at amortized cost; therefore, changing interest rates do not lead to changes in equity or profit for the period.

Commodity price risk

Commodities can be subject to strong price fluctuations, for example due to their sometimes limited availability. SCHOTT's production processes are also energy-intensive and a substantial proportion is dependent on a continuous energy supply. SCHOTT is therefore exposed to price risks in the commodity and energy markets. The Purchasing department is responsible for the management of this commodity price risk at SCHOTT and performs this task on the basis of centrally determined directives. Measures to safeguard against these risks include long-term contracts concluded with various suppliers, which are accounted for as pending transactions making use of the own-use exemption. As a result, SCHOTT has not conducted a sensitivity analysis for these financial instruments.

Due to unforeseen fluctuations in sales volumes, the forecast for energy consumption was reduced in the course of fiscal year 2022/2023. Therefore, SCHOTT also established an energy trading portfolio in order to be able to react flexibly to further changes. A market price change of +10 % would result in income of EUR 0.7 million. Correspondingly, a market price change of –10 % would lead to a loss of EUR 0.7 million.

32 Leases

Leased assets

There are rental and leasing relationships mainly for land, including heritable building rights, production and administration buildings, technical equipment and machinery, and office equipment. Some of the lease agreements include extension and termination options and price adjustment clauses.

The carrying amounts of right-of-use assets as of September 30, 2023, are as follows:

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Land, land rights and buildings	75,434	67,029
Technical equipment and machinery	45,994	42,303
Other equipment, operating and office equipment	3,046	3,194
	124,474	112,526

Due to the application of the practical expedient to not recognize leases of low-value assets and short-term leases, these are not recognized as right-of-use assets, but rather recognized directly in profit or loss.

All right-of-use assets are depreciated on a straight-line basis over their useful life. In accordance with the contractual terms, the useful lives are as follows:

	Years
Land and buildings	2 to 25
Heritable building rights	up to 119
Technical equipment and machinery	2 to 15
Vehicles	3 to 5

The lease obligations are redeemed over the corresponding contractual term. There are two heritable building rights in Germany with remaining terms up to the year 2142.

In the fiscal year, right-of-use assets totaling EUR 38,322 thousand were recognized as additions. These are broken down as follows:

(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022
Land and buildings	25,325	19,883
Technical equipment and machinery	10,886	12,245
Other equipment, operating and office equipment	2,111	2,314
	38,322	34,442

The following lease expenses are included in the Consolidated Statement of Income:

(in EUR thousands)	2022/2023	2021/2022
Depreciation on right-of use assets for land and buildings	14,751	12,409
Depreciation on right-of use assets for technical equipment and machinery	6,176	6,571
Depreciation on right-of-use assets for other equipment, operating and office equipment	2,083	2,193
Interest on lease liabilities	2,697	1,837
Short-term lease expenses	5,683	4,211
Low-value lease expenses	500	761
Variable lease payment expenses not included in lease liabilities	144	129
	32,034	28,111

In fiscal year 2022/2023, the total cash outflows for leases amounted to EUR 24,219 thousand (previous year: EUR 22,958 thousand).

The breakdown of undiscounted future cash outflows from leases is included in Note 31.

Future cash outflows of EUR 51,002 thousand were not included in lease liabilities, as it is not reasonably certain that the leases will be extended or not be terminated.

Future cash outflows for leases that SCHOTT entered into in fiscal year 2022/2023, but which have not yet begun, amount to EUR 20,700 thousand.

In the past fiscal year, income of EUR 30 thousand (previous year: EUR 35 thousand) was received from the subleasing of right-of-use assets.

Assets leased out

In Germany, SCHOTT is the lessor under various operating lease contracts. The agreements are related to property owned by SCHOTT. The following minimum lease payments are expected from non-cancellable lease agreements:

(in EUR thousands)	2022/2023
Due within 1 year	1,772
Due within 1 and 5 years	1,751
Due after more than 5 years	0
	3,523

33 Contingent liabilities and assets

To the extent permissible and necessary, provisions have been recorded in appropriate amounts by the Group companies for all warranty obligations and legal disputes.

Contingent liabilities, for which provisions were not recognized due to the very low estimated probability of a claim, include in particular possible charges from warranty agreements in the low triple-digit million range and from legal disputes in the low double-digit million range as of the reporting date.

There were no contingent assets as of the reporting date.

34 Notes to the Consolidated Statement of Cash Flows

In the Consolidated Statement of Cash Flows, cash flows are broken down into cash inflows and outflows from operating activities, investing activities and financing activities. Cash flow from operating activities is derived indirectly on the basis of the consolidated profit for the period. Cash flow from operating activities is adjusted for non-cash expenses and income – primarily depreciation on non-current assets – and changes in working capital.

Investing activities comprise the receipts and disbursements from the disposal of and investments in non-current assets.

Financing activities comprise cash inflows and outflows from raising and repaying financial liabilities, from additions to equity and from paying dividends.

Changes in Consolidated Statement of Financial Position items contained in the Consolidated Statement of Cash Flows cannot be derived directly from the Consolidated Statement of Financial Position, as they have been adjusted for non-cash transactions, exchange rate effects and changes in the scope of consolidation.

Cash and cash equivalents recognized in the Consolidated Statement of Cash Flows include cash on hand, bank deposits and checks in the amount of EUR 118,391 thousand (previous year: EUR 258,958 thousand). None of these cash and cash equivalents are subject to restrictions on disposal as of the reporting date (previous year: none).

Change in liabilities from financing activities:

Fiscal year 2022/2023:

(in EUR thousands)	Balance as of Oct. 1, 2022	Cash flows	Changes in exchange rates	New leases	Other	Balance as of Sept. 30, 2023
Other liabilities to affiliated companies	6,281	1,541	−16	0	18	7,824
Liabilities to banks	87,910	18,372	−1,222	0	55	105,115
Lease liabilities	121,694	−21,515	−4,213	38,381	0	134,347
Liabilities to participations	3,663	−2,594	0	0	0	1,069
Other	25,028	−5,864	−659	0	−1,907	16,598
	244,576	−10,060	−6,110	38,381	−1,834	264,953
Other financial liabilities whose cash flows are not contained in the cash flow from financing activities include:						
Negative fair values of derivatives	33,053					14,048
Non-current trade payables	389					660
	278,018					279,661

Fiscal year 2021/2022:

(in EUR thousands)	Balance as of Oct. 1, 2021	Cash flows	Changes in exchange rates	New leases	Other	Balance as of Sept. 30, 2022
Other liabilities to affiliated companies	6,174	321	32	0	−246	6,281
Liabilities to banks	93,428	−6,545	1,113	0	−86	87,910
Liabilities under finance leases	100,841	−17,219	4,613	33,319	140	121,694
Liabilities to participations	2,925	737	2	0	−1	3,663
Financing liabilities to non-banks	151	−175	2	0	22	0
Other	23,098	2,300	1,022	0	−1,392	25,028
	226,617	−20,581	6,784	33,319	−1,563	244,576
Other financial liabilities whose cash flows are not contained in the cash flow from financing activities include:						
Negative fair values of derivatives	10,357					33,053
Non-current trade payables	208					389
	237,182					278,018

The sum of the cash flows corresponds to the sum of the items “Proceeds from loans,” “Repayment of loans,” “Raising/repayment of financial liabilities” and “Payments of principal portion of lease liabilities” in the Consolidated Statement of Cash Flows.

The other changes mainly include contingent purchase price obligations from company acquisitions.

35 Employees

Average number of employees for the year	2022/2023	2021/2022
Germany	6,066	5,838
Europe (excluding Germany)	4,074	4,053
Americas	2,661	2,899
Asia and South Pacific	3,977	3,940
	16,778	16,730
Apprentices	331	350
Total	17,109	17,080

SCHOTT’s employees comprise the employees of the companies included in the Consolidated Financial Statements. Employees of entities deconsolidated during the course of the fiscal year are presented pro rata temporis. The number of employees on the reporting date September 30, 2023 decreased by 163 (–0.9 %) to 17,050 (previous year: 17,213).

36 Other information

The following personnel costs were incurred during the fiscal year:

(in EUR thousands)	2022/2023	2021/2022
Wages and salaries	805,095	752,647
Social security contributions	142,768	133,186
Expenses for retirement benefits	34,001	38,498
Total	981,864	924,331

Personnel costs are contained in the functional areas and are not recognized separately in the Consolidated Statement of Income according to the cost of sales (function of expense) method.

The total fees invoiced by the auditor of the Consolidated Financial Statements are as follows:

(in EUR thousands)	2022/2023	2021/2022
Audit services	3,560	2,598
Audit-related services	586	144
Other services	29	41
Total	4,175	2,783

37 Related party disclosures

Parties related to SCHOTT AG include the Carl Zeiss Foundation, Heidenheim an der Brenz and Jena, the sister company Carl Zeiss AG, Oberkochen, and its subsidiaries. Generally, related parties within the meaning of IAS 24 also include direct and indirect subsidiaries of SCHOTT AG as well as its associated companies and joint ventures and pension plans that are classified as defined benefit plans in accordance with IAS 19. In addition, related parties include the Board of Management of SCHOTT AG, members of the extended management team, the members of the Supervisory Board and their close family members.

Deliveries by SCHOTT AG to companies of the Carl Zeiss Group in fiscal year 2022/2023 amounted to EUR 13,600 thousand (previous year: EUR 7,938 thousand). As in the previous year, no significant services were rendered during this period. The companies of the Carl Zeiss Group only provided a small number of deliveries or other services to SCHOTT in fiscal year 2022/2023. In addition, Carl Zeiss AG, Oberkochen, invoiced an amount of EUR 5,036 thousand (previous year: EUR 3,495 thousand) to SCHOTT AG, Mainz, due to the strategic partnership between ZEISS and Microsoft. All transactions with companies of the Carl Zeiss Group were carried out on an arm's length basis. As of the reporting date, an advance payment of EUR 3,954 thousand (previous year: EUR 4,760 thousand) was received from Carl Zeiss SMT GmbH, Oberkochen. There were no other significant outstanding balances as of the reporting date.

Transactions with significant subsidiaries were eliminated as a result of consolidation; therefore they are not explained in detail. Disclosures on pension funds classified as defined benefit plans in accordance with IAS 19 can be found under disclosures on plan assets under Note 25 “Provisions for pensions and similar commitments.” In fiscal year 2014/2015, a CTA acquired a stake in a newly founded Group company, SCHOTT Finanzierungs- und Verwaltungs GmbH, Mainz. Further details regarding this company can be found in Note 3.1.

There were no other significant transactions with pension plans or companies not included in the Consolidated Financial Statements.

In fiscal year 2022/2023, SCHOTT companies engaged in the following transactions with joint ventures and associated companies:

	Sale of goods		Purchase of goods	
(in EUR thousands)	2022/2023	2021/2022	2022/2023	2021/2022
Joint ventures	23,202	28,132	186	308
Associated companies	209	138	1,361	1,063
	23,411	28,270	1,547	1,371

The receivables from and liabilities to joint ventures and associated companies are shown as follows:

	Receivables		Liabilities	
(in EUR thousands)	Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2022
Joint ventures	5,615	7,643	24	32
Associated companies	2,147	183	258	336
	7,762	7,826	282	368

A change in shareholders took place at SCHOTT-Italglas s.r.l., Genoa/Italy, in the previous year. As a result, the related amounts are now only presented on a pro rata basis under joint ventures. In the current year, loss allowances on receivables from associated companies were reversed in the amount of EUR 4 thousand (previous year: EUR 10 thousand). Loss allowances on receivables from joint ventures in the amount of EUR 6 thousand (previous year: EUR 79 thousand) were recognized.

In connection with the IPO of SCHOTT Pharma AG & Co. KGaA, Mainz, a member of the Board of Management and a member of the extended management team acquired shares with a total value of EUR 189 thousand.

As in the previous year, there were no other significant transactions between companies of SCHOTT Group and members of the Board of Management, the extended management team and the Supervisory Board of SCHOTT AG and their close family members and the pension plans in fiscal year 2022/2023.

38 Events after the reporting date

No significant events occurred after the close of the fiscal year.

39 Remuneration of the Board of Management and Supervisory Board

The total remuneration of the members of the Board of Management in fiscal year 2022/2023 comprises short-term benefits of EUR 6,191 thousand (previous year: EUR 7,096 thousand) and long-term benefits of EUR 1,367 thousand (previous year: EUR 2,235 thousand) as well as post-employment benefits of EUR 1,110 thousand (previous year: EUR 1,167 thousand).

For the members of the Supervisory Board, EUR 1,042 thousand (previous year: EUR 1,003 thousand) in compensation for their work on the Supervisory Board was recognized as an expense in fiscal year 2022/2023.

The following short-term benefits are reported as of the reporting date for the past fiscal year:

- Members of the Board of Management: EUR 4,513 thousand (previous year: EUR 6,911 thousand)
- Members of the Supervisory Board: EUR 1,042 thousand (previous year: EUR 1,003 thousand)

Of the pension provisions as of the reporting date, EUR 12,180 thousand (previous year: EUR 16,097 thousand) relates to termination benefits for members of the Board of Management.

Additional disclosures in accordance with Section 314 (1) No. 6 HGB

Former members of the Board of Management or their surviving dependents received remuneration amounting to EUR 3,559 thousand in fiscal year 2022/2023 (previous year: EUR 3,325 thousand). Total provisions of EUR 52,771 thousand (previous year: EUR 48,305 thousand) are recognized for pension commitments to this group of individuals as of September 30, 2023.

Mainz, December 19, 2023

Dr. Frank Heinricht   Dr. Andrea Frenzel   Dr. Heinz Kaiser   Dr. Jens Schulte

Independent Auditor's Report

To SCHOTT AG

Opinions

We have audited the consolidated financial statements of SCHOTT AG, Mainz, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30, 2023, and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the fiscal year from October 1, 2022 to September 30, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of SCHOTT AG for the fiscal year from October 1, 2022 to September 30, 2023. In accordance with the German legal requirements, we have not audited the content of the group statement on corporate governance pursuant to Sec. 315d HGB ["Handelsgesetzbuch": German Commercial Code] included in the section "Provision for the promotion of women's participation in executive positions according to Section 76 (4) and Section 111 (5) of the German Stock Corporation Act" of the group management report (disclosures on the quota for women on executive boards).

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at September 30, 2023 and of its financial performance for the fiscal year from October 1, 2022 to September 30, 2023 and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the group statement on corporate governance pursuant to Sec. 315d HGB included in the section "Provision for the promotion of women's participation in executive positions according to Section 76 (4) and Section 111 (5) of the German Stock Corporation Act" (disclosures on the quota for women on executive boards).

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other information

The Supervisory Board is responsible for the Report by the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the group statement on corporate governance pursuant to Sec. 315d HGB included in the section "Provision for the promotion of women's participation in executive positions according to Section 76 (4) and Section 111 (5) of the German Stock Corporation Act" of the group management report (disclosures on the quota for women on executive boards) as well as the following parts to be included in the annual report: Report by the Supervisory Board pursuant to Sec. 171 (2) AktG ["Aktiengesetz": German Stock Corporation Act] and "Foreword by the Board of Management" We obtained a version of this other information prior to issuing our auditor's report.

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

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

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

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Eschborn/Frankfurt am Main, December 19, 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Baur	Eichenauer
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Group Shareholdings

List of shareholdings pursuant to the requirements of section 313 (2) HGB

As of September 30, 2023

Name and registered office of company	Share of capital in %	Comment
Subsidiaries included and not included in the Consolidated Financial Statements		
Germany		
ECORAN GmbH, Mainz	100.0	
LIB Industrie Beteiligung GmbH, Mainz	100.0	
MiniFAB Europe GmbH, Saarbrücken	100.0	2, 9, 10
Psephit Grundstücksverwaltungsgesellschaft mbH, Mainz	100.0	2
ROSOLA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Alzenau KG, Düsseldorf	100.0	2, 4, 7, 10
SCHOTT Engineering GmbH, Mainz	100.0	2
SCHOTT Finanzierungs- und Verwaltungs GmbH, Mainz	33.3	
SCHOTT GLAS Mainz Grundstücks-GmbH & Co. KG, Mainz	100.0	8
SCHOTT Glaswerke Beteiligungs- und Export GmbH, Mainz	100.0	1, 3
SCHOTT Glaswerke Service GmbH, Mainz	100.0	2
SCHOTT Insurance Risk Management GmbH, Mainz (formerly SCHOTT-Zeiss Assekuranzkontor GmbH)	100.0	2
SCHOTT JENAer Glas GmbH, Jena	100.0	1, 3
SCHOTT Pharma AG & Co. KGaA, Mainz	77.0	
SCHOTT Pharma Management AG, Mainz	100.0	
SCHOTT Pharma Mexico GmbH, Mainz	100.0	
SCHOTT Solar CSP GmbH, Mainz	100.0	
SCHOTT Solar Verwaltungs GmbH, Mainz	100.0	
SCHOTT Technical Glass Solutions GmbH, Jena	100.0	
SCHOTT Verwaltungs-GmbH, Mainz	100.0	2
Abroad		
SCHOTT Envases Argentina S.A., Buenos Aires/Argentina	100.0	
SCHOTT Australia Pty Ltd, Frenchs Forest/Australia	100.0	2
SCHOTT MiniFAB Pty Ltd, Scoresby/Australia	100.0	
MFB New Ventures Pty Ltd, Scoresby/Australia	100.0	
SCHOTT Benelux N.V., Lier/Belgium	100.0	2
SCHOTT Pharma Brasil Ltda., São Paulo/Brazil (formerly SCHOTT Brasil Ltda.)	100.0	4
SCHOTT Flat Glass do Brasil Ltda., São Paulo/Brazil	100.0	4
SCHOTT Technologies Brazil Ltda., Rio de Janeiro/Brazil	100.0	4
SCHOTT Glas China Ltd., Hong Kong Special Administrative Region/China	100.0	4
SCHOTT Glass Technologies (Suzhou) Co., Ltd., Suzhou/China	100.0	4
SCHOTT (Shanghai) Precision Materials & Equipment International Trading Co., Ltd., Shanghai/China	100.0	4
SCHOTT Pharmaceutical Packaging (Zhejiang) Co., Ltd., Huzhen Town/China	100.0	4
SCHOTT Tubing (Zhejiang) Co., Ltd., Huzhen Town/China	100.0	4
SCHOTT Scandinavia A/S, Lyngby/Denmark	100.0	2
SCHOTT Primoceler Oy, Tampere/Finland	100.0	
SCHOTT France Pharma Systems SAS, Pont-sur-Yonne/France	100.0	
SCHOTT Pharma France S.A.S., Colombes/France	100.0	
SCHOTT VTF SAS, Troisfontaines/France	100.0	
SCHOTT France SAS, Colombes/France	100.0	
SCHOTT UK Ltd., Wolverhampton/UK	100.0	

Name and registered office of company	Share of capital in %	Comment
Subsidiaries included and not included in the Consolidated Financial Statements		
Abroad		
Transition Glass Products Ltd., Ilkley/UK	100.0	2, 10
SCHOTT Glass India Pvt. Ltd., Mumbai/India	100.0	5
PT. SCHOTT Igar Glass, Bekasi/Indonesia	100.0	
SCHOTT Glass Israel Ltd., Tel Aviv-Jaffa/Israel	100.0	2, 4
SCHOTT-Italglas s.r.l., Genoa/Italy	100.0	
SCHOTT Italvetro S.R.L., Borgo a Mozzano/Italy	80.0	
SCHOTT Japan Corporation, Shiga/Japan	100.0	
SCHOTT Envases Farmaceuticos SAS, Bogotá/Colombia	72.7	4
SCHOTT d.o.o., Zagreb/Croatia	100.0	2
SCHOTT Asia IT Services Sdn. Bhd., Kuala Lumpur/Malaysia	100.0	
SCHOTT Glass (Malaysia) Sdn. Bhd., Perai/Malaysia	100.0	
SCHOTT Glass (Malaysia) Components Sdn. Bhd., Perai/Malaysia	100.0	
SCHOTT de México, S.A. de C.V., Amatlan de los Reyes/Mexico	100.0	4
SCHOTT Technologies Mexico S.A. de C.V., Amatlan de los Reyes/Mexico	100.0	4
SCHOTT Benelux B.V., Tiel/Netherlands	100.0	
SCHOTT Flat Glass B.V., Tiel/Netherlands	75.0	
SCHOTT Flat Glass Holding B.V., Tiel/Netherlands	66.7	
SCHOTT Termofrost AS, Oslo/Norway	100.0	
SCHOTT Austria GmbH, Vienna/Austria	100.0	2
SCHOTT Poland Sp. z o.o., Warsaw/Poland	100.0	2
SCHOTT Pharmaceutical Packaging OOO, Zavolzhye/Russia	100.0	4
SCHOTT Scandinavia AB, Stockholm/Sweden	100.0	2
SCHOTT forma vitrum holding ag, St. Gallen/Switzerland	100.0	
SCHOTT Pharma Schweiz AG, St. Gallen/Switzerland	100.0	
SCHOTT Suisse SA, Yverdon-les-Bains/Switzerland	100.0	
SCHOTT PHARMA D.O.O BEOGRAD, Belgrade/Serbia	100.0	
SCHOTT Singapore Pte. Ltd., Singapore/Singapore	100.0	
SCHOTT Glass Ibérica S.L., Barcelona/Spain	100.0	
SCHOTT Korea Co. Ltd., Seoul/South Korea	100.0	
SCHOTT Taiwan Ltd., Taipeh/Taiwan	100.0	
SCHOTT CR, s.r.o., Lanškroun/Czech Republic	100.0	
SCHOTT Flat Glass CR, s.r.o., Valašské Meziříčí/Czech Republic	100.0	
SCHOTT Orim Cam Sanayi ve Ticaret A.S., Çerkezköy/Turkey	100.0	
SCHOTT Hungary Kft., Lukácsháza/Hungary	100.0	
Applied Microarrays, LLC, Phoenix/USA	100.0	
SCHOTT Corporation, Rye Brook/USA	100.0	
SCHOTT Lithotec USA Corporation, Rye Brook/USA	100.0	2
SCHOTT North America, Inc., Rye Brook/USA	100.0	
SCHOTT Pharma USA, Inc., Lebanon/USA	100.0	
SCHOTT Scientific Glass, Inc., Rye Brook/USA	100.0	
SCHOTT Solar CSP, LLC, Rye Brook/USA	100.0	
SCHOTT Solar PV, LLC, Rye Brook/USA	100.0	

Name and registered office of company	Share of capital in %	Comment
Companies accounted for using the equity method		
Abroad		
Glaverpane S.A., Jemeppe-sur-Sambre/Belgium	35.0	4
Zhejiang Crystal-SCHOTT Optical Technology Co., Ltd., Taizhou/China	41.0	4
SCHOTT Poonawalla Pvt. Ltd., Mumbai/India	50.0	5
EMPHA S.p.A., Turin/Italy	50.0	4
Smart Skin Technologies Inc., Fredericton/Canada	20.0	4
Companies not accounted for using the equity method		
Germany		
Industrie-Institut für Lehre und Weiterbildung Mainz eG, Mainz	22.9	6
JENAER BILDUNGSZENTRUM gGmbH SCHOTT CARL ZEISS JENOPTIK, Jena	33.3	4
Other investments		
Germany		
Psephit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	10.1	7
Silicium Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	10.1	7
Abroad		
NNAISENSE SA, Lugano/Switzerland	5.1	4
Sun Technology Asset Switzerland AG, Zug/Switzerland	11.5	4

[1] Company with a profit and loss transfer agreement with SCHOTT AG
[2] Not consolidated due to immateriality
[3] Pursuant to Section 264 (3) HGB, this company is exempted from the duty to disclose its financial statements
[4] Fiscal year from January 1 to December 31
[5] Fiscal year from April 1 to March 31
[6] Fiscal year from September 1 to August 31
[7] Shares relate to the limited partner contribution
[8] This company is exempted under Section 264b HGB from the duty to prepare and disclose financial statements and a management report in accordance with the supplementary provisions of the HGB for corporations and certain partnerships and to have them audited.
[9] Fiscal year from July 1 to June 30
[10] This company is in liquidation

Members of Executive Bodies at SCHOTT AG

Board of Management

Dr. Frank Heinricht
Mainz
Chairman and Chief Human Resources Officer
Member of the Board of Management responsible for Pharma (formerly Pharmaceutical Systems), Tubing, Compliance/Legal, Human Resources, Marketing & Communication, Strategic Development, Research & Development

Hermann Ditz (until March 31, 2023)
Landshut
Member of the Board of Management responsible for Advanced Optics, Electronic Packaging, Lighting & Imaging, Technical Services, Operational Excellence, Operational Technology, Environment Health & Safety

Dr. Andrea Frenzel (from April 1, 2023)
Wachenheim a. d. Weinstrasse
Member of the Board of Management responsible for Advanced Optics, Electronic Packaging, Lighting & Imaging, Technical Services, Operational Excellence, Operational Technology, Environment Health & Safety

Dr. Heinz Kaiser
Bodenheim
Member of the Board of Management responsible for Home Tech, Flat Glass, Sales Excellence, Sales & Market Development, Intellectual Property

Dr. Jens Schulte
Wiesbaden
Member of the Board of Management responsible for Finance, Information Technology, Purchasing, Merger & Acquisitions, Solar

Supervisory Board

Dr. Michael Bolle
Leonberg
Chairman
Chairman of the Presiding Committee and the Mediation Committee
Member of the Audit Committee
Chairman of the Shareholder Council of the Carl Zeiss Foundation, Heidenheim an der Brenz and Jena
Former CDO & CTO of Robert Bosch GmbH, Stuttgart

Rudolf Wagner[1)]
Vilsbiburg
Vice Chairman
Member of the Presiding Committee and the Mediation Committee
Chairman of the Overall Employee Council of SCHOTT AG and Chairman of the Employee Council of SCHOTT AG, Landshut site

Jürgen Achatz[1)]
Tirschenreuth
Member of the Audit Committee
Global Sales Director Pharmaceutical Tubing, SCHOTT AG, Mitterteich

Stefan Brandl
Landshut
Vice Chairman and CEO of the Dräxelmaier Group, Vilsbiburg

Matthias Hille[1]
Nieder-Olm
Regional Manager of the Industrial Trade Union of Mining, Chemicals and Energy (IG BCE), District Mainz, Mainz

Uta Kemmerich-Keil
Darmstadt
Former CEO of P&G Health International, Geneva, Switzerland

Frank Malzer[1]
Waldsassen
Member of the Employee Council of SCHOTT AG, Mitterteich site

Dr. Stefan Marcinowski
Mannheim
Member of the Presiding Committee
Former Member of the Board of Executive Directors of BASF SE, Ludwigshafen

Dr. Eckhard Müller
Munich
Chairman of the Audit Committee
Former Head of the Finance Division of BASF SE, Ludwigshafen

Hans-Jürgen Mundorff[1]
Alzey
Member of the Presiding Committee and the Mediation Committee
Vice Chairman of the Overall Employee Council of SCHOTT AG and Chairman of the Employee Council of SCHOTT AG, Mainz site

Dr. Richard Pott
Leverkusen
Member of the Mediation Committee
Chairman of the Supervisory Board of Covestro AG, Leverkusen

Salvatore Ruggiero[1]
Mainz
Member of the Audit Committee
Head of Marketing & Communication, SCHOTT AG, Mainz

Committees

Presiding Committee
Dr. Michael Bolle (Chairman)
Dr. Stefan Marcinowski
Hans-Jürgen Mundorff[1]
Rudolf Wagner[1]

Audit Committee
Dr. Eckhard Müller (Chairman)
Jürgen Achatz[1]
Dr. Michael Bolle
Salvatore Ruggiero[1]

Mediation Committee
Dr. Michael Bolle (Chairman)
Hans-Jürgen Mundorff[1]
Dr. Richard Pott
Rudolf Wagner[1]

[1] Workers' representative

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Editorial

SCHOTT AG
Finance

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This annual report is published in German and English and is available on the internet at www.schott.com. In the event of discrepancies in the translation, the German version shall take precedence.

SCHOTT worldwide

The company is represented by efficient production sites and sales offices in all important markets close to its customers.

21 %

North America

SCHOTT is represented in North America (USA and Mexico) with production, sales and research. In fiscal year 2022/2023, 1,250 employees generated sales of EUR 604 million in this region.

5 %

South America

SCHOTT has been represented in this region with its own production facilities since 1954. In fiscal year 2022/2023, 1,350 employees generated sales of EUR 128 million.

50 %

Europe

Europe continues to be the most important economic region for SCHOTT. Here, the technology Group generated sales of EUR 1,437 million in fiscal year 2022/2023 with 10,600 employees (including 6,450 in Germany).

1 %

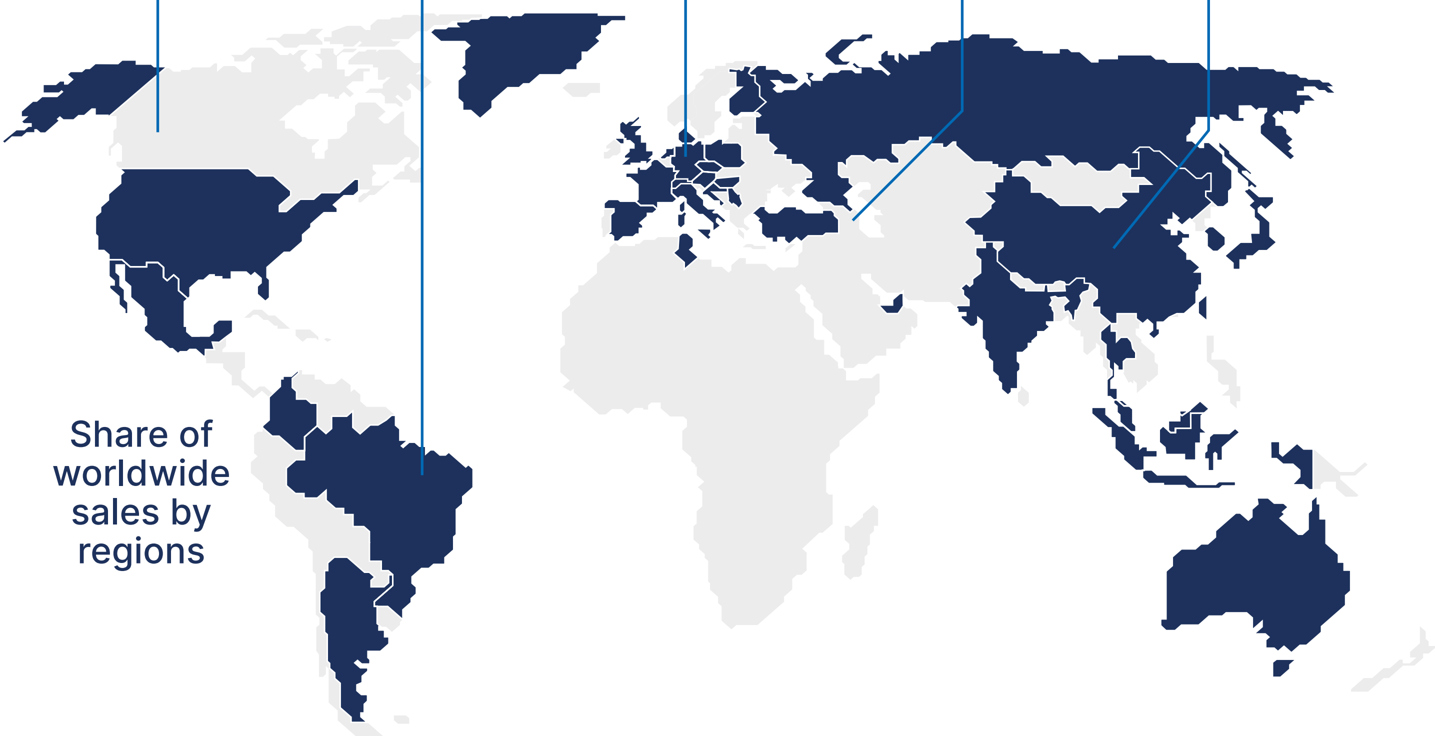
Middle East and Africa

In the Middle East and Africa regions, SCHOTT generated sales of EUR 32 million in the reporting period.

23 %

Asia and South Pacific

With its great growth potential, this economic region represents one of the most important markets of the future. In fiscal year 2022/2023, SCHOTT generated sales of EUR 671 million with 3,900 employees in this region.



Share of worldwide sales by regions

schott.com

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