Annual Report
2021 / 2022

SCHOTT
glass made of ideas

Key Figures SCHOTT GROUP

From October 1, 2021 to September 30, 2022

(in EUR millions, unless stated otherwise)	2021/2022	2020/2021	Change in %
Sales	**2,775**	**2,524**	**10**
Domestic	364	317	15
Abroad	2,411	2,207	9
EBITDA	**631**	**565**	**12**
as a percentage of sales	23	22	
EBIT	**422**	**390**	**8**
as a percentage of sales	15	15	
Result from continuing operations before income taxes	**399**	**373**	**7**
Consolidated profit for the period	**269**	**289**	**–7**
Cash flow from operating activities	**444**	**494**	**–10**
Capital expenditure on property, plant and equipment	**431**	**333**	**29**
Total assets	**3,727**	**3,269**	**14**
Equity	**1,897**	**1,351**	**40**
Equity ratio (%)	51	41	
Long-term funds available[1]	**2,843**	**2,555**	**11**
as a percentage of total assets	76	78	
Net cash/(debt) position[2]	**71**	**79**	
Research and development costs	**99**	**93**	**6**
as a percentage of sales	4	4	
Employees as of the reporting date (number)	**17,213**	**17,313**	**–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. Responsibly. Together.

These attributes characterize SCHOTT, a company that manufactures trendsetting materials and specialty glass. The company founder Otto Schott is considered the inventor of specialty glass and became the pioneer of an entire industry. With a pioneering spirit, insatiable curiosity, and a passion for innovation, the company has been conquering new markets and applications for almost 140 years. Represented in more than 30 countries, the company is an expert partner for high-tech industries such as Healthcare, Home Appliances & Living, Consumer Electronics, Semiconductors & Datacom, Optics, Industry & Energy, Automotive, Astronomy and Aerospace. In fiscal year 2021/2022, 17,200 employees generated sales of €2.8 billion. With the best teams supported by the best digital tools, the Group is looking to continue its growth. SCHOTT AG is owned by the Carl Zeiss Foundation, one of the oldest foundations in Germany, which uses the Group's dividends to promote the sciences. As a foundation company, SCHOTT has responsibility for employees, society and the environment anchored deeply in its DNA. The goal is to become a climateneutral company by 2030.

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Annual Report 2021 / 2022

Foreword by the Board of Management

Ladies and gentlemen,

A world sorely tested by war, COVID-19 and climate change posed a huge challenge for SCHOTT in fiscal year 2021/2022. Yet we managed to achieve organic growth despite a difficult economic environment dogged by soaring prices for energy, raw materials and transport, instable supply chains and geopolitical upheavals. Sales grew by 10 % to EUR 2.8 billion and the operating result (EBIT) climbed to EUR 422 million. An equity ratio above 50 % was achieved for the first time ever.

The positive trend was driven by the growth and investment strategy of previous years, good cost management, efficiency improvements as well as price adjustments needed to absorb the steep hike in costs. Our investments in the past year went towards further expanding our international production network – for instance with a new plant for polymer syringes at Müllheim in Baden, southwest Germany, and a modern flat glass manufacturing facility for household appliances in Turkey. We also countered an impending gas emergency in Europe by making timely investments in an alternative supply of propane at our key melting sites.

Glass and polymer products for the healthcare and pharmaceuticals market were key growth drivers, a development that was independent of the pandemic. Components such as ZERODUR® glass-ceramics, optical high-tech glass and fiber optics that are used in chip production and ensure precision for nanometer pattern generation, had a particularly positive impact on earnings.

All business units contributed to our success, as did a strong international team of employees, who we would especially like to thank for their commitment. At the end of the fiscal year, we employed 17,200 people, two-thirds of them outside of Germany. 700 new jobs were created. Qualified and motivated employees are essential for further growth. We use innovative recruiting methods and continuously enhance our working conditions and working time models in order to respond to the changing world of work and shortage of skilled labor.

As an energy-intensive business, we also demonstrate corporate responsibility when it comes to environmental protection. We achieved our first milestone in our "Climate Neutral by 2030" program, which was launched in 2018. 100 % of our global energy needs are now covered by green electricity. We also drove forward technological change with ambitious projects to electrify melting tanks and make use of hydrogen.

Glass as material still offers enormous potential. For instance, we are working on making our ultra-thin glass, which is already being successfully used in foldable smartphones, fit for larger formats, such as foldable tablets, notebooks or even television sets. Specialty glass is also opening up new opportunities for the exploration of the Earth and space and includes products such as powdered glass to generate oxygen in the Mars Rover experiment, glass-ceramic mirror substrates for astronomical telescopes, ultra-thin cover glass to protect solar modules in space, laser glass for laser communications in ground stations and fiber optics to monitor the tanks and propulsion systems of launch vehicles. We are especially proud at having delivered the 500th mirror blank made of ZERODUR® glass-ceramic for the world's biggest optical telescope, the Extremely Large Telescope (ELT) of the European Southern Observatory (ESO), which is to start operations in 2027.

Facts about the fiscal year

2.8
EUR billion
Global sales

422
EUR million
EBIT

431
EUR million
Investments in property, plant and equipment

51
percent
Equity ratio

Dr. Frank Heinricht

Chairman of the
Board of Management
and Labor Director
since 2013

Dr. Jens Schulte

Member of the
Board of Management
since 2016

Dr. Heinz Kaiser

Member of the
Board of Management
since 2016

Hermann Ditz

Member of the
Board of Management
since 2016

We will continue to invest in growth and innovation in the new fiscal year and have earmarked EUR 500 million for this purpose. A current highlight is the commissioning of a new diagnostics facility in the United States. The products manufactured there cater to the future market of microfluidics, a technology that allows diagnostic tests to be carried out faster and with greater flexibility and precision.

Our customers also benefit from our courage to invest under volatile conditions. We work with them in a spirit of mutual trust, and they expect a resilient partner who delivers reliably and also continues to invest in growth in tough times. We have always lived up to this expectation and intend to continue doing so.

We would like to thank all of our customers for the great trust they place in us and hope to see an end to the current geopolitical and economic crises soon.

January 2023

SCHOTT AG
The Board of Management

Report by the Supervisory Board

Dr. Michael Bolle
Chairman of the Supervisory Board

Ladies and gentlemen,

SCHOTT found itself faced with many different challenges again this year – from tight supply chains caused by the pandemic, rising energy costs due to Russia's war on Ukraine through to drastic increases in material prices in the wake of the raw materials shortage. In this environment, the company, as a specialty glass manufacturer, acted with foresight in the pursuit of its objectives, demonstrating a high level of resilience. Fiscal year 2021/2022 was another successful year for SCHOTT, despite volatile markets and global disruptions.

SCHOTT was able to increase its investments and continue to position itself as an innovative, stable and reliable partner to its customers.

As set out under the law, the Articles of Association and the Rules of Procedure, the Supervisory Board monitored and advised the Board of Management of SCHOTT in fiscal year 2021/2022. It also carried out an evaluation of board operations and on this basis defined actions to further improve the already high standard of collaboration. The Supervisory Board and the Board of Management worked together effectively and in a spirit of mutual trust. The Board of Management regularly provided information about business performance and the earnings situation, risk management and the risk situation, short and long-term planning, significant investments and organizational measures taken. In addition, the Chairman of the Supervisory Board remained in close contact with the Board of Management and was kept informed about the business situation and the strategic plans.

The Supervisory Board convened for four ordinary meetings – including one strategy meeting – and one extraordinary meeting to elect the new Chairman of the Supervisory Board and to constitute the Audit Committee. It passed the resolutions required by law, the Articles of Association and the Rules of Procedure based on the reports and resolution proposals of the Board of Management, having examined them in detail. Topics included the adoption of the annual financial statements of SCHOTT AG and the approval of the Consolidated Financial Statements for fiscal year 2020/2021. The actions of the Board of Management in response to the current crises were discussed at length, such as the steps taken very early on to secure SCHOTT's gas supply using backup solutions and the storage of propane gas.

During the strategy meeting, the Supervisory Board and the Board of Management liaised on the further implementation of the Group's strategy and investment projects in Germany, Switzerland, China and India.

The annual budget for fiscal year 2022/2023 was approved at the Supervisory Board's fall meeting. The Supervisory Board was regularly kept abreast of the legal spin-off of the pharma division and the option of an IPO. At various Supervisory Board meetings, reports were provided on the acceleration of the company's ESG activities, especially on the progress of the "Climate Neutral by 2030" strategy program. This fiscal year, for instance, 100 % of SCHOTT's global energy needs are now already covered by green electricity.

The Supervisory Board has formed three committees to perform its duties. The Audit Committee convened for three meetings for the purpose of monitoring the accounting process, the effectiveness of the internal control system, of risk management and the internal audit system and of the audit of the financial statements. The Presiding Committee also met three times. At its meetings, it discussed the setting of targets and the compensation of the Board of Management and adopted corresponding resolutions for submission to the Supervisory Board. The Chairmen of the Audit and Presiding Committees reported regularly at the Supervisory Board meetings on the work of the committees. The Mediation Committee did not convene in the past fiscal year.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, audited the annual financial statements of SCHOTT AG for fiscal year 2021/2022 and the Consolidated Financial Statements prepared in accordance with Section 315e (3) of the German Commercial Code (HGB) under International Financial Reporting Standards (IFRS), 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 good time. The Supervisory Board examined the documents and discussed the annual financial statements at the Audit Committee meeting on December 14, 2022 and the Supervisory Board meetings on December 15, 2022 and January 17, 2023. The auditors attended 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 25,600,000.00 from the unappropriated profit of EUR 747,895,770.28 and to carry forward EUR 722,295,770.28 to new account. The annual financial statements of SCHOTT AG as of September 30, 2022 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, 2021 to September 30, 2022. The auditor issued the following auditor's report on the results of its 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 auditor's 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 for their impressive commitment and their successful work in fiscal year 2021/2022.

Hermann Ditz will leave the Board of Management on March 31, 2023. We express our special thanks for his many years of successful work for SCHOTT. Dr. Andrea Frenzel, a manager and chemist with international experience, has been appointed to the Board of Management with effect from April 1, 2023. We are looking forward to working with her and wish her every success in her new role.

Mainz, January 17, 2023

For the Supervisory Board

Dr. Michael Bolle
Chairman

Group Management Report

For the fiscal year from October 1, 2021 to September 30, 2022

About the Group

SCHOTT Group (hereinafter also referred to as SCHOTT) is an international technology group with more than 130 years of experience in the areas of specialty glass and glass-ceramics. Our main markets include the home appliance industry, pharmaceuticals, electronics, optics, life sciences and the automotive and aviation industries. We currently employ around 17,200 people worldwide and operate manufacturing sites and sales offices in 33 countries. In fiscal year 2021/2022, we generated total Group sales of EUR 2,775 million.

SCHOTT AG in Mainz is the parent company of SCHOTT Group. Along with SCHOTT AG, SCHOTT Group included an additional 14 consolidated companies (previous year: 11) based in Germany and 53 foreign consolidated companies (previous year: 49) 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
• Pharmaceutical Systems	• 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.

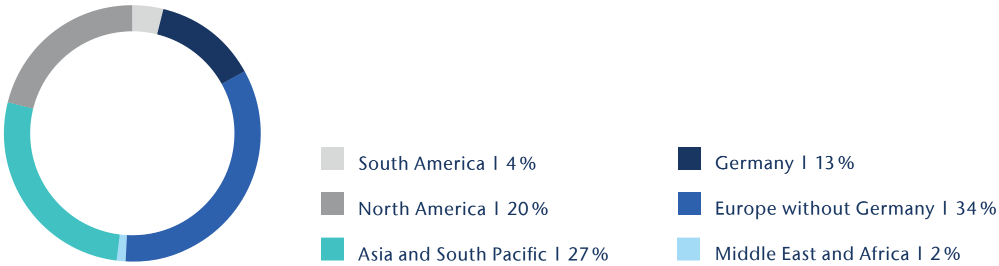
In the Precision Materials segment, Electronic Packaging stands for the development and manufacturing of hermetic seals and other components for the protection of sensitive electronics. The business unit addresses a large number of applications and sales markets, including automotive and consumer electronics, energy and medical technology, as well as data and telecommunications. Pharmaceutical Systems produces more than 13 billion syringes, vials, ampoules, cartridges and special articles made of glass tubing or polymer in 13 countries every year. 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 2,775 million

Economic Report

Macroeconomic and industry-specific framework conditions

The global economy headed into a downturn at the end of 2022. The Russian invasion of Ukraine in February of this year and the West's sanctions against Russia added to the inflation of energy commodities, and Europe is now in the thick of an energy crisis. High inflation rates have prompted numerous central banks to tighten their monetary policy. China's zero-COVID strategy and the real estate crisis had a negative impact. COVID-19 protective measures have also caused considerable disruption to international supply chains. Against this background, economic research institutes are forecasting a mere 2.5 % increase in global output for calendar year 2022 (previous year: 5.9 %).[1]

The economic research institutes forecast growth of 2.6 % (previous year: 5.6 %) for Europe, where SCHOTT Group generates nearly half of its sales. Germany's economy is expected to expand by 1.5 % (previous year: 2.6 %), while 1.6 % is forecast for the United States (previous year: 5.7 %). The Chinese market, our largest sales market in Asia, is expected to grow by 3.0 % (previous year: 8.1 %). For Asia as a whole, the economic research institutes forecast economic output to increase by 3.0 % (previous year: 6.2 %).

Growth rates of between 3 % and 6 % for 2022 are expected for the sectors relevant to SCHOTT. The outlook is weaker overall than for 2021, which essentially mirrors the economic development. The highest growth rates are forecast for the life sciences and automotive industries, at 6 % and 5 %, respectively. The pharmaceutical industry and household appliance sector are expected to see growth rates of between 3 % and 4 %. Demand in the pharmaceutical industry is being dampened by the huge increase in prices for oil and gas, which are basic materials for many pharmaceutical substances. A slight decline in output is expected for Europe, while the forecasts for the United States (up 5 %) and China (up 8 %) are more optimistic. Household appliances will be affected by the economic slowdown as well as the normalization of demand after the boom in the previous year. Ongoing scarcity of supply due to congested supply chains and shortages of materials are also affecting growth prospects.[2]

[1] Data according to the joint diagnosis of the leading German economic research institutes dated September 27, 2022. 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)	2021/2022	2020/2021	Change in
Sales	2,774.8	2,523.9	+250.9
EBIT	421.9	389.6	+32.3
Financial result	–23.3	–16.7	–6.6
Result from continuing operations before income taxes	398.6	372.9	+25.7
Income taxes	–130.1	–86.1	–44.0
Result from continuing operations	268.5	286.9	–18.4
Consolidated profit for the period	**268.9**	**289.2**	**–20.3**

Course of business and developments of sales

In the reporting period, SCHOTT Group's sales came to EUR 2,775 million, 10% higher than the previous year's figure of EUR 2,524 million. The Precision Materials and Optical Industries segments grew significantly, while the Home Appliances segment saw a moderate decline in sales. Changes in the euro exchange rate lifted Group sales by EUR 42 million year on year (previous year: reduction in Group sales of EUR 116 million). Adjusted for exchange rate changes, sales increased by 8%. The changes in the scope of consolidation resulted in a decrease in sales by around EUR 100 m. This was more than offset by price and volume effects, however. Some of the price rises are attributable to the cost hikes observed in the fiscal year.

The share of Group sales generated in Europe was 47% in fiscal year 2021/2022 (previous year: 47%). The Asia and South Pacific region contributed 27% to Group sales as in the previous year, while North America contributed 20% (previous year: 21%). In South America we generated 4% of Group sales, on a par with the previous year, and in the Middle East and Africa region 2% (previous year: 1%).

Sales in the Precision Materials segment climbed from EUR 1,300 million to EUR 1,521 million. As in the two previous years, all three business units of the segment contributed to the increase in sales.

The Pharmaceutical Systems business unit reported substantial growth year on year, building on the positive trend of previous years. Exchange rate effects had a boosting effect, but even after adjusting for such effects there would have been a significant rise in sales. Demand for pharmaceutical primary packaging continues to rise worldwide, driving business with vials, ampoules and cartridges despite a decrease in demand for vials for COVID-19 vaccines. Business with sterile packaging solutions as well as with glass and polymer syringes also saw considerable sales growth. Sales grew in all regions, with the strongest rates of expansion in North and South America.

The Tubing business unit also generated significant sales growth. Demand for glass tubing as a starting material for pharmaceutical packaging remained high, while sales of technical tubing expanded considerably in the reporting period. Tubing sales grew in all regions, with the highest rates in Asia on the back of the capacity expansions at our plants in India and China.

The Electronic Packaging business unit inched up sales year on year, with most operations performing positively, posting high growth rates especially in business with hermetic glass-metal feedthroughs for optoelectronic, electromobility and sensor applications. A slight decrease in sales was recorded for a number of applications in the automotive sector, while business in thermal fuses saw a significant slowdown. We generated sales growth in Asia, while sales were stable in Europe and declined somewhat in North America.

In the Optical Industries segment we increased sales by EUR 75 million to EUR 358 million.

The Advanced Optics business unit achieved a substantial rise in sales in the reporting period, with business in optical glass, filters and components making the greatest contribution. ZERODUR® glass-ceramics and augmented reality business also boosted sales substantially year on year. All regions reported sales growth, the strongest contributor being North America.

Sales in the Lighting and Imaging business unit also expanded considerably, driven by medical technology business, where there is still pent-up demand after the strong slump triggered by the COVID-19 pandemic two years ago. Growth in industrial technology was a little stronger thanks to high demand for specialty light guides for semiconductor applications and the recovery of aviation business.

Sales in the Home Appliances segment decreased from EUR 948 million to EUR 887 million.

The Home Tech business unit posted sound sales growth, with sales generated by CERAN® glass-ceramic cooktop panels decreasing somewhat, after the business benefited from the high demand in connection with the COVID-19 pandemic in the previous year. By contrast, sales from ROBAX® fire-viewing panels saw renewed vigorous growth, with demand fueled by the current energy crisis and the attendant uncertainty surrounding the future supply of energy. Sales generated by ultra-thin glass also rose considerably once more. The business unit's sales growth was underpinned by exchange rate trends and prices also had to be increased in response to the huge rise in costs, especially for energy, raw materials, freight and packaging. Growth in the business unit centered on the North America region, where the acquisition executed in October 2021 of Applied Microarrays Inc., Phoenix/USA, had a positive effect.

Sales in the Flat Glass business unit were down significantly year on year, as SCHOTT Gemtron with companies in the USA, Canada and Mexico was sold in December 2021; this entity contributed around one-third of the business unit's sales in the previous year. There was a sharp decline in the sales of the larger Home Appliances segment, while Food Display business achieved a substantial increase.

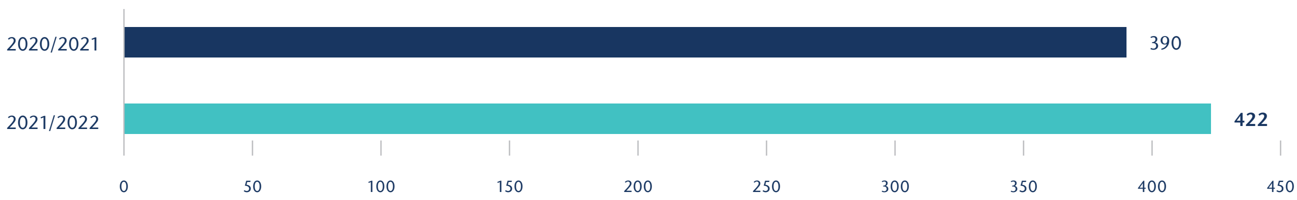
Adjustments had to be made to Flat Glass sales prices in response to the cost explosion and had a stabilizing effect on sales. Sales volumes, on the other hand, were often lower or flat after the very high demand seen in the previous year.

Order book

The order book as of the reporting date provides for an average utilization of our production capacity of around seven 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)



In the reporting period, the result from operating activities (EBIT) rose by EUR 32 million to EUR 422 million on the back of earnings growth in the Precision Materials and Optical Industries segments. On a constant currency basis, the increase in EBIT would have amounted to EUR 29 million.

We achieved a significant increase in EBIT in the Precision Materials segment, especially thanks to the higher earnings of Pharmaceutical Systems. The increase was realized despite impairment losses in the lower double-digit millions recognized on the assets of our subsidiary in Russia as a result of the Ukraine war that started in February. Earnings growth was driven by the higher sales and the associated improvement in capacity utilization, along with the favorable exchange rate trend. We only managed a slight increase in the Tubing business unit. Compared with the previous year, higher sales and an improved product mix as well as lower start-up costs for the new tubing plant in China had a positive effect. The high prices and explosion of costs, especially for energy, raw materials, freight and packaging, were a drain on earnings.

We achieved a slight increase in EBIT in Electronic Packaging, where greater productivity had a positive impact, as did the favorable exchange rate trend. Here, as in all other segments, the drastic cost increases such as for raw materials, energy and freight had an eroding effect on earnings.

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

The Home Appliances segment saw a significant EBIT decrease. EBIT in the Home Tech business unit declined considerably due to the huge rise in costs for energy, raw materials, freight and packaging, only some of which can be offset by raising prices and then only with a delay. The lower capacity utilization in some businesses also negatively impacted EBIT after the boom in the previous year. EBIT in the Flat Glass business unit also decreased significantly, dogged by cost increases that cannot not be fully cushioned by price increases as well as lower capacity utilization and the sale of the Gemtron companies as of December 1, 2021.

EBIT in the Optical Industries segment saw a substantial rise, with both business units contributing to growth. The profitability and capacity utilization of Advanced Optics were considerably improved, which more than made up for the higher costs for freight, materials and energy. For Lighting and Imaging, the significant increase in sales and the greater capacity utilization as a result were also the main drivers behind the improvement in earnings.

Cost of sales amounted to EUR 1,766 million (previous year: EUR 1,648 million). This resulted in a gross profit of EUR 1,009 million (previous year: EUR 876 million). The gross margin thus improved from 34.7 % in the previous year to 36.4 %.

Selling expenses increased by EUR 49 million to EUR 318 million, with the selling expense ratio up from 10.7 % to 11.5 % due primarily to the higher costs of freight and packaging.

The R&D ratio decreased slightly from 3.7 % in the previous year to 3.6 %, with research and development costs increasing by EUR 6 million to EUR 99 million. General administrative expenses rose by EUR 28 million to EUR 188 million, mainly due to projects, especially the spin-off of activities in the Pharmaceutical Systems business unit. The administrative expense ratio for the past fiscal year was thus 6.8 %, compared to 6.3 % the previous year.

Other operating income came to EUR 52 million compared to EUR 43 million in the previous year. The increase is mainly attributable to higher income from on-charging, the reversal of provisions and accrued liabilities as well as book gains from the sale of the Gemtron companies as of December 1, 2021.

Other operating expenses increased from EUR 21 million in the previous year to EUR 48 million. Expenses for restructuring and impairment losses rose year on year from EUR 7 million to EUR 20 million. The increase was attributable in particular to impairment losses on the assets of our Russian subsidiary that had to be recognized as a result of the war on Ukraine and the sanctions imposed against Russia. The result also includes exchange losses of EUR 17 million, as opposed to the net exchange gain recognized in the previous year.

Financial result

The financial result deteriorated from EUR –17 million in the previous year to EUR –23 million. The higher net financial expense is due in particular to the recognition of a loss of EUR 13 million on the net monetary position. This loss arose from the first-time application of financial reporting in hyperinflationary economies for the subsidiaries in Argentina and Turkey. This year, the financial result was not affected by the EUR 5 million impairment loss recognized on investments in the previous year to reflect their lower fair value.

Taxes

The tax expense for continuing operations amounted to EUR 130 million compared to EUR 86 million in the previous year. The Group's effective tax rate thus increased from 23 % to 33 % year on year, due largely to additional tax expenses from the spin-off of the Pharmaceutical Systems business unit.

Discontinued operations and consolidated profit for the period

The consolidated profit for the period of EUR 269 million (previous year: EUR 289 million) includes a positive result from continuing operations of EUR 269 million (previous year: EUR 287 million) and a minor profit from discontinued operations (previous year: profit of EUR 2 million).

Financial position

(in EUR millions)	2021/2022	2020/2021	Change in %
Cash flow from operating activities*	444.2	494.3	–50.1
Cash flow from investing activities*	–378.6	–322.1	–56.5
Cash flow from financing activities*	–100.7	–116.5	+15.8
Change in cash and cash equivalents	–35.1	55.8	–90.9
Cash and cash equivalents at the end of the period	259.0	280.8	–21.8

* from continuing and discontinued operations

Consolidated statement of cash flows and investment analysis

In the fiscal year, net cash provided by operating activities was down EUR 50 million from EUR 494 million in the previous year to EUR 444 million. The decrease is due to the consolidated profit for the period being EUR 20 million lower year on year. In addition, working capital adjusted for currency effects rose by EUR 133 million in the reporting period, after having only risen by EUR 49 million in the previous year. In the reconciliation of consolidated profit for the period to cash flow from operating activities, depreciation, amortization and impairment (up EUR 34 million) and an increase in deferred taxes (up EUR 23 million) had an offsetting effect.

Net cash used in investing activities increased by EUR 57 million to EUR 379 million. Cash outflow for the acquisition of property, plant and equipment and intangible assets increased from EUR 321 million in the previous year to EUR 401 million. Further cash outflows resulted from the acquisition of shares in Applied Microarrays, LLC, Phoenix/USA (EUR 18 million) and the acquisition of the remaining 50% stake in SCHOTT Italglas s.r.l., Genoa/Italy. The purchase of financial assets led to cash outflows of EUR 3 million. On the other hand, there were cash inflows from the sale of the SCHOTT Gemtron companies (EUR 28 million) as well as cash inflows from the disposal of property, plant and equipment and intangible assets (EUR 14 million) and dividends received (EUR 1 million).

Of the cash-effective investments in the fiscal year, 75% related to the Pharmaceutical Systems and Tubing business units. As in the previous year, investments focused on growth projects, in particular the construction and expansion of production facilities in China, Germany, India and Switzerland, 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 101 million compared to EUR 116 million in the previous year. Cash outflows were primarily attributable to the repayment of loans in the amount of EUR 56 million, dividend payments of EUR 33 million, investment in time deposits with maturities of more than three months of EUR 29 million, the repayment of lease liabilities in the amount of EUR 17 million and the cash allocation to plan assets in the amount of EUR 19 million. On the other hand, borrowings in particular led to cash inflows of EUR 49 million. The year-on-year decrease in net cash used in financing activities is especially attributable to lower net outflows related to loans and a lower allocation to plan assets.

All in all, cash and cash equivalents decreased by EUR 35 million. Taking into account the changes due to exchange rates and changes in the scope of consolidation totaling EUR 13 million, cash and cash equivalents decreased from EUR 281 million in the previous year to EUR 259 million.

Order commitments from investments in property, plant and equipment and intangible assets amounted to EUR 188 million as of the reporting date (previous year: EUR 161 million). The largest current investment projects continue to relate to the expansion and modernization of production capacities in the Pharmaceutical Systems, Tubing and Home Tech business units.

Financing instruments

SCHOTT has a diversified range of instruments at its disposal to finance its business activities. These include for the most part credit lines, non-current loans and lease agreements.

In September 2020, SCHOTT AG concluded 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 2021/2022.

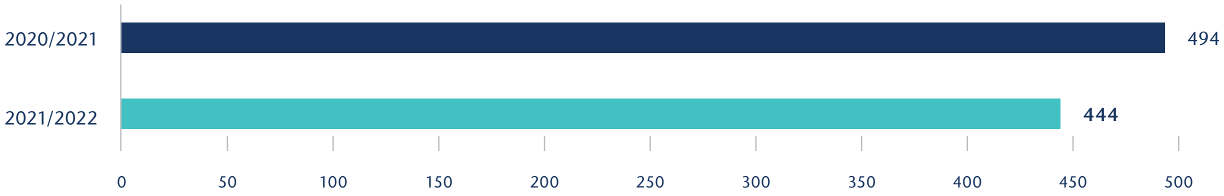
As of the reporting date, SCHOTT Group had fixed-interest loans of EUR 39 million (previous year: EUR 73 million) which are repayable by June 2024 in accordance with the agreed repayment schedules. In addition, SCHOTT AG had a bilateral variable-interest loan of EUR 30 million repayable in May 2023. SCHOTT 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. Furthermore, a local bilateral loan with a volume of EUR 1 million (previous year: EUR 6 million) was available to SCHOTT Tubing (Zhejiang) Co., Ltd., Huzhen Town/China, as of the reporting date, which was repaid in October 2022. There were also lease liabilities with a total volume of EUR 122 million as of the reporting date (previous year: EUR 101 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, 2022 amounted to EUR 4 million (previous year: EUR 5 million). As SCHOTT no longer bears the relevant credit risks, the receivables were derecognized.

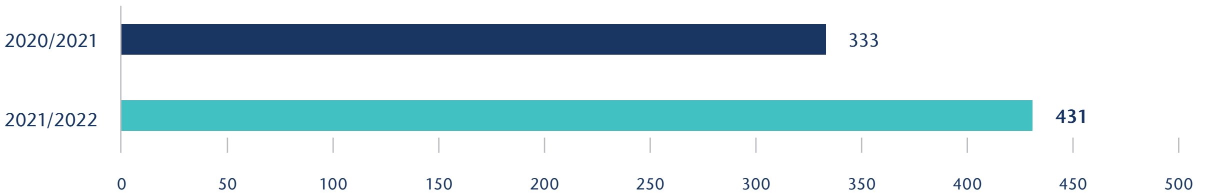
SCHOTT AG also has other bilateral master loan agreements with credit institutions at its disposal in the amount of EUR 100 million, which can be used for guarantees, bill of exchange guarantees or cash credit lines. Of these credit lines, which are available until further notice, EUR 67 million was 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 2021/2022. 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 2022/2023 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, 2022	Sept. 30, 2021	Change
Non-current assets	2,092.1	1,892.6	+199.5
Current assets	1,635.1	1,376.4	+258.7
Total assets	**3,727.2**	**3,269.0**	**+458.2**
Equity	1,897.3	1,350.8	+546.5
Non-current liabilities	946,1	1,204.3	–258.2
Current liabilities	883.7	713.9	+169.8
Total equity and liabilities	**3,727.2**	**3,269.0**	**+458.2**

Non-current assets

Intangible assets rose by EUR 18 million to EUR 143 million, driven by additions of EUR 23 million, including EUR 17 million from the acquisition of all the shares in Applied Microarrays, LLC, Phoenix/USA, in October 2021 as well as the purchase of another 50% of the shares in SCHOTT-Italglas s.r.l., Genoa/Italy, in January 2022. SCHOTT had previously held a 50% stake in SCHOTT-Italglas s.r.l. and accounted for the entity according to the equity method. EUR 10 million of the additions from the expansion of the scope of consolidation was attributable to goodwill. Intangible assets increased by another EUR 10 million due to currency translation, while they were reduced by amortization of EUR 15 million.

Property, plant and equipment increased from EUR 1,376 million as of the reporting date of the previous year to EUR 1,660 million. Please 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 in property, plant and equipment from EUR 333 million in the previous year to EUR 431 million. This also includes EUR 35 million in recognized right-of-use assets from leases in the fiscal year. Currency translation also increased property, plant and equipment by EUR 60 million. This was offset by depreciation and impairment losses of EUR 194 million (previous year: EUR 168 million), of which EUR 13 million related to impairment losses. Asset disposals in the amount of EUR 11 million also reduced property, plant and equipment.

Deferred tax assets rose by EUR 121 million on the previous year to EUR 167 million, which was largely due to deferred tax assets on pension provisions, which decreased by EUR 114 million year on year.

Current assets

Inventories, contract assets, trade receivables and trade payables are included in working capital. Working capital increased by EUR 178 million year on year to EUR 866 million. Increases were seen in particular in inventories and trade receivables, which were up EUR 174 million and EUR 78 million, respectively, as a result of the significantly higher business volume. On the other hand, there was a EUR 94 million increase in trade payables, likewise volume-driven.

Other current financial assets rose by EUR 29 million to EUR 57 million year on year, due principally to time deposits of EUR 29 million with maturities of more than three months.

Other current non-financial assets amounted to EUR 96 million as of the reporting date (previous year: EUR 69 million). The increase is due in particular to higher value-added tax receivables and advance payments made compared to the previous year.

Cash and cash equivalents decreased by EUR 22 million to EUR 259 million. In this context, we refer to the comments in the section entitled “Consolidated Statement of Cash Flows and investment analysis.”

The assets held for sale of EUR 56 million reported as of the previous-year reporting date included the assets of the companies SCHOTT Gemtron Corporation, Sweetwater/USA, SCHOTT Gemtron Canada Corporation, Midland/Canada, and Gemtron de México S.A. de C.V., San Luis Potosí/Mexico. The sale of the shares in the companies was executed on December 1, 2021.

Equity

SCHOTT Group’s equity amounted to EUR 1,897 million as of the reporting date, compared to EUR 1,351 million the previous year. The equity ratio therefore increased from 41.3 % to 50.9 % as of the reporting date. The consolidated profit for the period of EUR 269 million made a significant contribution to the increase. Equity was also increased by actuarial gains and losses, including deferred taxes, of EUR 213 million and currency translation differences of EUR 114 million. By contrast, dividend payments of EUR 30 million and a decrease in non-controlling interests (excluding their share of total comprehensive income) reduced equity by EUR 19 million.

Non-current liabilities

As of the reporting date, pension provisions decreased by EUR 330 million to EUR 547 million, largely reflecting the increase in the discount rate from 1.45 % to 4.00 % and other changes in estimates totaling EUR 305 million. Pension provisions were also reduced by pension payments of EUR 48 million and the allocation to plan assets of EUR 19 million. Newly earned pension entitlements of EUR 29 million, net interest expense of EUR 12 million and currency translation effects of EUR 7 million increased provisions.

The funds available in the long term (equity, non-current provisions and non-current liabilities) amounted to EUR 2,843 million (previous year: EUR 2,555 million) or 76 % (previous year: 78 %) of total assets on the reporting date. 136 % (previous year: 135 %) of non-current assets are thus covered by equity and non-current liabilities.

Other non-current financial liabilities declined from EUR 144 million as of the reporting date of the previous year to EUR 125 million, mainly due to a EUR 38 million decrease in liabilities to banks. Non-current lease liabilities, on the other hand, were up EUR 18 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 increased by EUR 22 million year on year to EUR 230 million, due to both higher accrued liabilities for personnel and to outstanding invoices.

Other current financial liabilities increased from EUR 94 million as of the previous-year reporting date to EUR 153 million, reflecting in particular higher current bank liabilities as well as a rise in the negative fair value of derivatives. Other current non-financial liabilities were up from EUR 54 million in the previous year to EUR 64 million as a result of higher advances received on orders.

Liabilities in connection with assets held for sale in the amount of EUR 17 million related to the sale of the shares held by SCHOTT in the Gemtron companies as of the reporting date of the previous year (see current assets).

Comparison of business development with the previous year's forecast

Compared to the previous year, sales rose by 10 % or currency-adjusted by 8 %. We were thus able to exceed our forecast of an increase of between 3 % and 5 %. One of the reasons for the positive development is the continued operational growth, especially in the Precision Materials and Optical Industries segments. The other is the price adjustments in response to the high inflation affecting in particular the cost of energy and raw materials in the reporting period, which also favorably lifted sales and whose magnitude was not foreseeable when the forecast was made in the previous year.

We increased EBIT from EUR 390 million in the previous year to EUR 422 million. This was a significant improvement on the previous year's forecast of a slight decline in EBIT. This was mainly due to high demand in markets of importance to us and the resulting increase in capacity utilization. This also applies to the key performance indicators derived from EBIT, in particular "SCHOTT Value Added," for which a significant decline had been forecast. SCHOTT Value Added was on a par with the previous year, despite the substantial increase in investments in non-current assets from EUR 342 million in the previous year to EUR 436 million in the reporting year. We thus met our forecast of a significant increase in investments against the previous year.

Key financial performance indicators

Besides sales and the result from operating activities (EBIT), the key indicator SCHOTT Value Added represents an important management instrument. 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. SCHOTT Value Added for fiscal year 2021/2022 came to EUR 173 million compared to EUR 170 million in the previous year.

Non-financial performance indicators

Employees

SCHOTT Group had 17,213 employees worldwide as of September 30, 2022 (previous year: 17,313). The sale of the Gemtron companies effective as of December 1, 2021 reduced headcount by 813; however, SCHOTT hired 700 new employees in the reporting year. 11,375 employees were employed outside of Germany at the end of the fiscal year, which equates to 66 % (previous year: 65 %) of the Group's workforce.

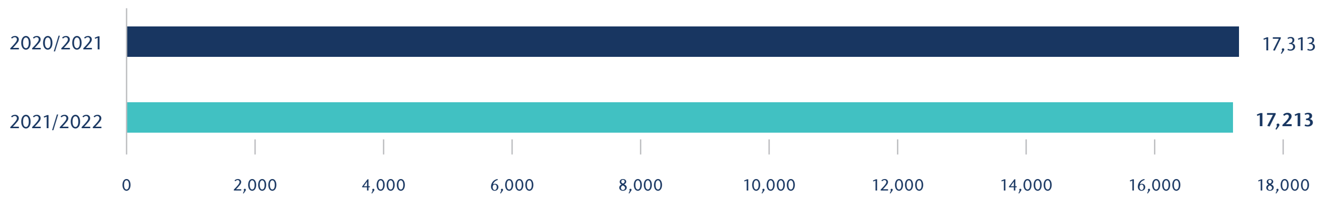
As a technology group, qualified and motivated employees are key to our success. We endeavor to be an attractive employer by offering performance-based pay, a wide range of development opportunities and modern working time models designed to balance work-life commitments.

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 2021/2022, SCHOTT trained an average of 350 young people (previous year: 344).

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 2021/2022 was 3.6 % of Group sales (previous year: 3.7 %). We upped R&D expenditure by EUR 6 million or 6 % to EUR 99 million. At the end of fiscal year 2021/2022, the percentage of employees working in R&D was around 4.0 % of the Group workforce (previous year: 3.9 %), which equates to around 690 people.

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 2021/2022

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 Group-wide medium to long-term technology strategy was refined and work continued on the most important topics.

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

SCHOTT can look back on a highly successful fiscal year, especially when we consider the many challenges the year brought. The broad and balanced business portfolio of SCHOTT and the renewed sound to very good development of demand in key markets made an important contribution.

Sales increased by 10 %, or by 8 % adjusted for currency effects, a growth rate that was above our expectations. At EUR 422 million, we generated the highest ever EBIT in SCHOTT's history.

Cash from operating activities decreased from EUR 494 million to EUR 444 million, but this is still a satisfactory result. We were able to substantially increase our investments as planned, starting from what was already a high level in the previous year. The equity ratio rose from 41 % as of the reporting date of the previous year to 51 % thanks to the profit for the period, the significant increase in the interest rate used for the pension provisions and the favorable exchange rate trend.

Forecast Report

In their fall report, the leading German economic research institutes expect the current downturn of the global economy to continue in 2023. There are numerous risks that could have a serious impact on the economy in the year ahead, including the war in Ukraine whose development is impossible to predict and the conflict between Russia and the Western community of states as well as the risk of increasing scarcity of energy, especially natural gas, which could go as far as to cause rationing and production outages. There is also the risk of a serious recession in the winter of fiscal year 2022/2023. High inflation and the related rise in interest rates and commodity prices around the world as well as the continuation of the COVID-19 pandemic are further notable risks. Overall, the institutes expect global production to increase by 1.8 % in calendar year 2023, compared to 2.5 % in 2022. This forecast is based partly on the assumption that gas consumption in Europe will not need to be rationed in the period concerned.

We expect growth rates of between 4 % and 5 % in the industries relevant to SCHOTT in calendar year 2023.

Our forecast is likewise based on the assumption that our production facilities will have a continuous supply of gas. If the economic expectations and, our estimates of the expected development of industries and technologies as well as, 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 5 % and 8 % and EBIT to grow at a slightly higher rate in fiscal year 2022/2023. With regard to the key performance indicators derived from EBIT – especially SCHOTT Value Added – we expect to see an impact from the planned investment volume, which is already high and set to grow strongly. Accordingly, we anticipate a figure on a par with 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 level of investment once again.

Risk and Opportunity Report

Group-wide management of opportunities and risks

The centrally controlled opportunity and risk management system of SCHOTT Group (hereinafter referred to collectively as the risk management system) comprises all organizational measures, regulations and processes for the early identification, evaluation and control of 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 Board of Management is ultimately responsible for the 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 Supervisory Board monitors the effectiveness of the risk management system. Risk coordinators in the divisions implement the central requirements and guidelines. The management of the business units and Group functions identifies, manages and reports the operational and strategic risks.

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.

[3] Data according to the joint diagnosis of the leading German economic research institutes dated September 27, 2022.
[4] Internal forecast taking relevant market studies such as those from statistics service providers, banks and management consultancies into account.

Internal control system

The task of the internal control system is to ensure the propriety of accounting and financial reporting. Our Corporate Accounting department continuously reviews changes in laws and accounting standards for their relevance to the Consolidated Financial Statements. The Group-wide internal accounting manual, charts of accounts and consolidation software are then modified accordingly.

The Consolidated Financial Statements are prepared centrally on the basis of the data reported by the subsidiaries. The Group Consolidation department first checks the data for plausibility before consolidating it. There are authorization and access rules in place to ensure the quality of data capture and consolidation, while observing the necessary separation of functions.

The Internal Audit department uses regular systematic reviews and technical measures to monitor the operating effectiveness of the systems and processes implemented.

Early risk 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.

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.

Starting from fiscal year 2021/2022, identified opportunities and risks are assessed on the basis of the possible economic impact on planned consolidated profit for the period (previously Group equity) 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 (≤ EUR 5 million), medium, high and very high (≥ EUR 15 million) on the basis of the net loss potential determined. 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

The early warning system was expanded in fiscal year 2021/2022 to include an internal capital adequacy plan, in which planned equity is compared with aggregated opportunities and risks to ensure that there is adequate capital to cover risks.

Based on the estimated probability of occurrence and its economic effects, we classify risks into three risk categories, with the significant risks classified as risk category 1. At the time of reporting, the related risks are as follows:

SCHOTT's production processes are energy-intensive and a substantial proportion is dependent on a continuous energy supply. The war in Ukraine is impacting the prices and availability of key energy sources in Europe especially. SCHOTT has therefore set up a crisis team to evaluate the effects of this energy crisis on an ongoing basis and manage our response. Despite the safeguards put in place, we cannot rule out the possibility of unplanned interruptions in energy supply in our plants. Any resulting unscheduled production outages would adversely affect SCHOTT's net assets, financial position and results of operations. Given the current impact of geopolitical conflicts, we classify this risk as a significant risk in category 1 for the first time as of the reporting date.

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 was found to have decreased year on year, but we continue to classify the risk as category 1.

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. At the same time, the digitalization level of business processes is growing. We therefore still classify the threat from cyber attacks as a significant risk in category 1.

In the Home Appliances segment, we continue to face increasing competitive pressure, particularly in mass markets. We are also active in project business in some markets in this segment. The cyclical nature of these activities could lead to temporary or permanent underutilization of our production capacities. We classify these risks as risk category 1, as in the previous year. In addition, we consider the risk posed by the availability and cost of raw materials to be greater than in the previous year and therefore classify this risk as risk category 1 for the first time as of the reporting date.

In the Precision Materials segment, we continue to observe a general increase in demand for pharmaceutical packaging. Nevertheless, in some business areas we see the risk that we could lose market share due to limited capacities if our competitors succeed in building up corresponding production capacities more quickly. We are countering this risk by making targeted investments. Nevertheless, in the medium to long term, we cannot rule out the possibility that potential losses of market share could represent a significant risk for SCHOTT. During the regular risk assessment, the probability of occurrence was found to have decreased year on year, but we continue to classify the risk as category 1.

Due to a change in the basis, we no longer classify the risks related to the discounting of pension liabilities and the change in exchange rates as risk category 1. Likewise, based on the regular reassessment of our risk portfolio, as of the reporting date we no longer classify risks from a potential amendment to Section 63 of the German Renewable Energy Act (EEG) as risk category 1.

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 and the ongoing COVID-19 pandemic 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 in our target markets and with our products gives us leeway to take advantage of opportunities and minimize risks.

Precision Materials segment

Opportunities in the Pharmaceutical Systems business unit lie in a further increase in the already high level of market demand and in an expedited expansion of production capacity – compared to what is currently planned. The risks presented by the current geopolitical situation, the tight conditions on the energy and commodity markets, high inflation and the risk of recession are considerable. Notable risks are a natural gas shortage as well as bottlenecks in the procurement of glass tubing and a lack of materials for components. In the Tubing business unit, increases in the cost of energy and materials pose significant risks, especially if it does not prove possible to increase revenue to a commensurate degree. Another risk is failing to achieve our productivity targets.

In the Electronic Packaging business unit, opportunities arise from an ongoing stable development and further growth of the core markets, the accelerated achievement of product innovations and from productivity and prices developing better than planned. We see risks in particular in the threat of a global or regional recession, lack of market success of product innovations, failure to achieve productivity targets, and cost increases that cannot be compensated for by corresponding sales.

Optical Industries segment

The risks described under Precision Materials (especially geopolitical risks, price trends and the shortage of energy and raw materials, inflation and the risk of recession) also apply in this segment, with different risk ranges depending of the nature of the business.

We expect a largely balanced portfolio of opportunities and risks for the Advanced Optics business unit at present. For Lighting and Imaging, we currently see more risks than opportunities, especially in view of the strategic and global risks described above. Opportunities arise from the market launch of new products and greater than expected demand for specific applications.

Home Appliances segment

Risks far outweigh opportunities in the Home Appliances segment at present. Notable risks here are again the procurement of energy and raw materials, including the risk of higher than expected inflation, the geopolitical situation, the consequences of ongoing lockdowns in China and the ramifications of a potential recession.

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 economic situation in China. Opportunities for Flat Glass arise from an easing of the current cost hikes and from higher sales with specific customers.

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 special focus is placed on raw materials that can be subject to strong price fluctuations, due to their sometimes limited availability, such as lithium, for example.

Supply shortages or the insolvency of a supplier, particularly in the raw materials sector, can lead to short-term, unexpected production losses. We counter these risks and general price increases by continuously improving the material composition of our products. 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 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 disruptions in the supply chain could lead to production stoppages in our plants. Regular maintenance work and redundant energy supply are therefore used to prevent unplanned production outages. The risk of an interruption to energy supply in Europe has risen since the outbreak of the war in Ukraine. SCHOTT has taken various steps to cushion any negative impact as a result, including setting up a crisis team and expanding the existing backup infrastructure. 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.

Risks as a result of quality defects during manufacturing and fulfillment of orders cannot be ruled out entirely. SCHOTT address these risks through its quality management system and extensive training program for the ongoing training of employees.

Risks and opportunities arising from technological innovation

SCHOTT operates in markets that are characterized by constant technological 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. SCHOTT counters this risk through ongoing investment in research and development, protection of its technical expertise through patents and other industrial property rights and 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

Treasury, which also controls the Group's cash management system, is centrally responsible for financing and hedging activities. The nature and scope of SCHOTT's financing and hedging activities are governed by a binding Group guideline. Financial transactions are concluded only with selected business partners and subject to fixed limits. We use derivative financial instruments exclusively 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 impairment 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

As an international Group, SCHOTT depends on the availability of its IT and telecommunications systems at all times as well as the protection of its know-how. To this end, we use a combination of technical protection systems, information security regulations and employee awareness activities.

Our security infrastructure protects SCHOTT's worldwide network against the growing threat of cyber attacks and insider threats. It is constantly being enhanced and continuously upgraded to state-of-the-art technology to ensure adequate protection of IT systems.

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.

Changes in tax laws in individual countries can affect our tax assets, tax liabilities and recognized deferred taxes. A weaker than expected development of our taxable income could have a negative effect on our deferred tax assets.

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

The companies of SCHOTT Group are directly and indirectly exposed to a wide variety of external risks, such as military conflicts, political unrest, natural disasters, terrorism, accidents and fire. Damage to SCHOTT's buildings, production facilities and warehouses or those of its suppliers and to goods in transit could result in property damage and business interruption. Moreover, delays can occur in the supply process, as a consequence of strikes in the transport sector, for example.

The war in Ukraine and related sanctions, including countermeasures, are currently having a hugely negative impact on the world economy, global supply chains and, especially in Europe, on the prices and availability of key energy sources and commodities. Besides setting up a crisis team, SCHOTT has taken various steps, such as expanding backup infrastructures already in place in order to mitigate any resulting negative impact.

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.

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.

Overall situation with respect to risks and opportunities

The uncertainty surrounding the ongoing impact of the COVID-19 pandemic and the further development of the geopolitical conflicts with their direct and indirect implications have created an especially challenging environment for politicians, business and society in the years to come.

In these challenging conditions, 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.

The rollout and continuous reporting of internal capital adequacy going forward have established a further instrument to identify and manage risks in good time. Our risk exposure has worsened since the previous year as a result of the geopolitical situation, while our internal capital adequacy has improved further thanks to the positive development of equity.

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.

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 to be set for implementation could be up to five years.

For the period ended June 30, 2022, the Supervisory Board had resolved a target of one woman on the Supervisory Board and none on the Board of Management. The Supervisory Board had one female member on June 30, 2022, while the Board of Management did not.

At its meeting held on April 3, 2017, the Board of Management resolved to increase the proportion of women at management level 1 to 10 % and at management level 2 to 25 % in the period to June 30, 2022. The actual proportion of women as of June 30, 2022 was 22.7 % at management level 1 and 25.5 % at management level 2. The targets for both management levels were therefore achieved and indeed significantly overachieved at management level 1.

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.

At its meeting 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

In the meeting on December 15, 2022, the Supervisory Board appointed Dr. Andrea Frenzel as a member of the Board of Management of SCHOTT AG with effect from April 1, 2023. She succeeds Mr. Hermann Ditz, who is leaving the Board of Management as of March 31, 2023.

Mainz, January 13, 2023

Dr. Frank Heinricht

Hermann Ditz

Dr. Heinz Kaiser

Dr. Jens Schulte

Consolidated Financial Statements

For the fiscal year from October 1, 2021, to September 30, 2022

Consolidated Statement of Income

From October 1, 2021 to September 30, 2022

(in EUR thousands)	Notes	2021/2022	2020/2021
Sales	4	**2,774,821**	**2,523,909**
Cost of sales		–1,765,798	–1,648,346
Gross profit		**1,009,023**	**875,563**
Selling expenses	5	–317,809	–269,060
Research and development costs	6	–98,523	–92,590
General administrative expenses	5	–188,060	–159,697
Other operating income	7	52,206	42,561
Other operating expenses	8	–48,194	–21,407
Income from investments accounted for using the equity method	9	13,257	14,241
Result from operating activities		**421,900**	**389,611**
Interest income	10	5,862	1,457
Interest expense	10	–15,336	–14,719
Other net financial income/expense	10	–13,850	–3,413
Financial result		**–23,324**	**–16,675**
Result from continuing operations before income taxes		**398,576**	**372,936**
Income taxes	11	–130,061	–86,086
Result from continuing operations		**268,515**	**286,850**
Result from discontinued operations (after taxes)	12	369	2,335
Consolidated profit for the period		**268,884**	**289,185**
of which attributable to non-controlling interests	13	–1,110	13,989
of which attributable to the owner of SCHOTT AG		269,994	275,196

Consolidated Statement of Comprehensive Income

From October 1, 2021 to September 30, 2022

(in EUR thousands)	Notes	2021/2022	2020/2021
Consolidated profit for the period		**268,884**	**289,185**
Amounts that are not to be reclassified to the consolidated statement of income in future periods			
Actuarial gains/losses from pension provisions	25	305,014	95,188
Deferred taxes	25	−92,354	−25,861
		212,660	**69,327**
Amounts that are to be reclassified to the consolidated statement of income in future periods			
Currency translation differences		107,147	17,175
Non-controlling interests*		4,638	−78
Other comprehensive income/loss from investments accounted for using the equity method		5,122	723
		116,907	**17,820**
Other comprehensive income/loss		**329,567**	**87,147**
Total comprehensive income		**598,451**	**376,332**
of which attributable to non-controlling interests		3,528	13,911
of which attributable to the owner of SCHOTT AG		594,923	362,421

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

Consolidated Statement of Financial Position

As of September 30, 2022

Assets

(in EUR thousands)	Notes	Sept. 30, 2022	Sept. 30, 2021
Non-current assets			
Intangible assets	14	142,530	124,621
Property, plant and equipment	15	1,660,098	1,375,713
Investments accounted for using the equity method	16	108,286	89,258
Deferred tax assets	11	166,610	287,679
Other financial assets	17	10,756	12,838
Other non-financial assets	18	3,820	2,530
		2,092,100	**1,892,639**
Current assets			
Inventories	19	607,168	433,227
Contract assets	20	102,586	82,134
Trade receivables	20	497,755	420,269
Income tax refund claims		14,996	6,952
Other financial assets	21	57,423	28,015
Other non-financial assets	22	96,233	68,786
Cash and cash equivalents	23	258,958	280,781
		1,635,119	**1,320,164**
Assets held for sale	24	0	56,212
		1,635,119	**1,376,376**
Total assets		**3,727,219**	**3,269,015**

Equity and liabilities

(in EUR thousands)	Notes	Sept. 30, 2022	Sept. 30, 2021
Equity			
Subscribed capital	25	150,000	150,000
Capital reserves	25	322,214	322,214
Generated Group capital	25	1,298,501	846,372
Accumulated other Group capital	25	63,090	–51,360
Non-controlling interests	25	63,525	83,614
		1,897,330	**1,350,840**
Non-current liabilities			
Provisions for pensions and similar commitments	26	546,618	876,794
Provisions for income taxes		72,486	43,428
Other provisions	27	77,707	83,453
Deferred tax liabilities	11	59,610	36,640
Other financial liabilities	30	124,553	143,580
Other non-financial liabilities	31	65,171	20,378
		946,145	**1,204,273**
Current liabilities			
Provisions for income taxes		16,882	15,900
Other provisions	27	63,120	61,516
Accrued liabilities	28	229,999	207,806
Trade payables	29	341,942	247,963
Tax liabilities		14,297	15,520
Other financial liabilities	30	153,465	93,602
Other non-financial liabilities	31	64,039	54,317
		883,744	**696,624**
Liabilities in connection with assets held for sale	24	0	17,278
		883,744	**713,902**
Total equity and liabilities		**3,727,219**	**3,269,015**

Consolidated Statement of Cash Flows

From October 1, 2021 to September 30, 2022

(in EUR thousands)	2021/2022	2020/2021
Consolidated profit for the period	268,884	289,185
Depreciation and amortization/impairment reversals on non-current assets	208,937	174,827
Increase/decrease in provisions and accrued liabilities	33,256	45,582
Other non-cash expenses and income	–5,230	–19,436
Gain/loss on the disposal of intangible assets and property, plant and equipment	–4,735	1,434
Gain/loss from financial assets	–913	1,900
Increase/decrease in inventories and advance payments made on inventories	–145,726	–19,424
Increase/decrease in contract assets	–20,452	2,788
Increase/decrease in trade receivables	–58,496	–62,699
Increase/decrease in other assets	–41,500	–13,454
Increase/decrease in advance payments received	52,112	21,902
Increase/decrease in trade payables	91,905	30,830
Increase/decrease in other liabilities	18,941	16,836
Increase/decrease in deferred taxes	47,216	24,032
Cash flow from operating activities (A)	**444,199**	**494,303**
Cash inflow from the disposal of property, plant and equipment/intangible assets	14,489	2,722
Cash outflow for investments in property, plant and equipment/intangible assets	–401,024	–321,057
Cash inflow from the disposal of consolidated companies (or parts thereof)	28,461	0
Cash inflow from the disposal of financial assets	61	630
Cash outflow for the acquisition of consolidated companies and other business divisions	–18,281	–9,283
Cash outflow for investments in financial assets	–3,140	–1,349
Dividends received	820	6,278
Cash flow from investing activities (B)	**–378,614**	**–322,059**
Dividends paid	–33,337	–11,935
Increase/decrease of non-controlling interests in the capital reserves	0	–10,867
Raising of loans	49,005	5,654
Repayment of loans	–55,550	–44,281
Allocation to plan assets	–18,843	–27,515
Cash inflow/outflow from financial receivables	–27,962	–3,148
Raising/repayment of financial liabilities	3,183	–5,077
Repayments of outstanding lease liabilities	–17,219	–19,290
Cash flow from financing activities (C)	**–100,723**	**–116,459**
Change in cash and cash equivalents (A+B+C)	**–35,138**	**55,785**
Opening balance of cash and cash equivalents	**280,781**	**233,784**
– Checks, cash on hand	50	252
– Deposits with banks	280,731	233,532
Change in cash and cash equivalents due to exchange rates	7,285	1,819
Changes in cash and cash equivalents due to changes in the scope of consolidation and presentation	6,030	–10,607
Closing balance of cash and cash equivalents	**258,958**	**280,781**
– Checks, cash on hand	441	50
– Deposits with banks	258,517	280,731

The Consolidated Statement of Cash Flows is discussed under Note 35.

(in EUR thousands)	2021/2022	2020/2021
Additional notes to the consolidated statement of cash flows*		
Interest paid	–5,103	–4,446
Interest received	6,307	1,457
Income taxes paid	–61,077	–44,407

* Included in cash flow from operating activities

Consolidated Statement of Changes in Equity

From October 1, 2021 to September 30, 2022

	Attributable to the owner			
(in EUR thousands)	Subscribed capital	Capital reserves	Generated Group capital	
Balance as of Oct. 1, 2020	**150,000**	**322,214**	**511,815**	
Consolidated profit for the period			275,196	
Other comprehensive income			69,327	
Total comprehensive income			**344,523**	
Dividends			– 10,000	
Transactions involving non-controlling interests			0	
Change in the scope of consolidation			34	
Balance as of Sept. 30, 2021	**150,000**	**322,214**	**846,372**	
Balance as of Sept. 30, 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**	

Equity is discussed in Note 25.

Accumulated other Group capital			
Currency translation differences	Shareholder of SCHOTT AG	Non-controlling interests	SCHOTT Group equity
−69,258	**914,771**	**82,505**	**997,276**
	275,196	13,989	289,185
17,898	87,225	−78	87,147
17,898	**362,421**	**13,911**	**376,332**
	−10,000	−1,935	−11,935
0	0	−10,867	−10,867
	34	0	34
−51,360	**1,267,226**	**83,614**	**1,350,840**
−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**

Notes to the Consolidated Financial Statements

For fiscal year 2021 / 2022

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, 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 consolidated reporting date. With the exception of the changes described in Note 2, the accounting methods, 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, 2022, and the Group Management Report were authorized for issue by the Board of Management on January 13, 2023. The plan is for the Supervisory Board to approve the Consolidated Financial Statements at its meeting on January 17, 2023.

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

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

The following new and amended standards and interpretations, which were to be mandatorily applied for the first time in the 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			
IFRS 4	Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9	Jan. 1, 2021	No
IFRS 9, IAS 39, IFRS 7	Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform Phase 2	Jan. 1, 2021	No
IFRS 16	Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond June 30, 2021	April 1, 2021	No

The application of the new standards did not result in any material impact on the values reported in these 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 that have already 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			
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
Various	Amendments to IFRS 3, IAS 16 and IAS 37; Annual Improvements 2018–2020	Jan. 1, 2022	June 28, 2021
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current – deferral of the effective date	Jan. 1, 2023	No
IFRS 16	Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	Jan. 1, 2024	No

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 methods of consolidation

3.1 Scope of consolidation, acquisitions and divestment

Scope of consolidation

Along with SCHOTT AG, an additional 14 consolidated companies (previous year: 11) based in Germany and 53 foreign consolidated companies (previous year: 49) were fully included in the Consolidated Financial Statements. A subsidiary is included using the full consolidation method from the date on which SCHOTT exercises control. SCHOTT exercises 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. Five companies (previous year: five) were included in the scope of consolidation as of the reporting date using equity method accounting.

In fiscal year 2021/2022, 10 subsidiaries were included in the Consolidated Financial Statements for the first time, while the scope of consolidation decreased by three entities as a result of two disposals. The changes are shown in the following table:

Additions to the scope of consolidation	Share of voting rights	Date
SCHOTT Pharma AG & Co. KGaA, Mainz	100%	Oct. 1, 2021
SCHOTT Pharma Management AG, Mainz	100%	Aug. 1, 2022
SCHOTT Pharma Mexico GmbH, Mainz	100%	Aug. 1, 2022
SCHOTT Technologies Brazil Ltda., Rio de Janeiro/Brazil	100%	Aug. 1, 2022
SCHOTT Pharma France S.A.S., Colombes/France	100%	Aug. 1, 2022
SCHOTT-Italglas s.r.l., Genoa/Italy	100%	Jan. 1, 2022
SCHOTT Technologies Mexico S.A. de C.V., Amatlan de los Reyes/Mexico	100%	Aug. 1, 2022
SCHOTT Suisse SA, Yverdon-les-Bains/Switzerland	100%	Aug. 1, 2022
Applied Microarrays, LLC, Phoenix/USA	100%	Oct. 1, 2021
SCHOTT Pharma USA, Inc., Lebanon/USA	100%	Aug. 1, 2022

In January 2022, SCHOTT acquired another 50 % of the shares in SCHOTT-Italglas s.r.l., Genoa/Italy. SCHOTT already held 50 % of the shares at that time and accounted for the company using the equity method until December 2021. As of October 1, 2021, SCHOTT acquired 100 % of the shares in Applied Microarrays, LLC, based in Phoenix/USA. The other additions to the scope of consolidation are companies newly established in the reporting year.

Disposals from the scope of consolidation	Share of voting rights	Date
SCHOTT Gemtron Canada Corporation, Midland/Canada	56 %	Nov. 30, 2021
Gemtron de México S.A. de C.V., San Luis Potosí/Mexico	100 %	Nov. 30, 2021
SCHOTT Gemtron Corporation, Sweetwater/USA	51 %	Nov. 30, 2021

The companies were sold effective December 1, 2021. Further details can be found in Note 24.

Additions of investments accounted for using the equity method	Share of voting rights	Date
Smart Skin Technologies Inc., Fredericton/Canada	20 %	Oct. 1, 2021

Since the reporting year, SCHOTT has been accounting for its shares in Smart Skin Technologies Inc., Fredericton/Canada, using the equity method. For reasons of materiality, these shares were previously not accounted for using the equity method. SCHOTT's voting rights did not change in fiscal year 2021/2022.

Disposals of investments accounted for using the equity method	Share of voting rights	Date
SCHOTT-Italglas s.r.l., Genoa/Italy	50 %	Jan. 1, 2022

SCHOTT acquired another 50 % of the shares in the company in January 2022 and has since fully consolidated this company.

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

Acquisitions/divestments

Acquisitions

Effective October 1, 2021, SCHOTT acquired 100 % of the shares in Applied Microarrays, LLC, based in Phoenix/USA. Applied Microarrays, LLC, is a manufacturer of customized DNA and protein biosensors and other microarrays on glass, plastic and semiconductors and is based in Phoenix, Arizona/USA. SCHOTT acquired the company to enhance its manufacturing presence in the United States along with its capabilities in diagnostics and life sciences. Prior to the acquisition, SCHOTT already had a long-standing partnership with Applied Microarrays, LLC, working jointly on projects for diagnostics applications, via its subsidiary SCHOTT MiniFAB Pty Ltd., Scoresby/Australia, which also operates in the field of diagnostics and life sciences. In connection with the acquisition, goodwill of EUR 8,818 thousand and the addition of further assets net of liabilities of EUR 7,776 thousand were identified during a purchase price allocation.

(in EUR thousands)	Acquisition date fair value
Non-current assets	
Intangible assets	5,976
Property, plant and equipment	674
	6,650
Current assets	
Inventories	101
Other financial assets	2,286
Other non-financial assets	607
	2,994
Total assets	**9,644**
Non-current liabilities	
Deferred tax liabilities	1,484
	1,484
Current liabilities	
Other financial liabilities	215
Other non-financial liabilities	169
	384
Total liabilities	**1,868**
Total identifiable net assets at fair value	**7,776**
Goodwill arising on acquisition	8,818
Total consideration	**16,594**
thereof cash and cash equivalents	1,493
thereof assumed liabilities	0

The goodwill of EUR 8,818 thousand includes the value of expected synergies arising from the acquisition, growth in earnings, future market development and the know-how of the employees taken over from Applied Microarrays, LLC. These cannot be recognized separately from goodwill as the benefits associated with them cannot be reliably measured. None of the goodwill recognized is expected to be deductible for income tax purposes. Other acquired intangible assets relate in particular to the customer base and brand.

As part of the acquisition, contingent consideration was arranged that will be paid out in coming years if the acquired company achieves certain financial ratios. The maximum amount of all agreed contingent consideration was USD 42 million as of the acquisition date. Depending on the achievement of the financial ratios, the contingent consideration may partially or fully expire. The contingent consideration liability was recognized at its fair value of USD 0.2 million as of the reporting date.

Since the date of acquisition on October 1, 2021, Applied Microarrays, LLC, has contributed EUR 6,338 thousand to sales and EUR –1,656 thousand to consolidated profit for the period.

The transaction costs of EUR 301 thousand were expensed and are included in general administrative expenses.

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

Divestments

Under an agreement dated October 20, 2021 and effective from December 1, 2021, SCHOTT Group sold its shares in SCHOTT Gemtron Corporation, Vincennes/USA and its subsidiaries. The following table shows the related effect on the items of the Consolidated Statement of Financial Position:

(in EUR thousands)	Sept. 30, 2022
Assets held for sale	62,422
Current assets	**62,422**
Assets	**62,422**
Liabilities in connection with assets held for sale	19,602
Current liabilities	**19,602**
Equity and liabilities	**19,602**
Net assets sold and liabilities at carrying amount	**42,820**
Consideration received, satisfied in cash	35,757
Cash and cash equivalents disposed of	–7,296
Net cash inflow	**28,461**

The sale resulted in a gain of EUR 4,732 thousand, which is included in other operating income.

Subsidiaries with material non-controlling interests

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, 2022	
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, 2021.

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

(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021
SCHOTT Finanzierungs- und Verwaltungs GmbH, Mainz	4,906	5,222

The total result of SCHOTT Finanzierungs- und Verwaltungs GmbH in fiscal year 2021/2022 came to EUR 526 thousand (previous year: EUR 564 thousand). The equity of the company as of September 30, 2022 amounted to EUR 7,359 thousand (previous year: EUR 7,833 thousand).

The non-controlling interests in SCHOTT Flat Glass Holding B.V., Tiel/Netherlands, stood at the unchanged amount of EUR 11.3 million compared to the previous year as of September 30, 2022, with a shareholding of 33 %. The aggregated assets and liabilities of the company, including the subsidiaries it held, amounted to EUR 195 million and EUR 87 million, respectively, as of the reporting date of the past fiscal year (previous year: EUR 180 million and EUR 73 million, respectively). Aggregate sales of EUR 245 million (previous year: EUR 231 million) and total income of EUR 2 million (previous year: EUR 17 million) were achieved in fiscal year 2021/2022.

3.2 Consolidation methods

In accordance with IFRS 3 *Business Combinations*, capital is consolidated 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 voters,
- Rights resulting from other contractual arrangement,
- 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 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 =	2022	2021	2021/2022	2020/2021
Chinese renminbi	6.94	7.49	7.16	7.82
Japanese yen	140.89	129.59	133.33	128.02
Swiss franc	0.96	1.08	1.03	1.09
Singapore dollar	1.40	1.57	1.50	1.61
Czech koruna	24.56	25.31	24.90	26.10
Hungarian forint	421.38	359.87	374.32	358.45
US dollar	0.97	1.16	1.10	1.20

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 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.

As a result, the figures for the two companies were included in the Consolidated Financial Statements at restated values pursuant to IAS 29 for the first time in the reporting year. In the previous year, Turkey had not yet been classified as a hyperinflationary country. The restatement effect for SCHOTT Envases Argentina S.A. was considered immaterial in the previous year.

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 2021/2022 was 1.83 on the basis of the purchasing power as of September 30, 2021 (previous year: 1.52).

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 2021/2022 was 1.83 on the basis of the purchasing power as of September 30, 2021 (previous year: 1.20).

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 may be derived 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 13,202 thousand in the reporting year and is included in the financial result. SCHOTT presented the effect from the changes in inflation and exchange rates net in currency translation differences under other operating 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.

Significant judgment was also required on the following matter:

Sale of trade receivables

SCHOTT AG sells trade receivables to a special purpose entity on a revolving basis under an asset-backed securities program. SCHOTT reviewed whether an obligation to consolidate the special purpose entity could arise under IFRS 10 and came to the conclusion that no relevant activities remain with SCHOTT due to the program structure and therefore consolidation in accordance with IFRS 10 is not applicable.

Based on the current structure of the program, SCHOTT has also concluded that substantially all the risks and rewards relating to the receivables sold will neither be transferred nor retained, but that control over the receivables has been transferred and that these must therefore be completely derecognized in SCHOTT's Consolidated Financial Statements in accordance with IFRS 9. A continuing involvement with respect to the retained late-payer risk is presented. For more information, please refer to Note 32.2.

Use of estimates

The preparation of financial statements in accordance with IFRSs requires estimates that influence the measurement of assets and liabilities, the nature and scope of contingent liabilities and 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 uniform determination of economic useful lives of depreciable 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 33);
- the recoverability of goodwill (Note 14);
- the recoverability of inventories (Note 19);
- the recoverability of receivables (Note 32);
- the recognition and measurement of provisions (Notes 26 and 27) 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 business trend 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.

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 handled 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 performs 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 are due during the normal operating cycle. Impairment losses on contractual assets follow the rules for financial assets. Further details are provided in Note 32.

In contrast to contract assets, receivables represent the unconditional claim to consideration, i.e., the due date occurs 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 agrees on payment terms of up to 90 days, which are customary in the industry, depending on the market and region, and no significant financing components are included in the contracts with customers.

SCHOTT typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These 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 associated uncertainty with the variable consideration is subsequently resolved.

Recognition of expenses

Costs incurred in order to generate sales revenue and the cost of goods purchased for resale are reported under cost of sales. This item also includes expenses related to the allocation of 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 chargeable as expenses, 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 32.

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 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 observable 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 confirmed, 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. Further details, including the carrying amounts, can be found under Notes 6 and 14.

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 there is reasonable assurance 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 for a consideration as part of business combinations is tested for impairment at least once a year. This takes place regardless of whether concrete facts and circumstances indicate that an impairment loss may be needed. 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 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 conducted 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 values drawn from 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 8.5 % and 10.6 % before taxes (previous year: between 8.8 % and 12.2 %), adjusted where necessary for other currency areas. Further details, including 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 on the part 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 financial (IFRS) accounts, 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 carrying amounts, can be found under Note 11.

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. On the reporting date September 30, 2022, 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 this 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 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 26.

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 their discounted 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 rents 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

4 Sales

	2021/2022		2020/2021	
	(in EUR thousands)	%	(in EUR thousands)	%
Germany	364,164	13.1	317,351	12.7
Europe excluding Germany	954,862	34.4	856,215	33.9
Asia and South Pacific	737,834	26.6	670,973	26.6
North America	547,350	19.8	536,105	21.2
South America	125,854	4.5	106,725	4.2
Middle East and Africa	44,757	1.6	36,540	1.4
	2,774,821	**100.0**	**2,523,909**	**100.0**

Sales mainly result from the sale of goods.

The timing of sales revenue recognition is determined as follows:

(in EUR thousands)	2021/2022	2020/2021
Goods transferred at a point in time	2,519,382	2,261,080
Goods and services transferred over time	255,439	262,829
	2,774,821	**2,523,909**

The table below shows sales by customer industry:

(in EUR thousands)	2021/2022	2020/2021
Precision Materials (electronics, automotive industry, pharmaceuticals)	1,521,172	1,300,412
Optical Industries (optics, electronics, automotive and aviation industries)	357,983	283,253
Home Appliances (home appliance industry)	886,775	948,279
Trade and others/consolidation	8,891	–8,035
	2,774,821	**2,523,909**

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 planned IPO of the pharma division. 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 5.9 million in fiscal year 2021/2022 to EUR 98.5 million (this equates to 3.6 % of sales; previous year: 3.7 %).

7 Other operating income

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

(in EUR thousands)	2021/2022	2020/2021
Income from on-charging	13,117	7,387
Income from the reversal of provisions/accrued liabilities	12,096	7,990
Income from changes in the scope of consolidation	5,281	12
Income from grants and reimbursements	5,214	5,454
Income from disposals of property, plant and equipment	3,329	357
Income from commissions, rentals and licenses	2,362	3,514
Scrap proceeds	2,141	2,584
Income from insurance payments	1,467	1,577
Income from non-income taxes	1,032	594
Exchange rate gains	0	3,111
Adjustments to loss allowances on receivables and other assets	0	682
Other	6,167	9,299
	52,206	**42,561**

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 in full 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)	2021/2022	2020/2021
Expenses for restructuring	19,502	6,582
Exchange losses	17,730	0
Expenses from the recognition of provisions/accrued liabilities	3,432	2,076
Expenses from non-income taxes	1,730	1,887
Bank charges	1,628	1,535
Loss allowances on receivables and other assets	740	0
Donations	614	913
Impairment losses on property, plant and equipment and intangible assets	301	1,505
Other	2,517	6,909
	48,194	**21,407**

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

Expenses for restructuring mainly include 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)	2021/2022	2020/2021
SCHOTT Poonawalla Pvt. Ltd. (formerly SCHOTT KAISHA PRIVATE LIMITED), Mumbai/India	10,669	11,420
Empha SPA, Turin/Italy	2,898	2,206
SCHOTT-Italglas s.r.l., Genoa/Italy*	175	872
Glaverpane S.A., Jemeppe-sur-Sambre/Belgium	114	98
Smart Skin Technologies Inc., Fredericton/Canada	–475	0
Zhejiang Crystal-SCHOTT Optical Technology Co., Ltd., Taizhou/China	–124	–355
	13,257	**14,241**

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

10 Financial result

(in EUR thousands)	2021/2022	2020/2021
Interest and similar income	5,862	1,457
Interest and similar expenses	–15,336	–14,719
of which net interest expense from pensions	–12,064	–11,794
Interest result	**–9,474**	**–13,262**
Income from investments	820	3,053
Expenses/income from securities and financial assets	278	–4,974
Loss on the net monetary position (hyperinflation)	–13,202	0
Other financial expenses	–1,746	–1,492
Other financial result	**–13,850**	**–3,413**
Total financial result	**–23,324**	**–16,675**

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)	2021/2022	2020/2021
Current taxes	–79,792	–61,952
Deferred taxes	–50,269	–24,134
Income taxes	**–130,061**	**–86,086**

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 give a tax rate totaling 28 % for German companies (previous year: 30 %). Tax rates outside of Germany ranged between 11 % and 34 % (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 items:

	Sept. 30, 2022		Sept. 30, 2021	
(in EUR thousands)	Assets	Liabilities	Assets	Liabilities
Intangible assets	7,740	5,299	9,909	9,836
Property, plant and equipment	9,165	59,086	11,217	42,643
Inventories	16,508	6,520	13,020	3,369
Current and non-current other assets	13,562	23,121	6,615	17,827
Provisions for pensions and similar commitments	106,370	0	220,146	0
Current and non-current other provisions and accrued liabilities	25,888	6,871	25,681	6,895
Current and non-current other liabilities	58,440	27,065	27,106	8,938
Tax loss carry-forwards	11,499	0	26,805	0
Other	0	14,210	48	0
Deferred taxes before offsetting	**249,172**	**142,172**	**340,547**	**89,508**
Offset amounts*	82,562	82,562	52,868	52,868
Carrying amount	**166,610**	**59,610**	**287,679**	**36,640**

* Amounts offset within individual taxable entities

The change in deferred taxes in fiscal year 2021/2022 as well as in the previous year is presented below:

	2021/2022		2020/2021	
(in EUR thousands)	Consolidated income statement	Recognized in other comprehensive income	Consolidated income statement	Recognized in other comprehensive income
Intangible assets	2,368		–1,049	
Property, plant and equipment	–16,996	–1,499	3,329	–5,579
Inventories	337		2,281	
Current and non-current other assets	1,653		–4,612	
Provisions for pensions and similar commitments	–21,422	–92,354	4,320	–25,861
Current and non-current other provisions and accrued liabilities	231		2,788	
Current and non-current other liabilities	13,207		–3,661	5,579
Tax loss carry-forwards	–15,306		–27,736	
Other	–14,258		198	
Deferred taxes before exchange rate effects	**–50,186**	**–93,853**	**–24,142**	**–25,861**
Exchange rate effects	–115		–11	
Deferred tax expense	**–50,301**		**–24,153**	
of which for continuing operations	–50,269		–24,134	
of which for discontinued operations	–32		–19	

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 2,645 thousand and other companies recognized EUR 2,655 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 loss carry-forwards and deductible differences. Loss carry-forwards, interest carry-forwards and tax credits for which no deferred tax assets are recognized exist in the amount of EUR 114,254 thousand (previous year: EUR 89,502 thousand) for corporate income tax and comparable foreign taxes, in the amount of EUR 112,533 thousand (previous year: EUR 114,172 thousand) for trade tax and comparable foreign taxes and in the amount of EUR 2,520 thousand (previous year: EUR 2,121 thousand) for tax credits. Furthermore, no deferred taxes were recognized on future deductible differences in the amount of EUR 10,307 thousand (previous year: EUR 14,444 thousand). The resulting unrecognized deferred tax assets amount to EUR 36,832 thousand (previous year: EUR 30,735 thousand) for loss carry-forwards, interest carry-forwards and tax credits and EUR 2,525 thousand (previous year: EUR 3,867 thousand) for future deductible differences.

Of the unrecognized loss carry-forwards (corporate income tax), an amount of EUR 4,890 thousand expires within the next three years, EUR 88 thousand expires after four years and another EUR 16,929 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 –92,354 thousand (previous year: EUR –25,861 thousand) were recognized in other comprehensive income. Of this amount, EUR –92,354 thousand (previous year: EUR –25,861 thousand) related to adjustments to pension provisions recognized directly in other comprehensive income and EUR 0 thousand (previous year: EUR 0 thousand) to intangible assets, EUR 0 thousand (previous year: EUR –5,579 thousand) to property, plant and equipment and EUR 0 thousand (previous year: EUR 5,579 thousand) to lease liabilities. In the reporting year, deferred tax liabilities of EUR 14,210 thousand (previous year: EUR 0 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 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 15,739 thousand (previous year: EUR 21,624 thousand) could arise if current tax law were to 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: 30 %). 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: 14.2 %) for trade tax:

(in EUR thousands)	2021/2022	2020/2021
Result from continuing operations before income taxes	**398,576**	**372,936**
Calculated tax expense at the anticipated tax rate (28.0 %; previous year: 30.0 %)	111,601	111,881
Effect of tax rate changes	2,692	–521
Non-deductible expenses	13,547	4,560
Tax-exempt components of income	–7,444	–2,428
Tax difference due to foreign tax rates	–10,639	–15,407
Change in impairment losses on deferred tax assets	5,747	–8,109
Taxes relating to previous periods	–1,061	–2,525
Change in deferred taxes (outside basis differences)	14,210	0
Other	1,408	–1,365
Income taxes according to the consolidated statement of income	**130,061**	**86,086**
Effective tax rate according to the Consolidated Financial Statements	32.6 %	23.1 %

Effects from losses and temporary differences totaling EUR 7,288 thousand for which tax assets could not be recognized relate in particular to SCHOTT Pharmaceutical Packaging Russia o.o.o., Zavolzhye/Russia in the amount of EUR 4,224 thousand, SCHOTT Flat Glass BV, Culemborg/Netherlands, in the amount of EUR 1,365 thousand and SCHOTT MiniFAB Pty Ltd., Scoresby/Australia, in the amount of EUR 827 thousand. This is offset in particular by effects from tax assets recognized for the first time or from the use of tax assets not previously recognized totaling EUR –1,541 thousand, in particular effects in the amount of EUR –994 thousand at SCHOTT Italvetro S.R.L., Borgo a Mozzano/Italy. Tax income for previous periods totaling EUR –1,061 thousand relates to current taxes in the amount of EUR –2,296 thousand and deferred taxes in the amount of EUR 1,235 thousand due to the adjustment of tax bases.

In the fiscal year, deferred tax liabilities on outside basis differences of EUR 14,210 thousand were recognized. EUR 10,646 thousand of this amount relates to outside basis differences in connection with the potential IPO of the pharma business and EUR 3,564 thousand to planned dividend distributions which are likely to result in tax charges in the foreseeable future.

12 Discontinued operations

In fiscal year 2021/2022, as in the previous year, the Photovoltaics business unit met the requirements for discontinued operations. 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)	2021/2022	2020/2021
Sales	0	0
Cost of sales	0	0
Gross profit	**0**	**0**
Selling and administrative expenses	–644	–717
Other operating income	905	3,731
Other operating expenses	–49	–287
Financial result	164	–251
Result before income taxes	**376**	**2,476**
Income taxes	–7	–141
Result from discontinued operations	**369**	**2,335**

The result before income taxes of the discontinued operation Photovoltaics mainly relates to the reversal of provisions for warranties and for the disposal of solar modules as well as the dividend received from an investment.

The profit before income taxes amounts to EUR 376 thousand (previous year: loss of EUR 2,476 thousand).

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

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**

2020/2021

(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	–707	–10	–717
Other operating income	3,731	0	3,731
Other operating expenses	–287	0	–287
Financial result	–251	0	–251
Result before income taxes	**2,486**	**–10**	**2,476**
Income taxes	–144	3	–141
Result from discontinued operations	**2,342**	**–7**	**2,335**

The discontinued operations' cash flows are presented below:

(in EUR thousands)	2021/2022	2020/2021
Operating activities	–4,282	–2,837
Investing activities	162	0
Financing activities	1	0

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

Profits attributable to non-controlling interests amounted to EUR 3,871 thousand (previous year: EUR 14,425 thousand), whereas losses came to EUR 4,981 thousand (previous year: EUR 436 thousand).

14 Intangible assets

The scheduled goodwill impairment test was performed on June 30, 2022. 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, 2022 EUR millions
Home Tech	1.0%	7.7%	10.5%	41.4
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

Cash-generating unit	G*	WACC after taxes	WACC before taxes	Sept. 30, 2021 EUR millions
Home Tech	1.0%	7.8%	10.6%	28.9
Pharmaceutical Systems	1.0%	7.3%	9.9%	28.0
Flat Glass	1.0%	9.0%	12.2%	7.0
Advanced Optics	1.0%	7.4%	10.1%	6.1
Lighting and Imaging	1.0%	6.9%	9.4%	4.3

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

For all 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 unit Flat Glass only under the following circumstances. Key factors 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 2.4 percentage points (Flat Glass) would lead to an impairment loss. Likewise, falling short of the OFCF planned for the terminal value by more than 34 % (Flat Glass) 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.

An amount of EUR 2,867 thousand (previous year: EUR 0 thousand) of the impairment losses included in accumulated amortization in the following table relates to other intangible assets. The impairment losses are mainly attributable to the values in use falling below their carrying amounts. Impairment losses are reported in the Consolidated Statement of Income mainly under the functional areas, thereof EUR 1,989 thousand (previous year: EUR 0 thousand) under selling expenses and EUR 875 thousand (previous year: EUR 0 thousand) under cost of sales.

(in EUR thousands)	Development costs	Patents, licenses and similar rights	Goodwill	Total
Cost				
Balance as of Oct. 1, 2020	**2,740**	**115,000**	**180,157**	**297,897**
Additions	0	9,383	0	9,383
Disposals	1,509	21,339	0	22,848
Repostings	0	2,703	0	2,703
Reclassifications**	0	–1,999	–6,781	–8,780
Currency translation	0	1,267	1,340	2,607
Balance as of Sept. 30, 2021	**1,231**	**105,015**	**174,716**	**280,962**
Accumulated amortization and impairment				
Balance as of Oct. 1, 2020	**2,482**	**72,824**	**98,604**	**173,910**
Current amortization*	164	9,557	0	9,721
Disposals	1,509	21,339	0	22,848
Reclassifications**	0	–1,875	–3,445	–5,320
Currency translation	0	830	48	878
Balance as of Sept. 30, 2021	**1,137**	**59,997**	**95,207**	**156,341**
Carrying Amount				
Balance as of Sept. 30, 2021	**94**	**45,018**	**79,509**	**124,621**
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**

* Impairment losses are included in accumulated amortization.
** Reclassifications of assets held for sale in accordance with IFRS 5. Assets held for sale are discussed under Note 24.
*** Currency translation includes effects from the hyperinflation restatement pursuant to IAS 29 of EUR 133 thousand under cost and EUR 121 thousand under accumulated amortization, depreciation and impairment losses.

15 Property, plant and equipment

Impairment losses on property, plant and equipment were recognized in the amount of EUR 12,666 thousand in the fiscal year (previous year: EUR 7,611 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. The impairment losses relate in particular to our location in Russia where conditions deteriorated significantly following the start of Russia's war of aggression against Ukraine in February 2022. Impairment losses attributable to property, plant and equipment include EUR 9,890 thousand (previous year: EUR 4,673 thousand) for technical equipment and machinery, EUR 1,425 thousand (previous year: EUR 1,565 thousand) for land, land rights and buildings and EUR 1,351 thousand (previous year: EUR 1,373 thousand) for other equipment, operating and office equipment.

Impairment losses of EUR 11,870 thousand (previous year: EUR 4,187 thousand) were recognized in other operating expenses, thereof EUR 11,570 thousand (previous year: EUR 2,682 thousand) in restructuring expenses. Impairment losses of EUR 796 thousand (previous year: EUR 3,424 thousand) were recognized in the functional areas, thereof EUR 796 thousand (previous year: EUR 3,237 thousand) in cost of sales.

Reversals of impairment losses of EUR 29 thousand (previous year: EUR 2,479 thousand) mainly relate to technical equipment and machinery and are included in other operating income.

Government grants for assets amounting to EUR 6,163 thousand (previous year: EUR 3,871 thousand) have been deducted from the cost of the respective asset. These grants are mainly attributable to the subsidiary SCHOTT Hungary Kft., Lukácsháza/Hungary, which received grants for production-related development projects. Purchase commitments for non-current assets amounted to EUR 187,731 thousand as of the reporting date (previous year: EUR 161,436 thousand). As in the previous year, no significant borrowing costs under IAS 23 were capitalized during the current 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 33.

(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, 2020	**791,116**	**1,756,852**	**327,609**	**313,442**	**3,189,019**
Change in the scope of consolidation	–1,441	–3,116	–448	0	–5,005
Additions	31,342	84,389	17,545	199,500	332,776
Disposals	3,273	58,177	19,654	0	81,104
Repostings	41,599	150,133	20,844	–215,279	–2,703
Reclassifications**	–18,144	–47,748	–7,383	–2,178	–75,453
Currency translation	6,690	12,883	2,303	4,212	26,088
Balance as of Sept. 30, 2021	**847,889**	**1,895,216**	**340,816**	**299,697**	**3,383,618**
Accumulated depreciation and impairment					
Balance as of Oct. 1, 2020	**475,017**	**1,251,328**	**240,825**	**495**	**1,967,665**
Change in the scope of consolidation	–1,321	–3,371	–433	0	–5,125
Current depreciation*	34,613	102,990	29,464	517	167,584
Reversal of impairment losses	2,225	109	89	56	2,479
Disposals	2,326	55,121	18,641	0	76,088
Repostings	–1	–16	17	0	0
Reclassifications**	–11,865	–39,093	–5,963	0	–56,921
Currency translation	3,448	8,013	1,762	46	13,269
Balance as of Sept. 30, 2021	**495,340**	**1,264,621**	**246,942**	**1,002**	**2,007,905**
Carrying amount					
Balance as of Sept. 30, 2021	**352,549**	**630,595**	**93,874**	**298,695**	**1,375,713**
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**

* Impairment losses are included in accumulated depreciation.
** Reclassifications of assets held for sale in accordance with IFRS 5. Assets held for sale are discussed under Note 24.
*** Currency translation includes effects from the hyperinflation restatement pursuant to IAS 29 of EUR 36,882 thousand under cost and EUR 20,532 thousand under accumulated amortization, depreciation and impairment losses.

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:

			Equity shares	
Company	Country	Primary activity	Sept. 30, 2022	Sept. 30, 2021
Empha SPA	Turin/Italy	Holding	50%	50%
Glaverpane S.A.	Jemeppe-sur-Sambre/Belgium	Flat Glass	35%	35%
SCHOTT Poonawalla Pvt. Ltd. (formerly SCHOTT KAISHA PRIVATE LIMITED)	Mumbai/India	Pharmaceutical Systems	50%	50%
Smart Skin Technologies Inc.	Fredericton/Canada	Pharmaceutical Systems	20%	20%*
Zhejiang Crystal-SCHOTT Optical Technology Co., Ltd.	Taizhou/China	Advanced Optics	41%	41%

* Recognized in fiscal year 2020/2021 as an other non-current financial asset on grounds of materiality

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

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 SPA*	15,581	34	15,547	0	3,976
Glaverpane S.A.*	50,628	36,094	14,534	71,239	326
SCHOTT Poonawalla Pvt. Ltd. (formerly SCHOTT KAISHA PRIVATE LIMITED)	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

2020/2021

(in EUR thousands)	Assets as of Sept. 30	Liabilities as of Sept. 30	Equity as of Sept. 30	Sales	Result after taxes
Empha SPA*	15,597	25	15,572	0	2,702
Glaverpane S.A.*	29,632	15,425	14,207	52,980	281
SCHOTT-Italglas s.r.l.	5,300	2,730	2,570	7,767	1,956
SCHOTT Poonawalla Pvt. Ltd. (formerly SCHOTT KAISHA PRIVATE LIMITED)	130,406	47,456	82,950	94,877	22,839
Zhejiang Crystal-SCHOTT Optical Technology Co., Ltd.	19,944	3,469	16,475	1,308	–868
	200,879	**69,105**	**131,774**	**156,932**	**26,910**

* Last available financial statements December 31, 2020

The changes recognized in other comprehensive income due to currency differences amount to EUR 3,940 thousand (previous year: EUR 300 thousand) for SCHOTT Poonawalla Pvt. Ltd. (formerly SCHOTT KAISHA PRIVATE LIMITED), EUR 525 thousand (previous year: EUR 417 thousand) for Zhejiang Crystal-SCHOTT Optical Technology Co. and EUR 197 thousand for Smart Skin Technologies Inc. For goodwill, the changes recognized in other comprehensive income due to currency differences amount to EUR 333 thousand (previous year: EUR 7 thousand) for SCHOTT Poonawalla Pvt. Ltd. (formerly SCHOTT KAISHA PRIVATE LIMITED) and 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)	2021/2022	2020/2021
Balance as of Oct. 1	**89,258**	**77,519**
Changes in the scope of consolidation	606	0
Income from investments accounted for using the equity method	13,257	14,241
Dividend distributions	0	– 3,225
Exchange rate-related changes in OCI	5,165	723
Balance as of Sept. 30	**108,286**	**89,258**

17 Other non-current financial assets

(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021
Shares in non-consolidated affiliated companies	5,847	5,847
Investments	3,493	5,903
Securities classified as non-current assets	511	0
Loans/credits to third parties and employees	499	441
Shares not measured at equity	24	24
Miscellaneous other financial receivables	382	623
	10,756	**12,838**

Other non-current financial assets are divided into the measurement categories “financial assets not subject to IFRS 9” (EUR 5,903 thousand; previous year: EUR 8,960 thousand), “assets recognized at fair value through profit or loss” (FVTPL) (EUR 3,949 thousand; previous year: EUR 2,791 thousand) and “loans and receivables” (EUR 904 thousand; previous year: EUR 1,087 thousand). See also the comments under Note 32.1 “Financial assets and financial liabilities.”

The equity investment in Smart Skin Technologies Inc., Fredericton/Canada, was accounted for using the equity method for the first time in the fiscal year. A further investment amounting to EUR 61 thousand was adjusted to its lower fair value. By contrast, another investment, which is also not subject to IFRS 9, was written up by EUR 707 thousand. Both investments are recognized at fair value through profit or loss.

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, 2022	Sept. 30, 2021
Receivables from tax authorities	1,696	943
Prepaid expenses and accrued income	560	608
Miscellaneous other non-financial receivables	1,564	979
	3,820	**2,530**

19 Inventories

(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021
Raw materials and supplies	308,940	221,339
Work in progress	193,649	146,015
Finished goods and merchandise	234,266	188,347
Impairment losses	– 129,687	– 122,474
	607,168	**433,227**

In the year under review, impairment losses to write inventories down to their net realizable value amounting to EUR 10,146 thousand (previous year: EUR 12,220 thousand) and reversals of impairment losses due to changes in estimates of future sales volumes amounting to EUR 2,931 thousand (previous year: EUR 1,257 thousand) were recognized. The carrying amount of inventories recognized at fair value less costs to sell is EUR 179,872 thousand (previous year: EUR 141,323 thousand). The amount of inventories recognized as an expense in fiscal year 2021/2022 is EUR 1,451 million (previous year: EUR 1,278 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, 2022	Sept. 30, 2021
Trade receivables from third parties	482,552	404,971
Trade receivables from other investees and investors	7,790	6,593
Trade receivables from affiliated companies	1,623	2,472
Notes receivable from third parties	5,790	6,233
Trade receivables (after impairment allowances)	**497,755**	**420,269**
Contract assets	102,586	82,134
Trade receivables and contract assets (after impairment allowances)	**600,341**	**502,403**

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 current business relations 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)	2021/2022	2020/2021
Balance as of Oct. 1	**10,295**	**11,844**
Changes in the scope of consolidation	66	0
Currency translation	−122	−69
Additions	3,797	2,277
Utilization	−650	−864
Reversals	−2,939	−2,893
Balance as of Sept. 30	**10,447**	**10,295**

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 48,096 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 102,586 thousand as of September 30, 2022 (previous year: EUR 82,134 thousand). This includes an allowance for expected credit losses of EUR 89 thousand (previous year: EUR 101 thousand). As of the reporting date, contract assets increased by EUR 20,452 thousand.

21 Other current financial assets

(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021
Time deposits (maturity > 3 months, < 1 year)	29,398	465
Positive fair values of derivatives	12,990	3,576
Restricted cash and cash equivalents	3,453	2,784
Creditors with debit balances	3,370	2,597
Loan receivables	2,936	2,434
Excess of plan assets over pension and similar commitments	2,317	9,942
Other marketable securities	1,489	0
Cash clearing receivables from other investees and investors	568	1,236
Factoring receivables	341	282
Cash clearing receivables from affiliated companies	1	1
Miscellaneous other financial receivables	802	4,894
Impairment losses	–242	–196
	57,423	**28,015**

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. Miscellaneous other financial receivables in the previous year include various refund claims amounting to EUR 4.1 million.

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 and not impaired.

22 Other current non-financial assets

(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021
Receivables from other taxes	41,814	30,876
Prepaid expenses and accrued income	18,746	20,119
Advance payments made	14,052	8,118
Emission certificates	6,041	1,832
Asset value from reinsurance policies	230	225
Miscellaneous other non-financial receivables	15,350	7,616
	96,233	**68,786**

23 Cash and cash equivalents

(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021
Checks, cash on hand	441	50
Deposits with banks (terms up to 90 days)	152,192	208,506
Time deposits (maturity up to 90 days)	106,325	72,225
	258,958	**280,781**

The effective interest rates for bank deposits and time deposit investments with a term to maturity of up to 90 days are between close to zero and 1.17 % in the euro region (previous year: close to zero). 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 Assets and liabilities held for sale

The assets and liabilities held for sale reported as of the previous-year reporting date related to the companies SCHOTT Gemtron Corporation, Sweetwater/USA, SCHOTT Gemtron Canada Corporation, Midland/Canada, and Gemtron de México S.A. de C.V., San Luis Potosí/Mexico. These companies were sold as of December 1, 2021. Until that date, SCHOTT held 51 % of each of the companies' equity shares. The requirements for accounting for a disposal group in accordance with IFRS 5 were met as of June 2021.

In fiscal year 2021/2022, another EUR 3.9 million in assets and EUR 1.0 million in liabilities were reclassified to assets and liabilities held for sale, respectively, in accordance with IFRS 5 and derecognized once their sale was completed. Accumulated actuarial losses from pension provisions after deferred taxes amounting to EUR 32 thousand and losses from currency translation amounting to EUR 3,245 thousand were recognized in other comprehensive income in fiscal year 2021/2022. Of the above amounts, other comprehensive income includes cumulative losses attributable to non-controlling interests totaling EUR 1,076 thousand. The sale of the companies resulted in a gain of EUR 4,732 thousand, which is included in other operating income.

The companies' operating results generated until completion of the sale are reported within the result from operating activities. The companies were not discontinued operations as defined by IFRS 5, as they did not represent a separate major line of business or geographical area of operations, nor are they part of a single coordinated plan to dispose of such a line of business or geographical area of operations.

25 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, 2020	**–438,027**	**–69,258**	**–507,285**
Changes recognized in other comprehensive income	95,188	17,910	113,098
Reclassification adjustments	0	–12	–12
Deferred taxes	–25,861	0	–25,861
Balance as of Sept. 30, 2021	**–368,700**	**–51,360**	**–420,060**
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	2,182	2,182
Deferred taxes	–92,354	0	–92,354
Balance as of Sept. 30, 2022	**–156,040**	**63,091**	**–92,949**

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 14, 2022, for fiscal year 2021/2022, a dividend of EUR 30,000 thousand was paid to the Carl Zeiss Foundation. The Board of Management of SCHOTT AG has proposed a dividend of EUR 25,600 thousand for fiscal year 2022/2023.

Non-controlling interests

Non-controlling interests relate mainly to externally held shares 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 upheld 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, 2022, the equity ratio is 50.9 % (previous year: 41.3 %).

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

(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021
Cash and cash equivalents	258,958	280,781
Time deposits (maturity > 3 months, < 1 year)	29,398	465
Other marketable securities	1,489	0
Net cash clearing liabilities	–9,376	–7,862
Lease liabilities	–121,694	–100,841
Liabilities to banks	–87,910	–93,427
Other financial liabilities	0	–151
Net cash/(debt) position	**70,865**	**78,965**

The overall strategy remained unchanged compared to last year.

26 Provisions for pensions and similar commitments

For defined contribution plans abroad, EUR 14,160 thousand (previous year: EUR 13,295 thousand) and in Germany EUR 34,092 thousand (previous year: EUR 32,066 thousand) were recognized as expenses, thereof EUR 39,924 thousand (previous year: EUR 38,568 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 3,127 thousand (previous year: EUR 6,638 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, 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’s pretax 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 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, 2022			Sept. 30, 2021
(in %)	Total	Domestic	Abroad	Total	Domestic	Abroad
Discount rate	4.00	4.00	3.98	1.45	1.40	1.66
Future salary increases	2.90	3.00	2.09	2.42	2.50	1.63
Future pension increases	2.00	2.25	0.00	1.35	1.50	0.00
Expected rate of inflation	2.17	2.25	1.85	1.52	1.50	1.64

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

	Sept. 30, 2022			Sept. 30, 2021		
(%)	Discount rate	Future salary increases	Expected rate of inflation	Discount rate	Future salary increases	Expected rate of inflation
USA	5.00 – 5.10	N/A	2.30	2.25 – 2.60	N/A	2.30
Switzerland	2.40	1.40	1.10	0.35	1.00	0.70

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

	Sept. 30, 2022			Sept. 30, 2021		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Present value of obligations not financed by a fund	45,274	17,501	27,773	52,462	25,243	27,219
Present value of obligations wholly or partly financed by a fund	1,163,552	947,285	216,267	1,505,050	1,261,169	243,881
Total present value of benefit obligations	**1,208,826**	**964,786**	**244,040**	**1,557,512**	**1,286,412**	**271,100**
Benefit obligations recognized in the consolidated statement of financial position	**1,208,826**	**964,786**	**244,040**	**1,557,512**	**1,286,412**	**271,100**
Plan assets recognized in the consolidated statement of financial position	**662,208**	**464,544**	**197,664**	**680,718**	**468,380**	**212,338**
Funded status	**546,618**	**500,242**	**46,376**	**876,794**	**818,032**	**58,762**
Pension provisions	**546,618**	**500,242**	**46,376**	**876,794**	**818,032**	**58,762**

Net pension expense can be broken down as follows:

	2021/2022			2020/2021		
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Service cost	28,914	22,296	6,618	29,725	23,096	6,629
Net interest expense	12,065	10,959	1,106	11,794	10,748	1,046
Administration expenses	6	0	6	6	0	6
Total expenses recognized in the consolidated statement of income	**40,985**	**33,255**	**7,730**	**41,525**	**33,844**	**7,681**

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 under the result from operating activities (EBIT).

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

(in EUR thousands)	2021/2022 Total	2021/2022 Domestic	2021/2022 Abroad	2020/2021 Total	2020/2021 Domestic	2020/2021 Abroad
Defined benefit obligation at the beginning of the fiscal year	**1,557,512**	**1,286,412**	**271,100**	**1,626,369**	**1,344,093**	**282,276**
Changes in the scope of consolidation	642	0	642	–271	0	–271
Changes in exchange rates	40,509	0	40,509	1,131	0	1,131
Service cost	28,914	22,296	6,618	29,725	23,096	6,629
Past service cost	0	0	0	0	0	0
Interest expense	22,710	17,680	5,030	19,874	15,892	3,982
Actuarial gains (–) or losses (+) from changes in financial assumptions	–411,459	–336,290	–75,169	–50,211	–42,608	–7,603
Actuarial gains (–) or losses (+) from changes in demographic assumptions	–1,561	0	–1,561	–7,948	0	–7,948
Actuarial gains (–) or losses (+) from experience adjustments	26,749	20,413	6,336	–11,621	–10,105	–1,516
Pension payments	58,067	46,215	11,852	51,843	44,523	7,320
Other changes	2,877	490	2,387	2,510	567	1,943
Defined benefit obligation at the end of the fiscal year	**1,208,826**	**964,786**	**244,040**	**1,557,715**	**1,286,412**	**271,303**
Reclassification to liabilities in connection with assets held for sale	0	0	0	–203	0	–203
Defined benefit obligation at the end of the fiscal year after reclassification IFRS 5	**1,208,826**	**964,786**	**244,040**	**1,557,512**	**1,286,412**	**271,100**
of which committed without plan assets	45,274	17,501	27,773	52,462	25,243	27,219
of which partially covered by plan assets	1,163,552	947,285	216,267	1,505,050	1,261,169	243,881

Plan assets developed as follows in the fiscal year:

(in EUR thousands)	2021/2022 Total	2021/2022 Domestic	2021/2022 Abroad	2020/2021 Total	2020/2021 Domestic	2020/2021 Abroad
Plan assets at the beginning of the fiscal year	**690,660**	**478,322**	**212,338**	**632,073**	**425,563**	**206,510**
Interest income from plan assets	10,645	6,720	3,925	8,080	5,144	2,936
Changes in exchange rates	33,314	0	33,314	1,053	0	1,053
Changes in the scope of consolidation	0	0	0	–31	0	–31
Actuarial gains (+) and losses (–)	–81,256	–31,581	–49,675	25,408	24,119	1,289
Employer contribution	18,843	14,081	4,762	27,515	23,432	4,083
Benefits paid	–10,542	–1,171	–9,371	–5,943	–503	–5,440
Other changes	2,861	490	2,371	2,505	567	1,938
Fair value of plan assets	**664,525**	**466,861**	**197,664**	**690,660**	**478,322**	**212,338**
Overfunding of plan assets	–2,317	–2,317	0	–9,942	–9,942	0
Plan assets recognized in the consolidated statement of financial position at the end of the fiscal year	**662,208**	**464,544**	**197,664**	**680,718**	**468,380**	**212,338**
Actual gains (+) and losses (–) on plan assets	–70,610	–24,860	–45,750	33,489	29,264	4,225

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. Due to a payment of EUR 667 thousand to the shareholder, the fair value of the CTA's investment in the Group company amounts to EUR 4,906 thousand as of the reporting date. The shares in two real estate special purpose entities amounting to 89.9 % in one of the CTAs have a total value of EUR 32,105 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, 2022			Sept. 30, 2021
(%)	Total	Domestic	Abroad	Total	Domestic	Abroad
Securities quoted on active markets	25	26	23	34	40	20
Fixed-interest securities quoted on active markets	49	46	58	49	43	64
Qualifying insurance policies	4	4	4	4	4	5
Cash and cash equivalents	13	19	1	2	2	1
Other	9	5	14	11	11	10
	100	**100**	**100**	**100**	**100**	**100**

Allocations to plan assets are as follows:

			2021/2022			2020/2021
(in EUR thousands)	Total	Domestic	Abroad	Total	Domestic	Abroad
Total allocation	**18,843**	**14,081**	**4,762**	**27,515**	**23,432**	**4,083**

At least EUR 10,255 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, 2022
	Increase by	(in EUR thousands)	Decrease by	(in EUR thousands)
Discount rate	+ 50 basis points	– 73,706	– 50 basis points	80,202
Future change in salary	+ 50 basis points	8,789	– 50 basis points	– 8,209
Future change in pensions	+ 50 basis points	50,681	– 50 basis points	– 43,374
Life expectancy	+ 1 year	44,459	– 1 year	– 44,770

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)	2023	2024	2025	2026	2027	2028 – 2032
Domestic	49,259	48,160	49,384	50,367	51,876	281,252
Abroad	15,582	16,050	16,428	16,400	16,058	75,858
Total	**64,841**	**64,210**	**65,812**	**66,767**	**67,934**	**357,110**

The duration of the defined benefit obligation was 17 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. The duration decreased due to the higher discount rate in the fiscal year.

27 Other provisions

	Sept. 30, 2022		Sept. 30, 2021	
(in EUR thousands)	up to 1 year	over 1 year	up to 1 year	over 1 year
Sales	11,183	46,461	15,033	49,332
Personnel costs	2,489	19,557	1,209	23,269
Other	49,448	11,689	45,274	10,852
	63,120	**77,707**	**61,516**	**83,453**

(in EUR thousands)	Balance as of Oct. 1, 2021	Utilization	Reversal	Addition	Reclassification IFRS 5	Currency changes	Balance as of Sept. 30, 2022
Sales	64,364	7,277	8,564	7,306	2	1,812	57,643
Personnel costs	24,479	6,030	2,519	5,991	0	125	22,046
Other	56,126	12,306	7,120	21,582	70	2,786	61,138
	144,969	**25,613**	**18,203**	**34,879**	**72**	**4,723**	**140,827**

The sales provisions mainly comprise warranty provisions of EUR 42.8 million (previous year: EUR 51.4 million) and losses from delivery obligations. EUR 30.5 million (previous year: EUR 34.1 million) of this amount relates to discontinued operations. Of these provisions for the discontinued operations, EUR 3.7 million was utilized (previous year: EUR 2.4 million) and EUR 0.4 million was reversed (previous year: EUR 3.0 million).

EUR 180 thousand of the discount on non-current provisions was unwound in fiscal year 2021/2022 (previous year: EUR 433 thousand); the amount is included in the additions column.

The anniversary obligations shown under personnel provisions in the amount of EUR 12.6 million (previous year: EUR 15.4 million) were measured at an actuarial interest rate of 3.5 % (previous year: 1.1 %) for domestic obligations in the amount of EUR 11.4 million (previous year: EUR 14.0 million). Obligations stemming from phased retirement in the amount of EUR 14.2 million (previous year: EUR 15.3 million) are determined on the basis of actuarial calculations based on biometric calculation bases in accordance with the 2018 G mortality tables by Klaus Heubeck applying an actuarial interest rate of 2.64 % (previous year: – 0.16 %) 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 9,342 thousand (previous year: EUR 9,673 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 0.7 million) in the Consolidated Statement of Income.

Miscellaneous other provisions include, among other items, provisions for litigation risks of EUR 18.5 million (previous year: EUR 17.8 million), for non-income taxes of EUR 2.1 million (previous year: EUR 1.7 million), for restoration obligations and clean-up of contaminated sites totaling EUR 2.8 million (previous year: EUR 2.5 million), as well as for risks of possible penalties and interest payments of EUR 6.3 million (previous year: EUR 7.2 million), EUR 1.9 million for precious metal losses (previous year: EUR 2.2 million), EUR 1.2 million for restructuring (previous year: EUR 0 million), EUR 0.3 million for user fees (previous year: EUR 1.8 million) and various other risks and precautionary measures.

28 Accrued liabilities

(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021
Christmas bonuses	62,494	56,513
Other personnel commitments	110,163	107,418
Outstanding invoices	38,365	24,215
Commission/bonuses	15,916	17,125
Other accrued liabilities	3,061	2,535
	229,999	**207,806**

29 Trade payables

(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021
Trade payables to third parties	341,115	247,313
Trade payables to affiliated companies	410	460
Trade payables to other investees and investors	417	190
	341,942	**247,963**

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 2,719 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.

30 Other non-current and current financial liabilities

	Sept. 30, 2022		Sept. 30, 2021	
(in EUR thousands)	up to 1 year	over 1 year	up to 1 year	over 1 year
Liabilities to banks	71,691	16,219	39,559	53,869
Negative fair values of derivatives	33,053	0	10,357	0
Lease liabilities	17,933	103,761	15,627	85,214
Other liabilities to affiliated companies	6,281	0	6,174	0
Debtors with credit balances	5,218	0	4,251	0
Liabilities to other investees and investors	3,663	0	2,925	0
Factoring liabilities	3,453	0	2,784	0
Interest on precious metal lease	1,060	0	625	0
Financing liabilities to non-banks	0	0	151	0
Miscellaneous financial liabilities	11,113	4,573	11,149	4,497
	153,465	**124,553**	**93,602**	**143,580**

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 redemption or interest payments in the corporate Group during fiscal year 2021/2022.

Liabilities to banks include promissory note loans in the amount of EUR 50,000 thousand compared with EUR 80,000 thousand in the previous year.

The changes in lease liabilities are discussed in more detail in Note 33 "Leases."

The liabilities to affiliated companies of EUR 6,281 thousand (previous year: EUR 6,174 thousand) and to investments of EUR 3,663 thousand (previous year: EUR 2,925 thousand) relate to cash clearing liabilities that are subject to interest at arm's length conditions.

As of September 30, 2022, other financial liabilities (non-current and current) include EUR 9.9 million in liabilities due to contingent purchase price obligations from company acquisitions (previous year: EUR 10.5 million). Due to existing agreements from company acquisitions made in the USA in past years, earn-out payments totaling EUR 210 thousand were made in the year under review.

31 Other non-current and current non-financial liabilities

	Sept. 30, 2022		Sept. 30, 2021	
(in EUR thousands)	up to 1 year	over 1 year	up to 1 year	over 1 year
Advances received on orders	35,891	64,709	26,907	19,849
Income tax withheld from salaries and wages	6,681	0	5,804	0
Social security liabilities	8,499	0	6,293	0
Liabilities due to tax authorities	2,826	0	2,588	0
Deferred income	2,067	462	1,734	529
Miscellaneous other non-financial liabilities	8,075	0	10,991	0
	64,039	**65,171**	**54,317**	**20,378**

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, 2021 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 2022/2023 to 2034/2035. The increase compared to the previous year is due to six long-term series supply contracts concluded in the reporting period for which advance payments were made and which are expected to result in sales between December 2022 and December 2030. The order book as of September 30, 2022 is expected to generate total sales of EUR 971 million in the period from fiscal year 2022/2023.

Additional Notes

32 Financial instruments and risk management

32.1 Financial assets and financial liabilities

In accordance with IFRS 9 *Financial Instruments*, financial assets at SCHOTT Group are divided 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, trade receivables and contract assets.

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, 2022	Sept. 30, 2021
Financial assets		
Positive fair values of derivatives	12,990	3,576
Offsettable due to framework contracts	–10,603	–1,877
Net amount of financial assets	**2,387**	**1,699**
Financial liabilities		
Negative fair values of derivatives	33,053	10,357
Offsettable due to framework contracts	–10,603	–1,877
Net amount of financial liabilities	**22,450**	**8,480**

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. Liabilities from finance leases 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 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 twelve 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 is 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 derive 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 remit 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, 2022 and September 30, 2021:

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:			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	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**

Classification, Measurement Categories and Reconciliation to the Consolidated Statement of Financial Position Items as of September 30, 2021

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	
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	89,258	n.a.[2]	0	0	0	0
Other financial assets	12,838	26,800	1,087	1,087	2,791	2,791
Current assets						
Trade receivables	420,269	420,269	348,169	348,169	0	0
Other financial assets	28,015	28,015	14,497	14,497	0	0
Cash and cash equivalents	280,781	280,781	280,781	280,781	0	0
	831,161	**755,865**	**644,534**	**644,534**	**2,791**	**2,791**

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	143,580	59,157	58,366	59,157	85,214	n.a.[2]
Current liabilities						
Accrued liabilities	207,806	207,806	41,340	41,340	0	0
Trade payables	247,963	247,963	247,963	247,963	0	0
Other financial liabilities	93,602	77,975	67,618	67,618	15,627	n.a.[2]
	692,951	**592,901**	**415,287**	**416,078**	**100,841**	**0**

[1] Financial assets not subject to IFRS 7 also relate to EUR 680,718 thousand in plan assets at fair value that were offset against provisions for pensions of EUR 1,557,512 thousand. The overfunding of pension obligations in the amount of EUR 9,942 thousand existing as of September 30, 2021 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	89,258	n.a.[2]
	0	0	0	0	8,960	22,922
	72,100	72,100	0	0	0	0
	0	0	3,576	3,576	9,942	9,942
	0	0	0	0	0	0
	72,100	**72,100**	**3,576**	**3,576**	**108,160**	**32,864**

			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	166,466	166,466
			0	0	0	0
			10,357	10,357	0	0
			10,357	**10,357**	**166,466**	**166,466**

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, 2022:

(in EUR thousands)	Valuation date	Total	Measurement of fair value using: 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.					

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. Of the change of EUR 647 thousand between the previous year's and this fiscal year's reporting date, an amount of EUR 707 thousand relates to capital contributions and EUR – 60 thousand to the 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, 2022 relate to fund units for which there are no quoted prices or significant observable inputs. Since the acquisition of the fund units in the fiscal year, a loss of EUR 115 thousand from the adjustment of the fair value has been recognized. 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 32.2.

Quantitative information on measuring the fair value of assets by hierarchical level as of September 30, 2021:

			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, 2021	2,791	0	0	2,791
Securities	Sept. 30, 2021	0	0	0	0
Trade receivables tendered under the ABS program	Sept. 30, 2021	72,100	0	0	72,100
Derivatives	Sept. 30, 2021	3,576	0	3,576	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, 2021	10,357	0	10,357	0
Liabilities for which a fair value is disclosed:					
Non-current liabilities to banks and other non-current financial liabilities	Sept. 30, 2021	59,157	0	59,157	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 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	–33,003	–375	–33,378
Financial liabilities measured at amortized cost	–2,770	0	0	–2,770
Total	**39**	**–33,003**	**–573**	**–33,537**
Net foreign exchange result				15,717
Total				**–17,820**

Fiscal year 2020/2021:

(in EUR thousands)	From income from investments	From subsequent measurement: At fair value	From subsequent measurement: Impairment losses/reversals	Net income/expense 2020/2021
Financial assets measured at amortized cost	1,066	0	1,559	2,625
Financial assets and financial liabilities measured at fair value through profit or loss (FVTPL)	0	2,227	–5,319	–3,092
Financial liabilities measured at amortized cost	–2,261	0	0	–2,261
Total	**–1,195**	**2,227**	**–3,760**	**–2,728**
Net foreign exchange result				884
Total				**–1,844**

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 gain of EUR 15,717 thousand (previous year: net currency gain of EUR 884 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.

32.2 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 7.7 million as of September 30, 2022, remaining at the previous year's level of EUR 7.7 million. SCHOTT already received payments in the amount of EUR 3.4 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 4.3 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 110 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 51 thousand were incurred during the transfer of receivables outstanding as of the reporting date. SCHOTT recognized a total of EUR 617 thousand as an expense from its continuing involvement, including program fees, in fiscal year 2021/2022.

32.3 Risk management

Within the course of their business operations, the companies of SCHOTT Group are subject to various 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 employed exclusively 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.

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 his contractual obligations. Consequently, the maximum amount receivable 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 constantly 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 contracting parties. 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, 2022	Sept. 30, 2021
Loans, receivables and cash and cash equivalents	721,828	644,534
Financial assets not subject to IFRS 7	116,506	108,160
Financial assets at fair value through profit or loss (FVTPL):		
– Derivatives	12,990	3,576
– Investments	3,949	2,791
– Other marketable securities	1,489	0
– Tendered receivables	76,416	72,100
	933,178	**831,161**

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. Customer 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 259 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	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
Foreign currency adjustments (without breakdown by maturity)	2,161			
Total trade receivables	**508,202**		**10,447**	
Contract assets (not past due)	**102,586**	**0.1 %**	**89**	**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	370,296	0.3 %	956	No
1 – 30 days past due	37,908	0.2 %	62	No
31 – 60 days past due	6,970	4.4 %	308	No
61 – 90 days past due	4,968	1.5 %	74	No
More than 90 days past due	9,146	97.3 %	8,895	Yes
Foreign currency adjustments (without breakdown by maturity)	1,276			
Total trade receivables	**430,564**		**10,295**	
Contract assets (not past due)	**82,235**	**0.1 %**	**101**	**No**

The loss allowances on trade receivables that are more than 90 days past due include specific allowances of EUR 6,800 thousand for the past fiscal year due to individual risks and loss events (previous year: EUR 7,666 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, 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
Sept. 30, 2021					
Liabilities	415,287	415,688	356,918	57,590	1,180
Lease liabilities	100,841	128,956	16,809	43,084	69,063
Derivatives	10,357	10,357	10,357	0	0

The derivatives reported as of the reporting date are forward exchange contracts. The volume of the hedge corresponds to a triple-digit million amount when translated into euros.

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 concluded 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. As in the previous year, the credit line was not utilized in fiscal year 2021/2022.

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 100 million, bear variable interest rates and have fixed guarantee commissions at standard market conditions. Of this amount, EUR 67 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, 2022, trade receivables were reduced by EUR 4.3 million (previous year: EUR 5.0 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 corporate 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, 2022	Exposure Sept. 30, 2021
Australian dollar	–3.5	–6.4
Chinese renminbi	–37.7	10.1
Indian rupee	–28.4	–48.8
Japanese yen	3.5	5.7
Malaysian ringgit	–30.2	–2.8
Mexican peso	–4.5	–12.1
Swiss franc	–162.5	–147.7
Singapore dollar	–8.2	–6.7
Thai baht	–10.7	–9.2
Czech koruna	–19.9	–14.4
Hungarian forint	–2.3	–5.9
US dollar	213.7	203.5
Other	–19.0	–6.3

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, 2022, CFaR amounted to EUR 12.4 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 twelve months are included because they are considered to be subject to variable interest due to the potential refinancing risk. Based on the market data as of September 30, 2022, 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 1.5 million (previous year: EUR 1.6 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 1.7 million (previous year: EUR 1.8 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.

33 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, 2022 are as follows:

(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021
Land, land rights and buildings	67,029	55,394
Technical equipment and machinery	42,303	36,429
Other equipment, operating and office equipment	3,194	3,133
	112,526	**94,956**

Due to the application of the option not to 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 scheduled useful life. In accordance with the contractual terms, the useful lives are as follows:

	Years
Buildings	2 to 25
Heritable building rights	up to 120
Technical equipment and machinery	2 to 22
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 34,442 thousand were recognized as additions. These are broken down as follows:

(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021
Land and buildings	19,883	9,066
Technical equipment and machinery	12,245	9,460
Other equipment, operating and office equipment	2,314	2,435
	34,442	20,961

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

(in EUR thousands)	2021/2022	2020/2021
Depreciation on right-of use assets for land and buildings	12,409	10,937
Depreciation on right-of use assets for technical equipment and machinery	6,571	6,549
Depreciation on right-of-use assets for other equipment, operating and office equipment	2,193	2,129
Interest on lease liabilities	1,837	1,400
Short-term lease expenses	4,211	2,841
Low-value lease expenses	761	557
Variable lease payment expenses not included in lease liabilities	129	138
	28,111	**24,552**

In fiscal year 2021/2022, the total cash outflows for leases amounted to EUR 22,958 thousand (previous year: EUR 24,226 thousand). The breakdown of undiscounted future cash outflows from leases is included in Note 32.

Future cash outflows of EUR 28.9 million 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 2021/2022 but which have not yet begun, amount to EUR 185 thousand.

In the past fiscal year, income of EUR 35 thousand (previous year: EUR 196 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)	2021/2022
Due within 1 year	1,583
Due within 1 and 5 years	4,023
Due after more than 5 years	0
	5,606

34 Contingent liabilities and assets

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

There were no contingent assets as of the reporting date.

35 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 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 258,958 thousand (previous year: EUR 280,781 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 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
Lease liabilities	100,841	–17,219	4,613	33,319	140	121,694
Liabilities to other investees and investors	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 flows from financing activities include:						
Negative fair values of derivatives	10,357					33,053
Non-current trade payables	208					389
	237,182					**278,018**

Fiscal year 2020/2021:

(in EUR thousands)	Balance as of Oct. 1, 2020	Cash Flows	Changes in exchange rates	New leases	Other	Balance as of Sept. 30, 2021
Other liabilities to affiliated companies	8,638	–2,726	4	0	258	6,174
Liabilities to banks	132,001	–38,627	82	0	–28	93,428
Liabilities under finance leases	99,722	–19,290	460	20,245	–296	100,841
Liabilities to other investees and investors	2,671	254	0	0	0	2,925
Financing liabilities to non-banks	2,304	–2,353	200	0	0	151
Other	36,229	–252	27	0	–12,906	23,098
	281,565	**–62,994**	**773**	**20,245**	**–12,972**	**226,617**
Other financial liabilities whose cash flows are not contained in the cash flows from financing activities include:						
Negative fair values of derivatives	5,627					10,357
Non-current trade payables	454					208
	287,646					**237,182**

The sum of the cash flows corresponds to the sum of the items “Raising of loans,” “Repayment of loans,” “Raising/repayment of financial liabilities” and “Repayments of outstanding lease liabilities” in the Consolidated Statement of Cash Flows.

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

36 Employees

Average number of employees for the year	2021/2022	2020/2021
Germany	5,838	5,590
Europe (excluding Germany)	4,053	3,918
Americas	2,899	3,498
Asia and South Pacific	3,940	3,511
	16,730	**16,517**
Apprentices	350	344
Total	**17,080**	**16,861**

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, 2022 decreased by 100 (–0.6 %) to 17,213 (previous year: 17,313).

37 Other information

The following personnel costs were incurred during the fiscal year:

(in EUR thousands)	2021/2022	2020/2021
Wages and salaries	752,647	712,261
Social security contributions	133,186	125,807
Expenses for retirement benefits	38,498	37,313
Total	**924,331**	**875,381**

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)	2021/2022	2020/2021
Audit services	2,598	1,012
Audit-related services	144	195
Other services	41	46
Total	**2,783**	**1,253**

38 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, 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 2021/2022 amounted to EUR 7,938 thousand (previous year: EUR 10,126 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 2021/2022. In addition, Carl Zeiss AG, Oberkochen, invoiced an amount of EUR 3,495 thousand to SCHOTT AG, Mainz, due to the strategic partnership between ZEISS and Microsoft. All business 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 4,760 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 26 "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 on 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 2021/2022, SCHOTT companies engaged in the following transactions with joint ventures and associated companies:

	Sale of goods		Purchase of goods	
(in EUR thousands)	2021/2022	2020/2021	2021/2022	2020/2021
Joint ventures	28,132	28,559	308	1,133
Associated companies	138	180	1,063	412
	28,270	**28,739**	**1,371**	**1,545**

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

	Receivables		Liabilities	
(in EUR thousands)	Sept. 30, 2022	Sept. 30, 2021	Sept. 30, 2022	Sept. 30, 2021
Joint ventures	7,643	6,431	32	55
Associated companies	183	141	336	102
	7,826	**6,572**	**368**	**157**

A change in shareholders took place at SCHOTT-Italglas s.r.l., Genoa/Italy, in the past fiscal 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 10 thousand (previous year: loss allowances of EUR 2 thousand charged). Loss allowances on receivables from joint ventures in the amount of EUR 79 thousand (previous year: EUR 17 thousand) were recognized.

As in the previous year, there were no other significant business transactions between companies of SCHOTT Group and members of the Board of Management and the Supervisory Board of SCHOTT AG and their close family members and the pension plans in fiscal year 2021/2022.

39 Events after the reporting date

In the meeting on December 15, 2022, the Supervisory Board appointed Dr. Andrea Frenzel as a member of the Board of Management of SCHOTT AG with effect from April 1, 2023. She succeeds Mr. Hermann Ditz, who is leaving the Board of Management as of March 31, 2023.

40 Remuneration of the Board of Management and Supervisory Board

The total remuneration of the members of the Board of Management in fiscal year 2021/2022 comprises short-term benefits of EUR 7,096 thousand (previous year: EUR 8,586 thousand) and long-term benefits of EUR 2,235 thousand (previous year: EUR 2,282 thousand) as well as post-employment benefits of EUR 1,167 thousand (previous year: EUR 1,584 thousand).

For the members of the Supervisory Board, EUR 1,003 thousand (previous year: EUR 999 thousand) in compensation for their work on the Supervisory Board was recognized as an expense in fiscal year 2021/2022.

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

- Members of the Board of Management: EUR 6,911 thousand (previous year: EUR 6,846 thousand)
- Members of the Supervisory Board: EUR 1,003 thousand (previous year: EUR 999 thousand)

Of the pension provisions as of the reporting date, EUR 16,097 thousand (previous year: EUR 20,819 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 3,325 thousand in fiscal year 2021/2022 (previous year: EUR 3,261 thousand). Total provisions of EUR 48,305 thousand (previous year: EUR 60,040 thousand) are recognized for pension commitments to this group of individuals as of September 30, 2022.

Mainz, January 13, 2023

Dr. Frank Heinricht   Hermann Ditz   Dr. Heinz Kaiser   Dr. Jens Schulte

Independent Auditor's Report

An die 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 30 September 2022, and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the fiscal year from 1 October 2021 to 30 September 2022, 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 1 October 2021 to 30 September 2022. 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 30 September 2022 and of its financial performance for the fiscal year from 1 October 2021 to 30 September 2022 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 (4) 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 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 for one 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, January 13, 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Eckl	Eichenauer
Wirtschaftsprüferin	Wirtschaftsprüfer

Group Shareholdings

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

As of September 30, 2022

Name and registered office of company	Equity share 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	[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 JENAer Glas GmbH, Jena	100.0	[1, 3]
SCHOTT Pharma AG & Co. KGaA, Mainz	100.0	
SCHOTT Pharma Management AG, Mainz	100.0	
SCHOTT Pharma Mexico GmbH, Mainz	100.0	
SCHOTT-Rohrglas AG & Co. KG, Mainz	100.0	[8]
SCHOTT-Rohrglas Beteiligungs GmbH, Mainz	100.0	[2]
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	
Tearlab Australia Pty Ltd, Scoresby/Australia	100.0	[2, 10]
SCHOTT Benelux N.V., Antwerp/Belgium	100.0	[2]
SCHOTT Brasil Ltda., São Paulo/Brazil	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	

Name and registered office of company	Equity share in %	Comment
Subsidiaries included and not included in the Consolidated Financial Statements		
Abroad		
SCHOTT UK Ltd., Wolverhampton/UK	100.0	
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 (formerly SCHOTT Schweiz AG), St. Gallen/Switzerland	100.0	
SCHOTT Suisse SA, Yverdon-les-Bains/Switzerland	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 Solar CR, k.s., Valašské Meziříčí/Czech Republic	100.0	10
SCHOTT Flat Glass CR, s.r.o., Valašské Meziříčí/Czech Republic	100.0	
SCHOTT CAM TICARET LIMITED SIRKETI, Ataşehir-İstanbul/Turkey	100.0	2, 10
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 Government Services, LLC, Rye Brook/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	Equity share 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. (formerly SCHOTT KAISHA PRIVATE LIMITED), Mumbai/India	50.0	5
Empha SPA, 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
SCHOTT-Zeiss Assekuranzkontor GmbH, Mainz	50.0	
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	5.3	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 Pharmaceutical Systems, Tubing, Compliance/Legal, Human Resources, Marketing & Communication, Strategic Development, Research & Development

Hermann Ditz
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. 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 (from January 1, 2022)
Leonberg
Chairman[2)]
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

Dr. Dieter Kurz (until December 31, 2021)
Lindau
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 Chairman of the Executive Board of Carl Zeiss AG, Oberkochen

Rudolf Wagner[1)]
Vilsbiburg
Vice Chairman[3)]
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

Wolfgang Heinrich (until May 31, 2022)[1)]
Maisborn
Vice Chairman
Member of the Presiding Committee and the Mediation Committee
Former Chairman of the Overall Employee Council of SCHOTT AG and Chairman of the Employee Council of SCHOTT AG, Mainz 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 (from July 20, 2022)[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)
(from January 10, 2022)
Dr. Dieter Kurz (Chairman)
(until December 31, 2021)
Wolfgang Heinrich
(until May 31, 2022)[1)]
Dr. Stefan Marcinowski
Hans-Jürgen Mundorff
(from August 19, 2022)[1)]
Rudolf Wagner[1)])

Audit Committee
Dr. Eckhard Müller (Chairman)
Jürgen Achatz
(from November 24, 2021)[1)]
Dr. Michael Bolle
(from January 10, 2022)
Dr. Dieter Kurz
(until December 31, 2021)
Salvatore Ruggiero[1)]

Mediation Committee
Dr. Michael Bolle (Chairman)
(from January 10, 2022)
Dr. Dieter Kurz (Chairman)
(until December 31, 2021)
Wolfgang Heinrich
(until May 31, 2022)[1)]
Hans-Jürgen Mundorff
(from August 19, 2022)[1)]
Dr. Richard Pott
Rudolf Wagner[1)]

[1)] Workers' representative
[2)] from January 10, 2022
[3)] from June 1, 2022

Imprint, Contact, Disclaimer

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Editorial

SCHOTT AG
Finance

Product names market with ® or TM are used
in numerous countries as SCHOTT trademarks.

Disclaimer

This report contains forward-looking statements. These are based on an assessment of future developments at the time the report was prepared. Such statements are subject to risks and uncertainties that, to a large extent, cannot be influenced by SCHOTT and therefore cannot be precisely assessed. These include, for example, future economic market conditions, the behavior of other market participants, the achievement of expected synergy effects as well as legal and political decisions.

Should these or other factors occur, or should assumptions on which the forward-looking statements are based prove to be incorrect, actual results may differ from those described in the annual report. SCHOTT will not correct or update the forward-looking statements to reflect current developments and events after the date of this report.

Product designations and names that are the property of SCHOTT are marked accordingly. Other product and company names mentioned in this report may be trademarks of the respective owners.

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.

20%

North America

SCHOTT is represented in North America (USA and Mexico) with production, sales and research. In fiscal year 2021/2022, 1,400 employees generated sales of EUR 547 million in this region.

4%

South America

SCHOTT has been represented in this region with its own production facilities since 1954. In fiscal year 2021/2022, 1,350 employees generated sales of EUR 126 million.

47%

Europe

Europe continues to be the most important economic region for SCHOTT. Here, the technology Group generated sales of EUR 1,319 million in fiscal year 2021/2022 with 10,400 employees (including 6,300 in Germany).

2%

Middle East and Africa

In the Middle East and Africa regions, SCHOTT generated sales of EUR 45 million in the reporting period.

27%

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 2021/2022, SCHOTT generated sales of EUR 738 million with 4,050 employees in this region.

Share of worldwide sales by regions

schott.com

SCHOTT AG, Hattenbergstrasse 10,
55122 Mainz, Germany

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