RHI MAGNESITA

Sustainable Growth

Annual Report 2023

We are RHI Magnesita

We offer refractory products, customised services and innovative solutions that help shape tomorrow's world. Our advanced products are essential for our customers in the steel, cement, metals, glass and chemicals industries to operate. The end markets driving demand for our products include the construction, infrastructure, transportation, machinery, electronics and energy sectors.

Our purpose

Our purpose is to **master heat**, enabling global industries to build **sustainable modern life**.

Our values

At RHI Magnesita, we believe in an ethical workplace, performing our roles with **integrity, honesty, reliability and in respectful collaboration** with each other. Extending these ethical behaviours to interactions with all of our business partners is vital for the long-term sustainable success of RHI Magnesita.

Our highlights

Revenue
€3.6bn
2022: €.3.3bn

Adjusted EBITA
€409m
2022: €384m

Adjusted earnings per share
€4.98
2022: €4.82

Adjusted Profit after tax
€241m
2022: €237m

Net debt: Pro forma Adjusted EBITDA
2.3x
2022: 2.3x

Dividend per share
€1.80
2022: €1.60 per share

Adjusted operating cash flow
€413m
2022: €155m

ROIC
10.7%
2022: 12.3%

Reduced CO_2 emissions
1.62 t CO_2/t
2022: 1.71 t CO_2/t

Recycling rate
12.6%
2022: 10.5%

Lost time injury frequency
0.16
2022: 0.20

Read more on our APMs[1]
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1. Alternative Performance Measures ("APMs") are used by the Board to monitor underlying performance at a Group and operating segment level, which are applied consistently throughout. These APMs should be considered in addition to, and not as a substitute for, or as superior to statutory measures. For more information on APMs, see the APM section.

Investment case

01

Sustainability leadership

We are a sustainability leader in the global refractory industry, with proprietary technology for increasing the use of secondary raw materials without the loss of refractory performance, significantly reducing CO_2 emissions.

02

Investment driven value creation

Successful M&A growth in target markets of India, China and Türkiye. Balanced and dynamic approach to capital allocation encompassing organic growth, M&A, sustainability and shareholder returns.

03

Margin resilience and significant growth opportunity

Market share opportunities in solutions contracts, flow control, non-basic refractories and emerging geographies of India, China and Türkiye.

04

Leadership in the refractory industry

Leader in the refractory industry with a c.13% share in a €30bn market for industrial applications exceeding temperatures of 1,200 °C. Full range of products and services enables solutions contract offering, paid per tonne of production.

05

Strong competitive position with vertical integration

Vertical integration with low-cost, high-quality magnesite and dolomite raw material assets providing security of supply.

Read more about **What we do** on our website

Contents

Refractories are essential for our modern world

Refractories are used in industrial processes involving temperatures of 1,200°C or above to protect equipment from the effects of heat and chemical corrosion. Refractories are made from heat resistant materials that can withstand extremely high temperatures whilst maintaining their form and function. Refractories are consumed during the production process, with a lifespan ranging from hours to years, depending on the application. Every tonne of steel produced consumes between 10–15kg of refractories, which must be replenished.

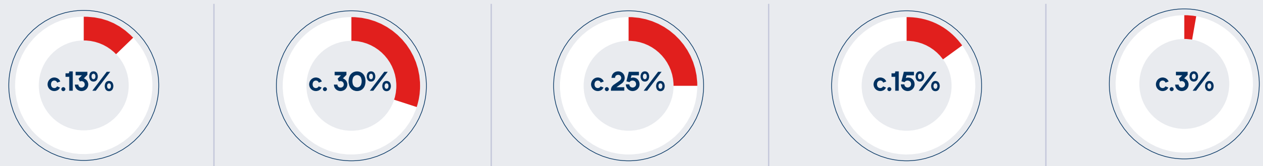
RHI Magnesita produces a broad range of refractory products using magnesite, dolomite and alumina based raw materials for its customers in the steel, cement, glass, non-ferrous metals and other heavy industries. The Group has a c.13% market share in the global steel market and c.30% market share in cement. The key end markets which drive demand for refractories are the construction (45%), transportation (17%) and electronics and consumer goods sectors (15%).

Watch our film on why refractories are essential for modern life

Customer industries

Steel	Cement/Lime	Non-ferrous metals	Glass	Energy, Environmental and Chemicals
69% of revenues	12% of revenues	8% of revenues	5% of revenues	4% of revenues
Example application Basic oxygen furnace, Electric arc furnace, ladles, flow control	**Example application** Rotary kiln	**Example application** Copper flash smelter	**Example application** Glass furnace	**Example application** Secondary reformer
Lifetime and costs • 20 minutes to 2 months • c.3% of customers' costs	**Lifetime and costs** • Annually • c.0.5% of customers' costs	**Lifetime and costs** • 1 to 10 years • c.0.2% of customers' costs	**Lifetime and costs** • Up to 10 years • c.1% of customers' costs	**Lifetime and costs** • 5 to 10 years • c.1.5% of customers' costs

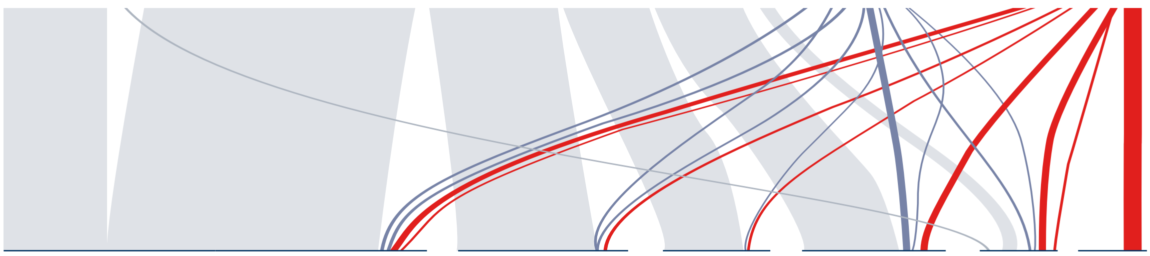
% of global market share by customer market



End markets

Customer industries
% of 2023 revenue.

Cement/ Lime 12% | Steel 69% | Glass & EEC 9% | Non-ferrous metals 8%



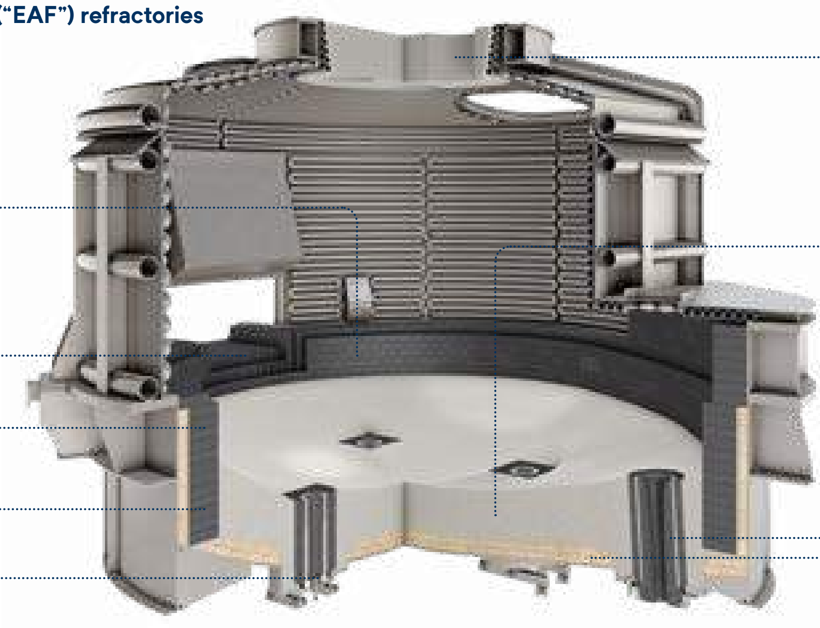
End markets

45% Construction | 17% Transportation | 10% Machinery | 15% Electronics and consumer goods | 8% Other | 5% Energy

We are the leading global supplier of refractories

RHI Magnesita is the leading global supplier of high-grade refractory products, systems and solutions.

Electric Arc Furnace ("EAF") refractories



RHI Magnesita's comprehensive range of refractory products and services and global presence gives us access to a broad addressable market. We seek to balance our portfolio globally across customer industries and geographies to minimise frictional costs and maximise production network efficiencies.

Refractory products and services are usually best supplied from plants close to our customer sites so we have a regionalised, local-for-local production strategy, supported by global functions including research and development and shared service centres. As we grow through acquisition we aim to realise significant synergies by adding specialist or regional refractory businesses to our global network.

RHI Magnesita is a clear leader in the supply of EAF refractory linings with a strong market share globally. EAF refractory sales represented 16% of Group revenues in 2023 (2022: 17%). Refractory products are needed in 13 different zones in every EAF. The typical specific refractory consumption ranges from 2.5kg to 8kg per tonne of steel produced with an average working life of weeks to months of operation between re-linings.

Key product ranges

Bricks

63% of product revenue

Average selling price c.€1,500 per tonne

Mixes

25% of product revenue

Average selling price c.€900 per tonne

Flow control

12% of product revenue

Average selling price c.€2,000 per tonne

Services and solutions

27% of Group revenues are via solutions contracts

Raw material vertical integration benefits

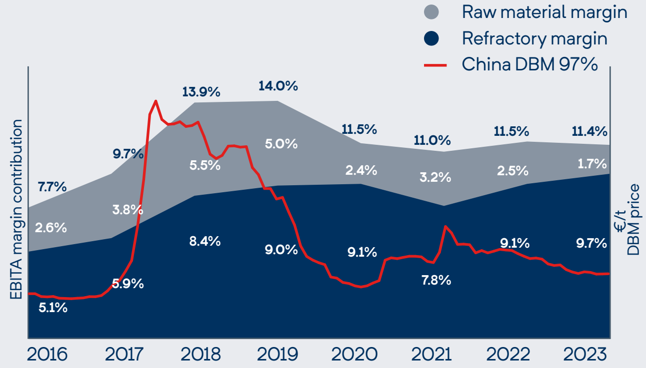
Owning refractory raw material assets has been a cornerstone of the Group's business model since the discovery of the Veitsch deposit by Carl Später in Austria in 1881.

RHI Magnesita's low-cost raw material production represents a significant advantage versus pure-play refractory producers, who are purchasing raw materials on the open market at higher prices. Average invested capital in the Group's mining assets is low at €483 million versus €2,371 million for the refractory assets and ROIC is historically higher in raw material production compared to refractory production. The Group consumes 87% of its own raw material production internally, with minimal external sales and guaranteed security of supply.

The contribution of vertical integration to the Group's margins has been consistently positive over many years, demonstrating our structural cost advantage. The benefit is maximised during periods of high market prices for raw materials (e.g. 2018–19). The increased rate of use of secondary raw material via recycling represents a further increase in vertical integration, with additional sustainability benefits.

The 2023 EBITA margin contribution of 1.7ppts from vertical integration is temporarily lower than normal due to the low level of refractory raw material prices (caused by reduced global demand for finished refractories) and relatively high energy costs in Europe, CIS & Türkiye and the Americas compared to China. Over the long term the Group expects to generate 2.5–3.5ppts of its EBITA margin from vertical integration.

Raw material margin contribution



Extent of vertical integration

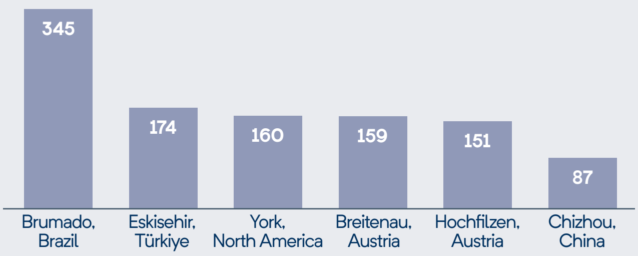
%

	Own production	Recycling	Purchased
Magnesite-and dolomite-based (basic) raw material volume	64	8	28
Total volume of raw material usage	52	12	36
Total value of raw material usage	33	6	61

	Magnesite	Non-magnesite
Basic vs non-basic based raw material usage by value	51	49

Annual production

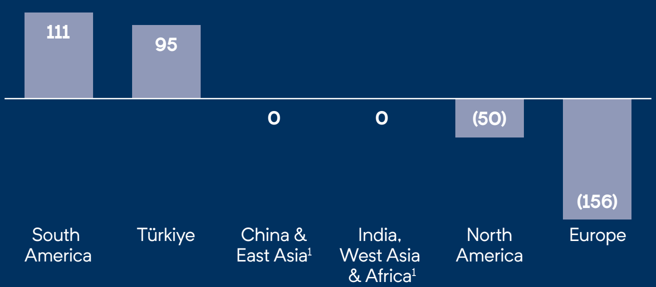
kt, 2023




Brumado, Brazil

Net raw material flows from internal sources

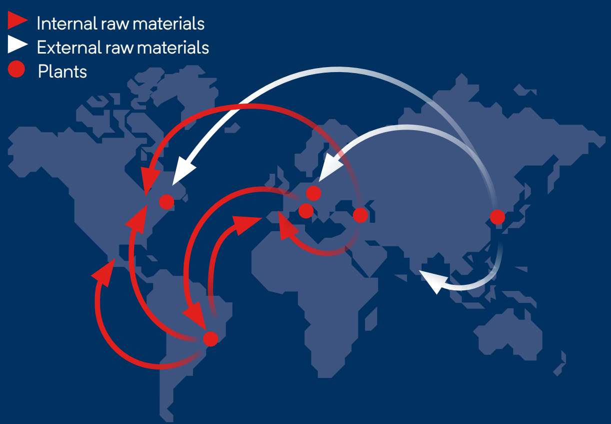
exports/(imports) kt, 2023



1. Internal raw material sources only. China and India regions obtain raw material from external sources.

Key raw material sites and shipment routes 2023

%



Global refractory production network

Local-for-local strategy

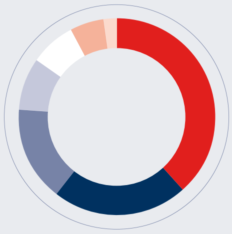
RHI Magnesita owns and operates a global network of 47 refractory production sites and is capable of supplying a full range of high-quality refractory products and services anywhere in the world.

Following the merger of RHI and Magnesita in 2017, the production network was restructured and optimised through the closure of certain high-cost sites and consolidation of production into modernised low-cost locations. The Group follows a local-for-local strategy with production facilities located as close as possible to its customers, to deliver an optimal customer experience, reduce freight and customs duties and minimise working capital requirements associated with international shipments.

Our acquisition strategy seeks to address network inefficiencies by filling regional product gaps or adding plant locations to improve logistics or position for growth, such as in India. Changes in global refractory usage, foreign exchange rates, freight and energy costs can impact the competitiveness of our production network. An agile and forward-looking approach is required to ensure that we are fully optimised for changing market conditions from time to time. The Group's Integrated Business Planning function seeks to identify and implement optimisation opportunities to convert volatility from a risk into an opportunity.

Europe finished goods exports

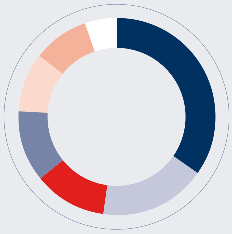
% value by destination region, 2023



North America	38%
Asia & Australasia	22%
Africa	16%
India	9%
South America	8%
NME	5%
China	2%

China finished goods exports

% value by destination region, 2023



Asia & Australasia	35%
India	18%
North America	12%
Africa	12%
Europe	9%
NME	9%
South America	5%

Net finished goods exports/(imports)

€ millions, 2023

Europe, CIS & Türkiye	€480m
China & East Asia	€363m
South America[1]	€35m
India, West Asia & Africa	€-66m
North America	€-316m

1. South America finished goods are balanced between €122 million exports and €86 million imports.

Regional finished goods production – local versus imports

% imported   % produced in region

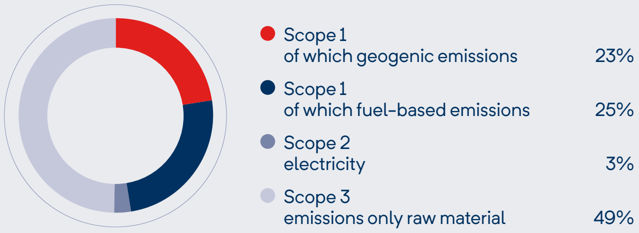
Sustainability leadership in refractories

Refractory production is CO_2 intensive

Refractory production is a 'hard to abate' industry. Raw material processing generally uses fossil fuels for ignition and burning of carbonate rock. In the burning process, around 50% of the weight of the mineral is converted into CO_2, resulting in geogenic emissions. These geogenic emissions are classified as Scope 1 when originating from the Group's own production, or Scope 3 in the case of externally purchased raw materials. Taken together, our own geogenic emissions and those associated with the raw materials that we purchase account for over half our total CO_2 footprint.

Significant energy is also required for firing of refractory products in the manufacturing process and further emissions are generated in the shipping and distribution of our products to customers worldwide.

Carbon emission by Scope
%



RHI Magnesita is pioneering new technologies to reduce emissions

Recycling

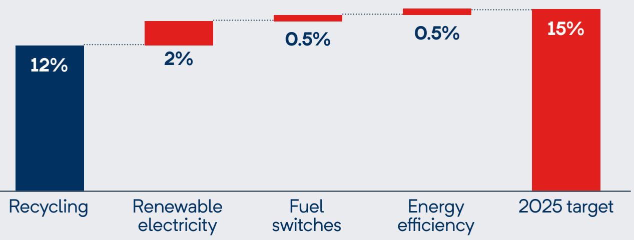
RHI Magnesita is leading the refractory industry in the use of circular raw materials. For every tonne of waste material that is reused, approximately 1.5 tonnes of CO_2 can be saved, in addition to circular economy benefits. Due to the geogenic CO_2 emissions and energy consumption involved in the production of new raw material, increasing recycling is the most effective way to reduce CO_2 emissions in the short term. Recent acquisitions have low rates of recycling and will temporarily dilute progress until fully integrated.

Sustainability R&D

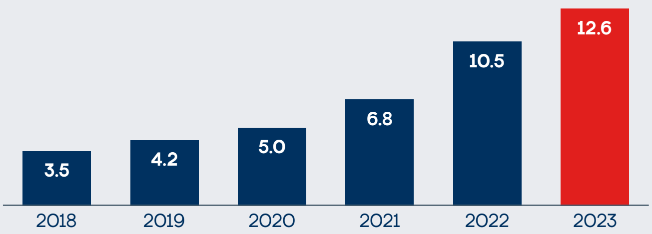
RHI Magnesita committed to an investment of €50 million over the period from 2021-25 into the research and development of new technologies to avoid or capture CO_2 emissions.

The fastest success has been achieved in recycling but we are also progressing other laboratory and pilot scale technologies to meet this challenge, including the use of alternative fuels and carbon capture and storage or utilisation. In February 2023 we entered into a long-term strategic co-operation with MCi Carbon to apply their technology for the remineralisation of captured CO_2 emissions into saleable materials such as magnesium carbonate and silica.

CO_2 emissions intensity savings target
% savings versus 2018 baseline, 2025 target 15% reduction



Use of secondary raw material
% of total raw material used



More detail on sustainability R&D from **Page 73**

Our decarbonisation commitment

1. Lead the refractory industry by decarbonising our operations as fast as sustainably possible.
2. Annually update our decarbonisation pathway based on technology, infrastructure and capex developments.
3. Invest in the research and development of new technologies to avoid or capture CO_2 emissions.
4. Offer our customers enabling technologies or solutions for their own low-carbon production technologies and low-carbon refractory products to reduce their Scope 3 emissions.
5. Lobby governments to invest in infrastructure to support decarbonisation.
6. Work with partners in the private sector to develop new solutions for decarbonisation.

Full decarbonisation will require significant capital expenditure, starting in Europe and subsequently in all regions.

Delivering sustainability for our customers

We are in a unique position – RHI Magnesita's customers are amongst the most energy and emissions intensive industries in the world. Every unit of energy consumption saved or CO_2 emissions avoided that we can help our customers to achieve could potentially have a major impact on reducing global emissions.

Data insight

Refractory product carbon footprint

Information drives informed decision making. RHI Magnesita provides its customers with data on every product offered, to show the CO_2 emissions that are embedded in its production. This allows our customers to accurately calculate their Scope 3 emissions from refractory consumption and provides them with the information they need to choose lower CO_2 intensity products.

Ultra-low CO_2 products

Low CO_2 footprint product range

We have developed a range of ultra-low CO_2 emissions products to offer choice to customers for whom Scope 3 emissions from their refractory supplier are a priority. Customers who are investing in their own production processes to develop clean solutions are also interested in obtaining refractories with low CO_2 emissions.

In 2023 we successfully trialled a new range of ANKERJET gunning mixes made with 100% recycled raw materials.

Partnering customers

Sharing the cement challenge

The cement production process results in significant geogenic CO_2 emissions and therefore our customers in the cement industry share the same challenge as RHI Magnesita does in seeking effective carbon capture technologies.

Many of the techniques that RHI Magnesita is assessing for the use of alternative fuels and the capture, utilisation or storage of CO_2 in refractory production could be transferable to the cement process.

We are committed to partnering with our customers to develop large-scale solutions.

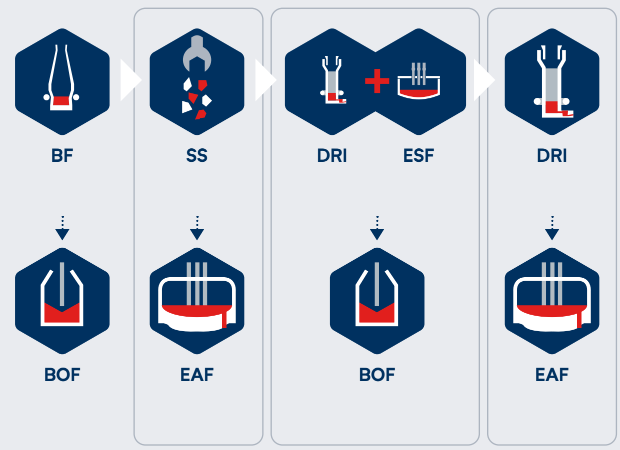
Technology advances

Green steel opportunity

Steel production accounts for around 8% of global CO_2 emissions. Major advancements are underway in the development of technologies for manufacturing steel with low or zero CO_2 emissions and over 20 new plants or trial projects are currently being developed or under construction worldwide.

Consumption of magnesite-based refractories is higher in Electric Arc Furnace ("EAF") or Electro Smelter Furnace ("ESF") facilities, which are likely play a major role in green steel production. EAF and ESF refractories are an enabling technology for this important transition and a major future business opportunity for RHI Magnesita.

New steel production technologies



BF Blast Furnace
BOF Basic Oxygen Furnace
DRI Direct Reduced Iron
EAF Electric Arc Furnace
SS Scrap Steel
ESF Electro Smelter Furnace

EAF steel production from scrap DRI can reduce CO_2 emissions by 92%.

Business model

What we do

Production of refractories

Raw materials are blended and combined with chemical additives to be sold as mixes, or subject to further processing into shaped refractory products. Shaped refractory bricks are pressed into different sizes and shapes depending on the specific application, employing pressures of up to 3,200 tonnes.

After pressing, shaped refractory bricks are tempered at temperatures of up to 350°C and may be further subjected to firing at 1,800°C in tunnel kilns for a number of days. Unfired products are primarily used in the steel industry, whilst the main applications for fired products are in the cement, non-ferrous metals, process and mineral industries.

Services and solutions contracts

Our comprehensive product range and expertise enables us to offer solutions contracts to customers who are seeking to improve production efficiency and reduce their costs and environmental impacts. This service offering is one of our key differentiators. Solutions contracts made up 27% of revenue in 2023 (2022: 32%).

Under a solutions contract RHI Magnesita is paid a fixed price per unit of customer production, initially offering a saving to the customer versus their prior level of refractory operating expenses. Over time we are able to deploy more advanced products and technical expertise to reduce refractory usage or increase productivity by other means, which leads to higher margins over the five to seven year life of the contract. Solutions contracts are usually renewed upon expiry with revised productivity goals for the subsequent period.

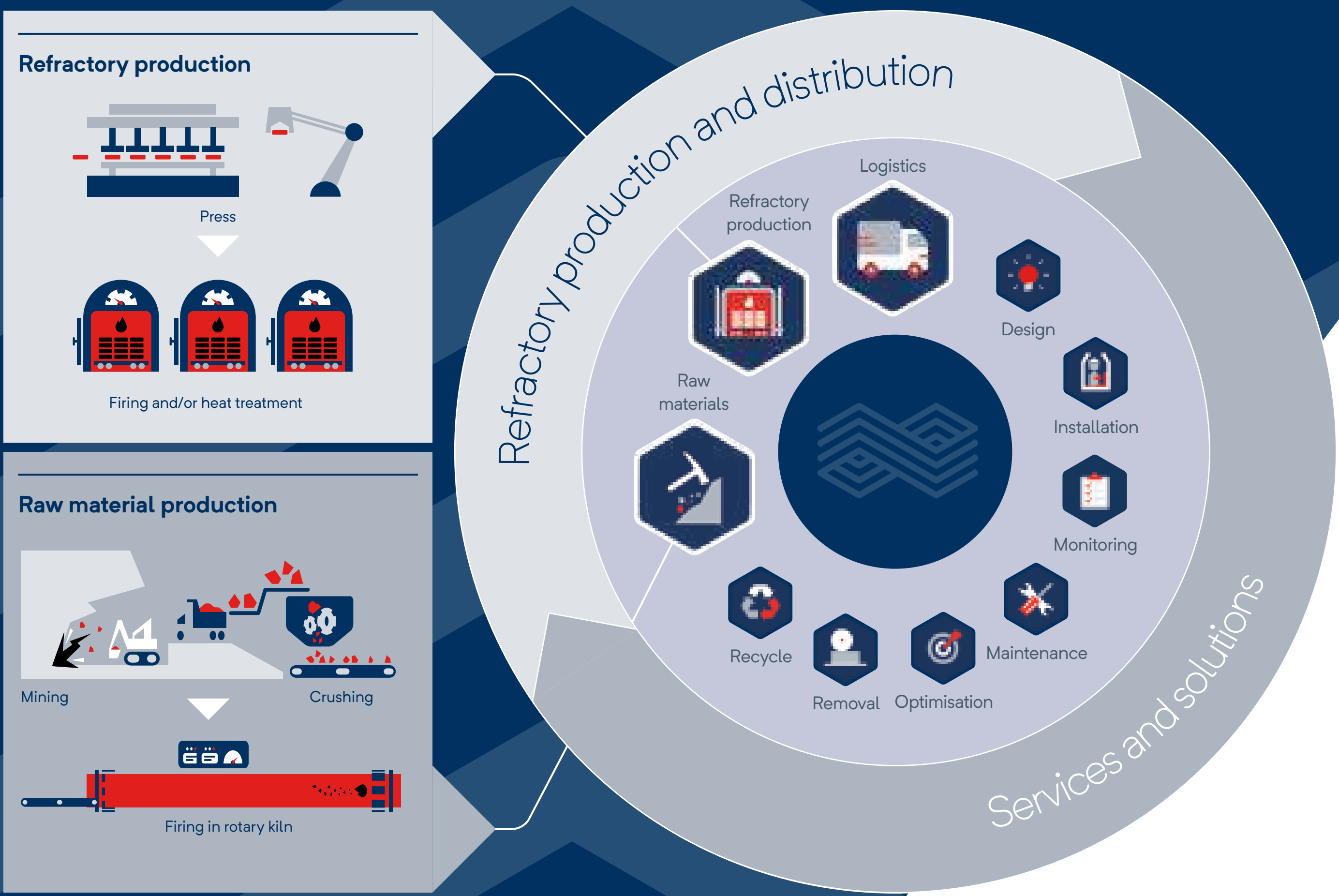
Research and development

Innovation, research and development are essential drivers of success in the refractory industry. Refractory products are highly customised for individual customer applications, often representing many years of iterative improvements tailored to specific customer environments.

Development of new technologies requires careful testing and trials at pilot scale and in live production environments, without impacting customer outcomes.

RHI Magnesita targets R&D and Technical Marketing spending of 2.2% of annual revenues, with a total investment of €83 million in 2023 (2022: €77 million).

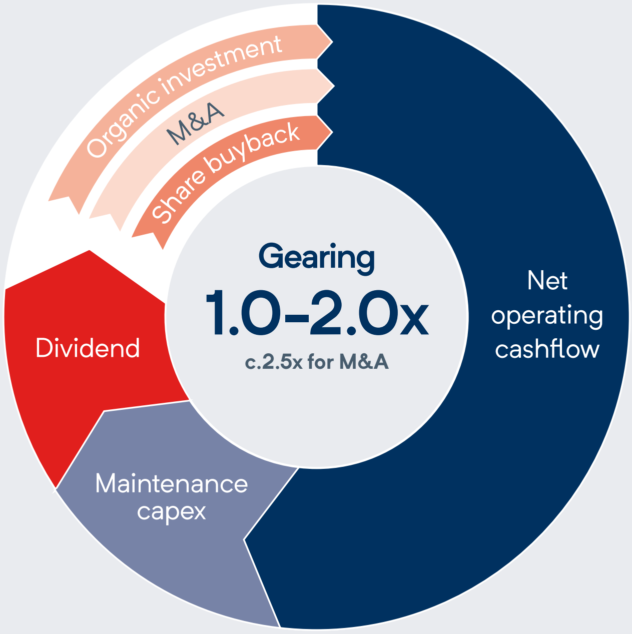
The Group has 1,708 active patents and 1,564 active trademarks globally. New products launched in the last five years represented 20% of revenue in 2023 (2022: 19%).



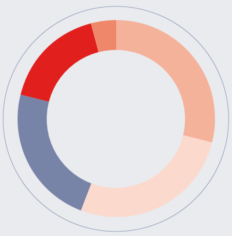
Capital allocation and M&A strategy

Balanced approach to capital allocation

RHI Magnesita maintains a purposeful approach to capital allocation which seeks to balance shareholder returns, acquisitions and organic investments that will deliver long-term growth and productivity gains. After maintenance capital expenditures and the ordinary dividend, M&A, organic investments and share buybacks compete for capital. We target gearing of 1.0–2.0x EBITDA with the flexibility to increase to c.2.5x for compelling M&A opportunities. Our resilient margins, stable profitability throughout macroeconomic cycles and high levels of cash conversion support the targeted gearing range. Over the six-year period from 2018 to 2023, capital allocation has been split as follows:



Capital allocation
2018 to 2023 (%)



Organic investments	29%
M&A	27%
Maintenance capex	23%
Dividend	17%
Share buyback	4%

M&A strategy momentum

€80m
2024 EBITDA contribution from 2023 M&A

6 acquisitions
Six transactions completed in 2023

€443m
Significant capital allocated to M&A

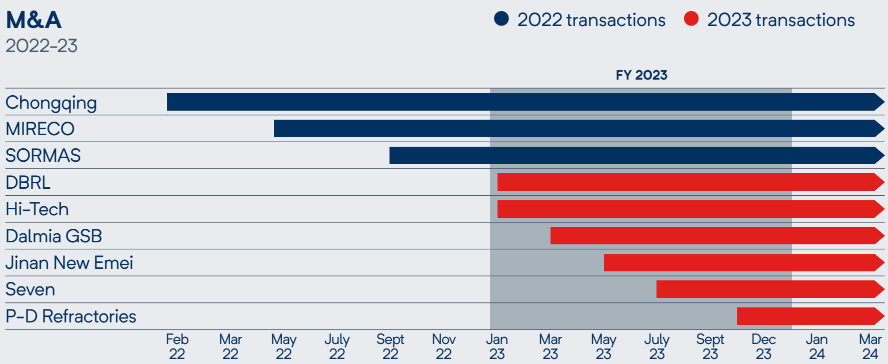
Our strategy is to grow primarily through acquisition rather than greenfield expansion to avoid over-supplying a low growth market. We see significant M&A synergy potential from cost savings, network efficiencies, cross selling and procurement benefits.

Our M&A strategy is focused on geographies and product areas in which we are under-represented. We seek to establish a balanced product portfolio in each region to service steel and industrial customers with a comprehensive range of refractory products and services. The Board believes that growth through acquisition in the refractory industry offers some of the highest potential for returns on capital, driven by synergies and as the Group develops its internal capabilities for quickly and effectively integrating acquired businesses.

RHI Magnesita completed six acquisitions in the year to 31 December 2023 and a total of nine transactions since December 2021. In 2024 the Group will benefit from a full year contribution from businesses acquired during 2023 as well as the delivery of initial synergies as new businesses are integrated into our global network.

Due to the cash generative nature of the base business and supported by a €100 million equity raise in India in April 2023, we have been able to maintain gearing within the targeted range whilst deploying €443 million of capital into M&A during the year, including consideration paid, net debt assumed and working capital investments.

M&A
2022-23



Chairman's statement

I am pleased to report significant progress in our strategic development in 2023, achieved whilst navigating difficult market conditions."

Herbert Cordt
Chairman

Dear Shareholders,

Since the merger of RHI and Magnesita and the listing of the combined group in 2017, the Group has benefited from a careful and purposeful approach to capital allocation which has sought to balance shareholder returns, acquisitions and organic investments that will deliver long-term growth and productivity gains. In 2023 we realised benefits from prior investments in our existing asset base and deployed capital to secure our future growth through a substantial M&A programme.

It is a sign of our resilience that we have been able to continue our strategic development during a period of weak external demand, whilst also delivering an impressive financial performance based on strong margins and cash generation.

Health and safety

I am extremely saddened to report two recent fatalities at our operations in Austria, one in late 2023 and one in early 2024. The Directors have spent significant time and effort with management to understand the root causes of these accidents and what follow-up steps are being taken. It is clear that we must see immediate change in this area and re-establish our progress towards a "Zero Harm - No Injuries" working environment.

Executing the strategy

The Board and Executive Management Team are committed to advancing the Group's strategic goals: (i) to maintain our competitiveness through structural cost savings, network efficiencies and vertical integration; (ii) to increase our presence in geographic and product markets where we are under-represented, and (iii) to expand our business model to provide new products and services to our global customer base.

The outstanding strategic highlight of 2023 is the successful acquisition of six new businesses across a broad range of geographies and product areas which have significantly strengthened our portfolio in India, China, and Europe and expanded our customer offering in steel flow control, alumina-based refractories and in process industries. Unlocking value from these acquisitions will be the key drivers of our success in the near and medium term.

Leading the refractory industry in sustainability remains a guiding principle of our long term strategy. It is pleasing to see ongoing success in the use of secondary raw materials whilst we also prepare for the next stages in the decarbonisation of our business through the development of new technologies to avoid or capture CO_2 emissions. We are carefully preparing for the significant need for investment capital for decarbonisation.

Market environment

A slowdown in the global construction industry combined with low demand in the transportation sector were the main drivers of lower refractory sales volumes in 2023, excluding the contribution from M&A. Weakness in these important end markets was widespread with the exception of India, where growth remains strong and the Group has significantly expanded its presence this year.

Inflationary pressures continued during 2023, requiring further price increases to maintain margins. The necessary monetary policy response of increased interest rates to contain and reduce inflation presents a new challenge in the form of higher financing costs, which in turn demands a higher level of profitability to generate an acceptable return on invested capital. The asset intensive nature and high working capital requirements involved in operating a global refractory business magnify the impact of these macro-economic pressures on our business.

Culture and values

It is important during periods of challenging market conditions that we remain true to our values and do not allow the burden to be unfairly borne by any one of our stakeholders. As an example of this, our response to increases in the cost of living for our employees has been to increase wages across the Group in an equitable and sustainable fashion. The resilience of our business model has enabled us to do this whilst also maintaining profitability, servicing our debt and delivering consistent and growing dividend payments to shareholders. We will continue to be guided by our corporate culture and values as we welcome new acquisitions into the Group and expand our global presence.

Tender Offer

Shareholders representing 19.95% of the Group's issued and outstanding share capital chose to accept the tender offer from Rhône Capital at a price of £28.50 per share that was launched in May and completed in December 2023.

The Board supported shareholders in their assessment of the merits of this transaction in its public response to the Tender Offer and through other direct engagements. The Tender Offer provided shareholders who wished to partially or fully exit their investment with the opportunity to do so, depending on their own individual investment considerations and their own individual circumstances.

Rhône Capital have indicated that they are supportive of the Group's current strategy and we look forward to working with them in the future as we continue to grow our business.

Board updates

In September 2023 the Board nominated Anna Katarina Lindström to be elected as an independent Non-Executive Director, subject to the approval of shareholders at the 2024 AGM. Katarina has been acting as an observer of the Board since 30 September 2023.

Katarina is an experienced industrial operations professional who has extensive experience in managing complex change and driving performance on both a strategic and tactical level. We are fortunate to benefit from Katarina's extensive logistics and operational expertise and I am confident that she will make a strong and positive contribution as a Director in 2024.

We are committed to pursuing diversity on our Board, including diversity of thought, skills and experience as well as gender, background and ethnicity. With Katarina we will reach 33% female representation on the Board, in line with our 2025 target and commitment. In the longer term, we have aspirations to reach 45% gender diversity at Board level, as stipulated in the Board Diversity Policy.

Dividend

The Board has recommended a final dividend of €1.25 per share in respect of the financial year to 31 December 2023, bringing the total dividend for the year to €1.80 per share. This level of dividend is aligned with our policy to maintain dividend cover of below three times adjusted earnings whilst taking into account the other funding requirements of the business as we manage capital expenditures, M&A spend and gearing levels through this important period in our strategic development.

Summary

2023 has been an exciting year of strategic progress for our Company, with many of the notable successes in M&A being the result of multiple years of origination, preparation and negotiation. The hard work of integrating acquisitions into our production network, processes and culture has already begun and I am confident that we are on a strong trajectory to deliver value from the capital that has been invested into these opportunities.

I would like to thank our shareholders, employees, customers and suppliers for their support throughout this period of challenging external market conditions and I look forward to reporting on further successes in 2024 and beyond.

Herbert Cordt
Chairman of the Board of Directors

CEO review

We successfully navigated many challenges in 2023 to deliver a 7% increase in EBITA to €409 million. M&A, cost-saving initiatives and resilient pricing offset the underlying weakness in customer demand."

Stefan Borgas
Chief Executive Officer

RHI Magnesita delivered a strong financial performance in 2023 despite challenging market conditions. Our achievements have been based on stepwise improvements in operations, prioritising the needs of our customers at all times, sustainability leadership, acquisitions and strategic delivery. During the year we made significant progress on both our M&A strategy and delivering the strategic cost savings and sales initiatives targets that were set in 2019.

In 2023 the key challenge for us has been to maintain momentum whilst managing our operations through a very weak demand environment. To achieve targeted inventory coverage levels, average plant utilisation was reduced to 76% in the second half and production volumes lagged sales volumes throughout the year, with implications for low fixed cost absorption.

I am pleased to report that we successfully navigated these and many other challenges in 2023, delivering a 7% increase in Adjusted EBITA to €409 million (2022: €384 million), as M&A, cost saving initiatives and resilient pricing offset the underlying weakness in customer demand.

Health & Safety

It is with deep regret and sorrow that we report that two fatal incidents occurred at our plants in Austria in 2023 and early 2024. Thorough investigations of the root causes of these incidents will be or are being carried out and procedural changes implemented worldwide. A step-up of the safety culture among all RHI Magnesita business partners will come along with these new measures.

The health and safety of our employees in the workplace is a core value for RHI Magnesita. The Group's lost time injury frequency rate remained below our target of 0.50 per 200,000 hours and was the lowest rate recorded by the Group since listing in 2017, excluding the pandemic, at 0.16 per 200,000 hours (2022: 0.20). We are now adopting a lower target of 0.30, in line with leading peers in the broader industrial sector.

Key safety initiatives implemented during the year included improved inductions and safety training for new joiners, integration of safety topics into shift-start meetings and hand and finger safety communications campaigns.

Operational agility

The investments we have made in our production network since 2019 combined with further actions taken in response to global supply chain and energy market volatility in 2022 have created a more agile and responsive business. The ongoing focus on operational excellence, planning, logistics, inventory management and customer satisfaction are the key foundations of the improved operating performance that has been delivered in 2023. Customer surveys reported strong improvements in our net promoter score. To further improve operations, increase productivity, reduce inventory and improve customer experience, RHI Magnesita is now embarking on rebuilding its business processes and radically modernising its IT architecture. This investment will last three years at a cost of approximately €100 million.

Operating at our targeted level of working capital intensity of 25% enabled us to deliver for our customers, and this is the foundation for maintaining pricing whilst input costs have been falling across the refractory industry. Further investments in our planning processes and systems as well as a complete overhaul of our digital architecture in the next three years is aimed to further improve RHI Magnesita's operational delivery capabilities and customer service.

Strategic progress

The €130 million annual EBITA contribution from cost saving and sales initiatives set out in our 2019 strategic targets was realised in the first half of 2023, following investments in the rationalisation of our production network, growth in flow control revenues and M&A led growth in India, China and Türkiye.

During the year we made significant progress on our M&A strategy with the completion of six acquisitions, bringing the total number of businesses acquired since December 2021 to nine. Our strategy has been to focus on complementary product areas and geographies in which we are under-represented. We have broadened our customer offering through acquisitions in the alumina-based refractories, process industries and flow control segments.

The two acquisitions we completed in India are of great importance due to the unique growth environment for refractories in this region.

Scan here or click **here** to watch our CEO's speech on the fifth anniversary of the merger of RHI and Magnesita in 2017.

The acquisition of Hi-Tech in Jamshedpur and the Indian refractory business of DBRL have substantially improved the Group's regional footprint. The expanded plant network and immediately available low-cost production capacity will increase RHI Magnesita's competitiveness in the region for both local sales and potential new export opportunities in West Asia, Africa and the Middle East.

A continuation of this M&A strategy to further complement our global business is underway, prioritising portfolio additions before deleveraging.

Sustainability performance

A core element of our strategy is to be the sustainability leader in the refractory and refractory raw materials industries. We committed to six sustainability targets to be met by 2025 which are in alignment with the UN sustainable development goals. We are progressing well in each of the target areas, although further work is now required to maintain improvements in energy consumption and CO_2 intensity following the recent acquisitions.

We have been leading the industry in the recycling of refractory raw materials since we identified this as a key lever to quickly and permanently reduce CO_2 emissions. In 2023 we recorded a recycling rate of 12.6% (2022: 10.5%) and we have now increased our target to achieve a recycling rate of 15% by 2025, (previously 10%). The speed with which we can continue to increase overall Group recycling rates from this point may moderate due to the dilution impact from new acquisitions where recycling rates are low or zero and as we reach technical limits or bottlenecks in the availability of suitable waste material. Since we began our recycling journey in 2019 and adjusting the baseline for M&A we have reduced our annual CO_2 emissions from 6.2 Mt to 4.6 Mt and improved our CO_2 emissions intensity per tonne of product shipped from 1.84t to 1.62t, with the majority of these emissions savings delivered by recycling.

We continue to invest in the research and development of new technologies to reduce CO_2 emissions in the refractory production process. During 2023 we decided to invest another €5 million in MCi Carbon, an Australia based developer of mineralisation technology which can efficiently bind CO_2 into saleable solid carbon-negative materials, permanently removing emissions from the atmosphere. We are assessing the viability of this technology at our operational sites in Europe, alongside nine other pilot plants or trials of alternative technologies, any combination of which will help us to progress our decarbonisation pathway. Such technologies may have wider applications beyond the refractory industry and if successful will help the Group to adapt to the consequences of the Carbon Border Adjustment Mechanism in Europe, which will be progressively introduced over the period 2026-2034 and will significantly increase the cost of Scope 1 CO_2 emissions in our European plants.

We remain committed to investing in the development of new technologies to deliver decarbonisation, to offering our customers low or zero CO_2 footprint refractory products and providing them with information to make sustainable procurement decisions. It is clear that this will require significant new capex in only a few years from now starting in Europe and subsequently in other geographies. Ultimately, the necessary investment to achieve decarbonisation would be very large. We will continue to lobby governments to provide the necessary infrastructure support for the development of renewable energy sources, hydrogen networks and CO_2 transport and sequestration solutions, whilst working with partners in the private sector worldwide to deliver permanent reductions in CO_2 emissions from energy intensive industrial processes. The cities of the future could be built without CO_2 emissions if we and our customers are successful.

Our people

Our strong operational and strategic delivery in 2023 represents the hard work of thousands of individuals working towards the RHI Magnesita vision worldwide. We materially increased the size of the business in 2023 through six acquisitions and I am excited to welcome into the Group the diverse range of talented and experienced people who have joined us this year. It is heartwarming to experience the passion, knowledge and new perspectives that our new colleagues have already brought into the Group. We have learned a great deal from each other in a short space of time and I am sure that the benefits from integrating our efforts and ideas will continue to deliver value in the years ahead.

Financial performance

A combination of delivering for our customers, agility and operational excellence in 2023 enabled us to beat our initial guidance for financial performance. The Group delivered an Adjusted EBITA margin of 11.4% compared to an initial expectation of 10% at the beginning of the year, resulting in a 7% increase in Adjusted EBITA to €409 million (2022: €384 million). This was achieved despite the weakest demand for refractory products in 15 years in most regions and a market-driven 5% decline in sales volumes pre-M&A.

We also generated significant cash flow, with Adjusted operating cash flow increasing to €413 million (2022: €155 million). Strong cash flow and growth in EBITDA enabled us to maintain gearing within our guided range of 2.0-2.5x whilst allocating €443 million of capital to acquisitions. The full year annualisation of earnings from M&A plus synergies will support financial performance in 2024 and beyond as we integrate these new businesses into our global network.

Outlook

Construction and transportation industries are the main drivers of customer demand and both end markets remain subdued at present in all geographies except India. Investment projects, especially in the glass and non-ferrous markets have peaked in 2023 and deliveries will decline in 2024 and beyond. RHI Magnesita has taken pre-emptive action to preserve margins and is well positioned to increase output into a recovery, with significant operational gearing and fixed cost absorption benefits to be realised when customer demand returns. The timing of such recovery remains uncertain. Production is planned to increase in 2024 to match sales volumes, as inventory coverage ratios are now at target levels. Sales volumes in the base business excluding M&A in 2024 are assumed to be in line with 2023, whilst the full year effect of 2023 M&A should increase shipped volumes in 2024 by up to 10%. RHI Magnesita has navigated significant challenges in 2023 whilst also continuing to build a stronger business through M&A and efficiency improvements, which will be capable of delivering significant value in a normal demand environment.

€131m

EBITA benefit from 2019 Strategic Initiatives delivered in H1 2023

€443m

Capital allocated to M&A in 2023

6

New businesses acquired in 2023

Delivering our strategy

RHI Magnesita's strategy is based on three pillars, supported by our people and culture. Each strategic pillar represents an opportunity to deliver significant long-term value for shareholders, building on the Group's existing global footprint and underpinned by our focus on sustainability.

Our strategic framework

RHI Magnesita's strategy pillars are:

- To improve **competitiveness** through cost control, production network efficiencies, streamlined process execution, automation and digitalisation.
- To grow revenues and margins by enhancing our **business model**.
- **Markets** – drive market leadership through M&A and organic growth to strategically increase market share in geographies and applications where the Group is currently underrepresented.

The three pillars of our strategy are underpinned by a focus on people, corporate culture and our commitment to sustainability leadership in the refractory industry.

Each strategic pillar represents an opportunity to deliver significant long-term value for shareholders as a highly competitive global leader in refractories with breadth and scale.

The Group's long-term strategy is aligned to its purpose of mastering heat to enable global industries to build sustainable, modern life. The Board reviews the strategy annually to dynamically respond to changing market conditions, industry developments and stakeholder priorities. The Board believes that the Group's strategy is the optimum route for delivering long-term value creation for all stakeholders. More information on how the Group interacts with its stakeholders to ensure that strategic priorities are aligned can be found on page 119.

Our strategic priorities

Competitiveness

Reduce operating costs

Cost-saving initiatives include reducing SG&A, plant footprint optimisation, automation and digitalisation, supply chain management and selected capital expenditure projects to reduce raw material and conversion costs.

Business model

Expand the business model

We seek to maximise value for our customers and increase margins through the offering of a broad range of products and services, growing the proportion of revenue derived from solutions contracts and expanding our recycling activities.

Markets

Grow market share in geographies and products where we are under-represented

The Group aims to grow its share of the global high-temperature refractories market via a consolidation strategy targeting businesses in high-growth markets or market segments where the Group is currently under-represented.

People and culture

Enablers of our strategy

RHI Magnesita fosters a culture of innovation, openness, pragmatism and high performance to support the delivery of its strategy. Hiring and retaining talented teams and individuals is essential for the Group to grow and maintain its leadership position.

Sustainability

Sustainability leadership

RHI Magnesita seeks to maintain its leadership position in sustainability in the refractory industry to gain cost, pricing and market share advantages over the long term. We are committed to reducing emissions from our activities and to assisting our customers with their own transitions.

Progress	Outlook	
A detailed review of SG&A was undertaken in 2023 with estimated annual savings of €14 million and €11 million of non-recurring restructuring costs. The Production Optimisation Plan that was launched in 2019 is now substantially complete, with only the ramp up of the Brumado rotary kiln and final commissioning of the Manufacturing Execution System implementation at Radenthein remaining. The 2019 cost-saving initiatives contributed €23 million of EBITA in 2023. Freight and energy expenses reduced due to easing of global supply chain and energy market disruption, offset by higher labour costs and reduced fixed cost absorption due to low capacity utilisation.	The Group is targeting further structural cost savings in both raw material and refractory production in 2024 with the aim of restoring vertical integration EBITA margin contribution to 2.5-3.5 ppts in the medium term and increasing refractory EBITA margins to over 10%. The ramp up of the Brumado kiln is intended to drive structural raw material cost reductions when fully loaded, whilst margins in refractory production will benefit from the delivery of M&A synergies in recently acquired businesses. The achievability of absolute cost reductions and margin increases will depend on the extent of inflation in labour, raw materials, freight and energy and whether the Group is able to pass on additional costs through price increases in 2024.	Read about this strategic pillar **Pages 18 & 19**
Solutions contracts accounted for 27% of revenue in 2023 (2022: 32%) as the acquisition of six new businesses with a lower prevalence of solutions contracts reduced the overall average for the Group. The recycling rate was successfully raised to 12.6% (2022: 10.5%) as the Group was able to increase the sourcing of secondary raw material through its MIRECO joint venture in Europe and highlight the circular economy and CO_2 emissions benefits of recycling to its customers.	The M&A strategy will continue to broaden the Group's product portfolio and geographic presence, increasing the effectiveness of solutions contracts. There is an opportunity to expand recycling activities in North America where recycling rates are currently 8.3%, below the global average for the Group. A new higher target has been set to increase the use of secondary raw materials to 15% by 2025. Further improvements to the effectiveness of the business model are planned including an ongoing product complexity reduction programme, improvements in supply chain management, customer segmentation and upgrades to core IT systems.	Read about this strategic pillar **Pages 20 & 21**
The market size for refractories is now estimated at approximately €30 billion. The Group has made significant M&A progress in 2023, completing six acquisitions across a range of product segments and geographies. €443 million of capital was deployed in M&A in 2023 including equity consideration paid, debt assumed on acquisition and working capital investments.	Having completed nine M&A transactions in the period from December 2021 to date, the immediate priority in 2024 is to effectively and quickly integrate these businesses into the Group's production network and customer offering. Clear synergy targets have been set for each acquisition and regional management teams are held accountable for delivery of the integration plan. The Group continues to evaluate an active pipeline of potential M&A opportunities and will seek to execute further transactions that meet its criteria for complementing the base business with potential to generate substantial EBITDA synergies.	Read about this strategic pillar **Pages 22-25**
We welcomed over 3,000 individuals to the Group with diverse experience and new technical expertise as a result of acquisitions completed in 2023. Wage increases were agreed globally to offset the increased cost of living due to inflationary pressures.	Multiple initiatives to identify, recruit and retain talented people and to develop teams through training, cultural engagement and digitalisation of key administration tools.	Read about people and culture **Pages 26 & 27**
Recycling rate increased to 12.6%, resulting in CO_2 emissions savings of over one million tonnes compared to 2018. Further development of various candidate technologies for the avoidance or capture and utilisation of CO_2 emissions. Improvements in external ESG ratings, received UK and Ireland Chartered Governance Institute award for Sustainability disclosure in 2022.	Continue to progress technology solutions for the abatement of emissions in the refractory production process. Engage with customers to offer low CO_2 footprint products and enabling technologies for transition to low-emission production processes. Deliver 2025 sustainability targets and set new targets for 2030 as required under CSRD.	Read more on sustainability **Page 58**

Strategic progress in action

Competitiveness

Improving our cost position

RHI Magnesita is a cost-competitive global producer of technologically advanced refractory materials. We seek to maintain and improve our cost position through adapting and investing in our production network, controlling SG&A, streamlining process execution and using automation and digitalisation to modernise the manufacturing process.

€131m

EBITA contribution realised from 2019 -HY23 cost-saving and sales-strategic initiatives

€27m

Annual SG&A reductions achieved in 2023

15.2%

Group EBITDA margin in 2023 versus average for businesses acquired in 2023 of 6.6% prior to acquisition

The importance of cost leadership

Maintaining our position as a large scale, low-cost producer is essential for delivering a strong return on invested capital through the cycle. Refractory production is energy and labour intensive with freight also being a major component for international sales, creating an opportunity to drive margin expansion through scale, network efficiencies, automation and digitalisation. The refractory market is fragmented, with many smaller competitors offering alternatives with varying price points and product performance. Operating successfully within this competitive landscape requires a continuing focus on cost control to ensure that we can consistently deliver high-quality products at competitive prices to maintain and grow market share.

Our strategy for maintaining and improving our cost position

The Group enjoys an advantage in being able to source low-cost raw materials internally. Since the merger of RHI and Magnesita in 2017, we have also invested in a major production optimisation programme to rationalise our global refractory plant network, with the closure of high-cost locations and consolidation of production into expanded, low-cost sites. Approximately €70 million of fixed costs have been removed from the plant network over this period following the closure of nine plants across Europe, North America and China. The successful automation of our flagship Radenthein plant in Austria, with final commissioning of the Manufacturing Execution System now underway, demonstrates the extent of cost efficiencies that can be realised through the application of modern technology to the production process. We continue to assess opportunities to realise further efficiencies as we add new plants to our network through M&A.

Structural cost improvements delivered in 2023

During the year the Group delivered c.€70 million of annual EBITA savings as a result of the strategic cost-saving initiatives launched in 2019.

A cost reduction programme aimed at delivering SG&A savings to offset the impact of inflation successfully delivered €14 million of annualised savings, incurring restructuring expenses of €11 million. SG&A headcount was reduced by c.140 globally, before additions from new M&A.

Variable input costs including energy, freight and raw materials reduced in 2023 due to external market movements. However, cost savings were offset by higher labour costs and lower fixed cost absorption due to operating at lower levels of plant capacity. Strategically, the Group intends to maintain production capacity even though it is not fully utilised at present, as demand for refractories is expected to recover in the medium term, leading to strong potential for operational gearing in an upturn as fixed cost absorption improves.

Acquisitions completed during the year create further network rationalisation opportunities, such as strengthening newly acquired lower-cost locations in India, for sales within India and in surrounding regions.

Industry-wide cost dynamics

Refractories are essential for our customers to operate, but represent a small proportion of their operating costs, for example c.3% of the costs of operating a steel mill. Many of RHI Magnesita's competitors operate on a "cost plus" pricing model (rather than the value based pricing approach used by the Group) so if there are widespread increases in input costs affecting every refractory supplier globally it is therefore normal for refractory market prices to increase to offset higher costs. Despite the ability to pass through cost increases in higher pricing, we remain vigilant on our cost base and act where necessary to avoid margin erosion or loss of market share.

RHI Magnesita has a unique position as a vertically integrated refractory producer with global scale that gives us a long-term structural cost advantage."

Rajah Jayendran
Chief Technology Officer (CTO)

Vertical integration

The Group derives a structural cost benefit from its vertical integration in magnesite and dolomite based raw materials, as well as chromite, chamotte and silica. The EBITA contribution from raw material assets accounted for 1.7ppts of the total Group EBITA margin in 2023 (2022: 2.5ppts). The EBITA margin contribution reduced compared to the prior year, as expected, primarily due to a reduction in the key raw material prices which are used to calculate the contribution. The Group expects the margin contribution from raw material production to return to 2.5-3.5ppts when customer demand for refractories recovers.

CO_2 emissions costs

During 2023, the European Union confirmed the implementation of its Carbon Border Adjustment Mechanism regulations. CBAM will increase the cost of Scope 1 CO_2 emissions in Europe, as free allocations under the existing Emissions Trading Scheme are progressively withdrawn between 2026 and 2034. Other regions are also considering carbon pricing schemes.

If the Group is unable to reduce its CO_2 emissions in Europe over this timeframe, this could result in additional costs of €80 million per year in Europe. It may be possible to pass on approximately half of the additional costs of CBAM through price increases for European customers but such increases would not be possible on the remaining products which are exported. For further details on our assessment of the potential financial impacts of CBAM, please see our TCFD disclosure on page 100 of this Annual Report.

RHI Magnesita is investing in the development of new technologies to reduce CO_2 emissions in the refractory production process to mitigate the impact of the potential additional costs from CBAM. If it is possible to produce lower CO_2 products, this new regime would represent an opportunity, since these products would enjoy a cost advantage versus higher CO_2 footprint products, whether produced in Europe or imported from other regions.

Global shared services

The Group operates a network of shared service centres to streamline administrative functions and improve internal service delivery. Effective internal processes ultimately support a higher level of customer service. The Group launched a multi-year review of its shared service centres in 2023 with a view to generating further efficiencies as it continues to grow through acquisition and into a broader range of products and services, allowing for faster and more effective integrations.

Roadmap for delivery of further savings

Future cost efficiencies are planned to be delivered through a new Operations Excellence System ("OES") which will complement other internal investments over the next four years to modernise and integrate the Group's production processes and operations. OES will ensure uniformity in processes, standards and parameters across every plant to allow comparability, improved financial analysis, standardised production and consistent KPIs. This will enable real time operations monitoring and seamless integration with other digital transformation programmes in planning, supply chain, logistics and finance. OES will be rolled out across the production network in phases, with pilots in progress at Contagem, Radenthein and York and a second wave planned for Rajgangpur, Dalian, Urmitz and Eskisehir in 2024.

The cost of production for magnesite-based raw materials in Brazil is expected to benefit from the ramp up of the new rotary kiln at Brumado which will widen the range of raw materials produced and enable the processing of previously mined material with significant cost advantages.

Further development of the Group's M&A strategy will bring cost efficiency benefits for the global refractory plant network as logistics and production is optimised.

Strategic progress in action

Business model

Enhancing the business model

The RHI Magnesita business model is to offer a broad range of refractory products, associated services and solutions to our global customer base with a balanced presence across customer industries and geographies.

1,500

Steel plants worldwide using RHI Magnesita products

27%

Revenue from solutions contracts in 2023

30%

Global market share in cement kiln refractories

Key strengths of our business model

RHI Magnesita is a leading global supplier of high-grade refractory products, systems and solutions with a vertically integrated value chain. We are able to offer competitive solutions contracts to our customers due to our broad range of refractory products, global manufacturing footprint and expertise in the management of heat in modern industrial processes. Refractories are an essential part of our customers' manufacturing processes and they have the potential to influence costs and performance in areas that extend far beyond the refractory contract. As a large scale, global player we are able to meet our customers' critical needs to maintain a consistent supply of high-quality refractory products and services, without which they would not be able to operate. Reliability and quality control are essential foundations of our success.

How we are enhancing our customer offering

We are pursuing the following initiatives to enhance our customer offering, and therefore strengthen our business model:

1. Move customers up the margin curve by encouraging them to utilise higher value-added products and services.
2. Increase the proportion of revenue derived from solutions contracts.
3. Increase the use of recycled secondary raw material, with significant environmental benefits for all parties and the potential to act as a supplier of recycled raw materials to the wider refractory industry.
4. Offer more sustainable or more efficient refractory products with a lower CO_2 footprint to assist our customers to reduce their emissions.
5. Reduce product complexity.
6. Supply chain and logistics planning improvements.
7. Digitalisation of our customer-facing tools to streamline orders, logistics, invoicing and payment.
8. R&D of new automation technologies that could be offered to customers and/or original equipment manufacturers.

The future of recycling

Recycling is a multi-faceted element of our strategy since it benefits our business model in several ways. There are clear sustainability benefits from reducing our CO_2 emissions whilst assisting our customers with reducing landfill waste and promoting the circular economy. Recycling has also now reached a scale that it represents an extension of our vertical integration model for raw material sourcing, similar to investing in a new mining asset.

Having exceeded our initial target to reach a recycling rate of 10% we are now focused on a new higher target of 15% by 2025. Increasing recycling rates in acquired companies is more challenging since in most cases the companies we acquire are generally not using recycled raw materials.

Incremental gains in recycling become progressively harder to deliver and require advances in sorting and purification technologies. We are taking a regional approach, seeking to replicate the success we have delivered in Europe into other regions where recycling rates are currently lower than the Group average.

Solutions contracts

RHI Magnesita is one of few refractory producers who are able to offer competitive solutions contracts globally, due to the broad range of our product portfolio and geographic presence. Supplying our customers through a solutions contract brings significant efficiency benefits for both parties and creates a long-term and close relationship with the customer that is more likely to be renewed at the expiry of each contract.

We set out in 2019 to increase the proportion of revenue derived from solutions contracts to 40% by 2025 and in 2023 we reached 27% (2022: 32%). Similar to our experience in recycling, progress in increasing the proportion of solutions revenue has been diluted by the acquisition of multiple new businesses in 2023 who have generally not used a solutions contract business model prior to joining our Group.

> We are adapting and growing our customer offering to provide innovative solutions in a highly specialised and mission-critical industry."

Gustavo Franco
Chief Customer Officer (CCO)

The acquisitions of Dalmia GSB, Seven Refractories, Jinan New Emei and Hi-Tech are all additive to our ability to provide steel customers with more effective and comprehensive solutions contracts, adding lances, non-basic repair mixes and flow control capacity in Europe, China and India.

Determining the optimum proportion of revenue from the solutions contract business model is not an exact science and depends on market practice and customer preferences in each of the regions in which we operate. We will continue to assess progress in this area, weighing up the benefits of maintaining market share and getting closer to customers against margin performance over the lifetime of the contracts.

Complexity reduction

Historically, RHI Magnesita has offered highly customised products to its customers with individual recipes and shapes tailored to specific applications. Over many years this has led to the development of multiple product types and specifications. Some of the specialist products which are offered for sale in our product catalogue are lower margin due to small batch sizes. Complexity can also create inflexibility in our plants with the potential for inefficiencies when products are not readily interchangeable. We have therefore launched a complexity reduction programme (CoRe) to address this.

In 2023 the CoRe project focused on complexity reduction in our magnesia carbon brick product range. Following rationalisation of product recipes, it has been possible to release multiple raw material silos, leading to production efficiency gains.

CoRe is also a customer-facing initiative, whereby customers are encouraged to migrate to the core portfolio of standardised products.

Supply chain and logistics management

Our experience of supply chain disruption in 2021 and 2022 has led to a review of our supply chain and logistics planning capabilities. We have selected O9 as the best-in-class specialist tool for supply chain planning and a project is underway to implement this new system. The project will encompass demand, production, inventory and supply chain planning with an integrated approach.

Our investment into this project reflects the criticality of supply chain and logistics for managing a refractory business with international raw material production and purchasing feeding into a global network of refractory plants. The project will improve our ability to plan, forecast, model and mitigate the supply chain volatility which has been a feature of post-pandemic global trade.

In the longer term, upgrading the efficiency of our planning process could potentially reduce the amount of inventory that is required to maintain a high level of customer reliability by removing buffers in the network.

Understanding customer expectations

Delivering for our customers is at the core of our success and we regularly consult with them to check that we are meeting expectations and to gather feedback on our performance. Our latest customer satisfaction survey indicated a strong improvement in perceptions of RHI Magnesita, with the highest Net Promoter Score since we began tracking this KPI in 2019.

As we invest to enhance our business model we liaise closely with our customers to check what their expectations are and understand why they choose to use RHI Magnesita as their refractory supplier. The information we gather enables us to group customers into categories to best align our offering to match customer expectations.

Digital transformation

Many of the improvements to our business model that we are seeking to make require a strong foundation of data management which is standardised across the Group, fully interchangeable and scalable. This becomes increasingly important as we grow through acquisition, adding new businesses to our network which must be fully integrated into our systems to maximise potential synergy benefits. We are therefore investing to modernise our IT infrastructure through a major ERP upgrade that will take place over the next three years.

Driving market leadership

We see a major opportunity to generate value through consolidation of the global refractory industry, targeting businesses in high-growth markets or market segments where the Group is currently underrepresented.

25%

Revenue growth in India, China and Türkiye

5%

Flow control revenue growth

€56m

EBITDA contribution from businesses acquired in 2022 and 2023

Growth through consolidation in a fragmented industry

The global refractory industry is a low-growth market with pockets of high growth in regions such as India, East Asia and Türkiye. RHI Magnesita's strategy to grow through acquisition recognises that seeking to grow through the addition of new greenfield capacity is unlikely to deliver high returns if there is insufficient demand to support additional volumes, especially in developed markets. Meanwhile growth through acquisition offers the opportunity to create significant value through synergies.

The refractory market is fragmented with a tail of smaller players with leadership positions in specific geographies or product markets. Selective acquisitions of complementary businesses which add value to the Group's existing portfolio enable us to build a balanced business with a broad market share across different refractory applications.

Negotiating an acquisition can take several years to reach a conclusion resulting in a transaction and the M&A progress delivered in 2022 and 2023 is the result of an extensive period of screening, due diligence and negotiation. Over this time period, RHI Magnesita has taken a highly selective approach with the number of rejected deals significantly outnumbering those which have progressed to completion.

Defining the addressable market

As we assess potential acquisition candidates, our understanding of the global market for refractories has evolved and we now estimate a wider addressable market than when we first embarked upon our M&A strategy in 2018. Market size measured by sales values has also increased due to inflation in the price of refractories, reflecting higher input costs for all producers.

We now view the size of the high-temperature refractory market for the steel sector as approximately €18 billion, with industrial markets including cement and lime, non-ferrous metals, glass, energy, chemicals accounting for an additional €12 billion. There is a larger opportunity to grow through acquisition within this wider addressable market.

Organic growth priorities

Whilst M&A is a primary source of growth there are still material opportunities for organic growth in existing markets where we are already present.

The Group is seeking to further increase revenues from its steel flow control business and has available production capacity to support this.

In South America and Europe where the Group is already well established, we are seeking to reduce costs and right-size production volumes for forecast market demand levels. Growth in South America is expected to be hindered by high levels of government debt and political uncertainty. In Europe, EAF steel production is under pressure due to high energy costs and reduced local construction demand. Over the longer term, European policies towards steel production and the construction industry could limit both steel and cement output.

In North America the outlook for steel production is the strongest amongst developed markets, despite short-term weakness in 2023. Some new EAF construction projects have been delayed but are expected to be realised. Higher domestic steel consumption intensity in the medium term is supported by infrastructure renewal and re-industrialisation trends.

Our M&A strategy has gathered real momentum in 2023 and we are now well established as the leading consolidator in the sector."

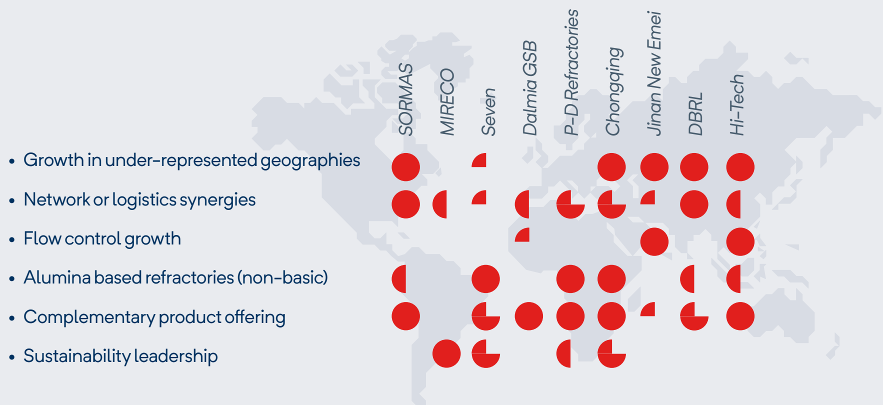
Stefan Borgas
Chief Executive Officer

We see significant organic growth potential in East Asia excluding China. Within China, steel production is forecasted to reduce but the Group is growing from a low overall market share position and focusing its efforts on higher growth and higher value-add segments.

The India, West Asia & Africa business unit benefits from high growth in India, where steel production grew by 12% in 2023 and is forecast to continue to grow at a 7-8% CAGR until 2030. The existing business combined with acquisitions added in 2023 result in an estimated market share of approximately 30% in India, with available spare production capacity to grow in line with the market.

Industry consolidation opportunity

RHI Magnesita is building a clear global leadership position in the refractory industry:



	Date	Consideration	Pro forma revenue 2023	Regional markets	Product markets
DBRL	January 23	27 million shares in RHI Magnesita India Ltd.	€132 million	India, West Asia &Africa	Industrial, Steel
Hi-Tech	January 23	€86 million	€25 million	India, West Asia &Africa	Steel Flow Control
Dalmia GSB	April 23	€13 million	€23 million	Europe, CIS & Türkiye	Steel lances and precast products
Jinan New Emei	May 23	€40 million (65% share)	€76 million	China & East Asia	Steel Flow Control
Seven Refractories	July 23	€84 million	€96 million	Europe, CIS & Türkiye and North America	Alumina based mixes
P-D Refractories	October 23	€45 million	€175 million	Europe, CIS & Türkiye	Alumina refractories for Industrial customers

2023 M&A review

DBRL

The Group completed the acquisition of the Indian refractory business of DBRL via a share swap. DBRL is one of the leading refractory producers in India with approximately 1,200 employees and production capacity of over 300 ktpa, from five refractory plants and raw material sites. The location of DBRL sites gives access to the South and West of India with significantly improved logistics. Whilst active in both steel and industrial segments, DBRL's relatively stronger market share in industrial refractories has helped to rebalance the Group's presence in India to a broader product portfolio which was previously more focused on steel.

Hi-Tech

The acquisition of the refractory business of Hi-Tech was completed in January 2023, adding a recently constructed steel flow control plant in Jamshedpur to the Group's India production network. Hi-Tech has a strong offering in thin slab casting flow control products which is complementary to the Group's existing product range.

Dalmia GSB

The Group completed the acquisition of DGSB, a German subsidiary of the Dalmia Bharat Group, in April 2023. DGSB is a leading supplier of monolithic lances and other precast products to European steel customers for use in the desulphurisation and homogenisation of molten steel and represents a complementary addition to the Group's existing product range.

Jinan New Emei

Jinan New Emei is a leading producer of steel flow control products including refractory slide gate plates and systems, nozzles and mixes, employing over 1,300 people and headquartered in Shandong province, China. Jinan New Emei's main asset is a recently commissioned, modern facility in Laiwu.

Seven Refractories

Seven Refractories is a specialist supplier of alumina-based refractory mixes with broad applications across all of the Group's customer segments including iron and steel, cement, aluminium and non-ferrous metals. Seven Refractories has customer relationships in 45 countries and a strong track record of innovation, including the development of a range of environmentally sustainable products and flexible manufacturing technologies. Products offered range from low-temperature fireclay to ultra-high-temperature zircon mixes, high-grade alumina mixes and sustainable taphole clay with a low CO_2 footprint.

P-D Refractories

P-D Refractories is a producer of high-quality alumina-based refractories for industrial applications in process industries, with a leading market position in the glass and aluminium sectors. Previously part of the Preiss-Daimler Group, the assets acquired include refractory plants in Germany and Czechia, and clay, quartzite and silica raw material sites in Czechia and Slovenia.

M&A pipeline

RHI Magnesita continues to assess an active pipeline of potential acquisition targets in complementary geographies and product segments to progress its strategy to grow through consolidation. Our capital allocation framework includes guidance that we will seek to maintain gearing, measured as the ratio of Net Debt to Adjusted Pro Forma EBITDA at between 1.0-2.0x and at higher levels of 2.0-2.5x or above for compelling M&A opportunities. The track record to date of successful origination, execution and integration of acquisitions supports a continuation of this strategy to unlock further value from the Group's global network and service offering.

Pre-2023 M&A integration update

Chongqing

The Group acquired a 51% ownership stake in Chongqing Boliang Refractory Materials Co. Ltd. in December 2021. Following the acquisition, c.€18 million was invested in expanding production capacity at the site in 2022 and 2023. The new production facilities are now fully operational and have expanded the Group's offering of alumina-based cement refractories, which is highly complementary to its existing market share in magnesite-based refractories for cement kilns.

SÖRMAŞ

RHI Magnesita completed its acquisition of an 87% stake in SÖRMAŞ, a Türkiye-based producer of refractories for the cement, steel and glass industries in September 2022. SÖRMAŞ was progressively integrated into the Group's Europe, CIS & Türkiye business unit during 2023 and continues to benefit from network efficiencies resulting from the localisation of refractory production in Türkiye.

MIRECO

In May 2022, the Group acquired a 51% stake in Horn & Co. Minerals Recovery GmbH & Co KG, combining both companies' recycling activities in Europe to increase the production, use and offering of secondary raw material for the European refractory industry. A newly formed entity named MIRECO was formed to develop the recycling business model. Improved access to secondary raw materials through the joint venture has been a key feature behind the Group's successful increase in its global recycling rate to 12.6% in 2023 (2022: 10.5%). The Group is assessing the potential to replicate the success of the MIRECO business model in other geographies.

Strategic progress in action

People and Culture

The driving force supporting our strategy

The successful implementation of our strategy relies on a talented and incentivised workforce with a customer-focused culture.

Our purpose and culture

RHI Magnesita's culture is built upon our corporate purpose: to master heat, enabling global industries to build sustainable modern lives. Delivering for our customers is at the centre of everything we do, supported by four principles of innovation, openness, pragmatism and performance. We have appointed 170 Culture Champions and 35 employer branding ambassadors globally to embed our cultural priorities across the organisation.

Culture is a key part of our performance assessment and "People Cycle". Our senior leaders are assessed as to their cultural readiness and whether they are living the values or not, and further, if they are an influencer or promoter of the cultural values.

We review the desired culture on a regular basis and our Culture Champions provide a valuable channel to be able to have two-way engagement on the extent to which the culture is lived, as well as our own interactions with colleagues and observations as management.

Our EMT held a Cultural Pulse Check as part of its annual People session and considered more structured feedback gathered as part of a specialist survey to senior leaders. Inputs from other surveys in 2023 were also used and overall, there were over 5,000 comments from colleagues and customers which helped to guide the EMT and Employee Engagement team on the effectiveness and promotion of conduct in the organisation. Our value of openness supports colleagues in their compliance with the Code of Conduct, encouraging "speak-up" behaviours and supports the effectiveness of the Code of Conduct throughout the organisation. You can find our Code of Conduct on the **Company website** and more details on compliance with it can be found on page 64.

The cultural values were established in 2019 and following review, remain the desired culture for RHI Magnesita. Customer focus and performance, supported by openness and pragmatism, are foundational aspects on which to drive the sustainable and long-term success of our Group. We see pragmatism, innovation and openness as the tools to build confident and supportive relationships with our customers. Given the climate crisis, we are focusing on innovation and collaborative working to find solutions for our customers and provide a sustainable future for us all. You can read more about these initiatives on page 74.

Securing our people and culture advantage

People are our core asset and securing our people and culture advantage is critical to our continued success. Labour availability and retention issues are increasingly different when compared to previous generations, with today's workforce seeking flexible working arrangements and more able to move to seek new opportunities if they are not satisfied. Pay is no longer the only criteria for job satisfaction, as flexibility, benefits and career development and job rotation opportunities become more highly valued. The employee experience is closely linked to the customer experience, as a highly motivated and engaged team is more likely to deliver superior operational outcomes.

Through engaging with our staff we have observed that employees expect the strategy and purpose of their employer to be clear and for incentives and rewards to be linked to the successful delivery of that strategy. Variable pay linked to performance is managed uniformly across the Group, with all bonus-eligible employees receiving the same annual payout ratio as senior management, based on the achievement of clear annual Group bonus targets (with certain exceptions, e.g. sales team incentives). The cash bonus payout for 2023 was maximised due to the Group achieving or exceeding every target including EBITA, inventory coverage, EBITDA contribution from M&A, PIFOT performance, and use of secondary raw materials.

In the inflationary environment of 2023, labour costs increased significantly in all regions. In response to this upward pressure on costs we are seeking to operate as efficiently as possible, with fully trained workers executing well-designed processes.

Meeting the challenges of automation and digitalisation

RHI Magnesita is investing to modernise its production footprint, through automation and the implementation of a modern manufacturing execution system. The skills demanded from our employees are therefore changing, becoming increasingly focused on the installation, maintenance and optimisation of these new technologies. We are therefore focusing our recruitment and training activities on developing these new skill sets.

We are also embracing technology to improve the efficiency of our people-related processes, such as candidate screening and talent acquisition. Our People Cycle performance review, salary increase, talent management and goal setting process have been fully digitised, formalised and rolled out across the Group. A revised global onboarding procedure for new joiners was also implemented in 2023. All people and culture-related KPIs are analysed and monitored through digital tools, enabling the Group to adopt a proactive approach to any warning signs or other leading indicators and respond accordingly.

Training and development

We are committed to providing high-quality training and development opportunities to our employees. The RHIM Academy, delivered through LinkedIn learning, has provided over 3,000 hours of education for staff since it was launched in January 2023.

As we grow through acquisition and organic expansion in high-growth markets, success becomes highly dependent on the performance of our leaders. We are investing to develop leadership skills and to build a strong pipeline of successors to ensure that we have strength in depth and that we are developing the leaders of the future.

Regional accountability and shared services

From 2022 the Group has established a new regional management structure, with regional presidents given increased accountability and freedom to act to meet customers' needs and to achieve the Group's strategic priorities. This includes responsibility for attraction and retention of talent.

Each business unit is led by a Regional President who is responsible for finance, sales, operations and R&D. The changes have empowered regional leaders and enabled them to make faster and higher quality decisions. We have moved the business closer to its customers and we can observe improved operational performance through "machine room" KPIs that are reported on a monthly basis by regional leadership. Having a greater understanding for local customer needs and cultures of each region is especially important against a generally more volatile backdrop.

People are our core asset and securing our people and culture advantage is critical to our continued success. A highly motivated and engaged team is more likely to deliver superior operational outcomes."

Simone Oremovic
EVP, People, Projects, Global Supply Chain and IMO

As a global company, to supplement our regional structures we are able to locate shared service centres or administrative functions in locations where skilled labour is available. We are currently reviewing and optimising our network of shared service centres as we undergo a major initiative to re-design our global business processes.

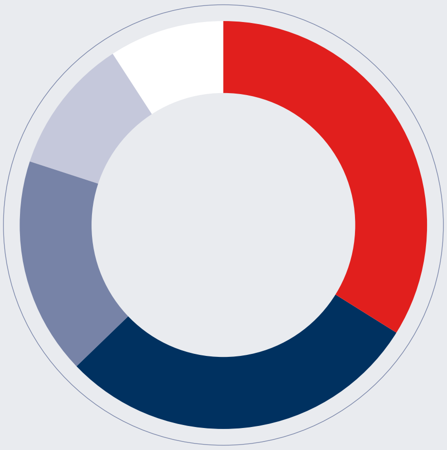
Diversity, equality and inclusion

We aim to foster a diverse and inclusive environment where all employees are encouraged to succeed and contribute. We track gender, age, nationality and other characteristics where permitted across the workforce and we have targets to increase female representation to 45% at Board level and 33% at EMT -1 level of senior management. We see increasing the diversity of our workforce and management as an opportunity to tap into new pools of talent. At the 2023 year end, female representation at the EMT -1 level had increased to 28% from 21% in 2022, close to our target to reach 33% by 2025. We aim to foster a diverse and inclusive environment where all employees are encouraged to succeed and contribute. Given the small population at this level, even one or two movements can have an effect and so it is an area we have been focusing on, targeting our leaders to devise action plans and scrutinising each appointment at this level to identify where we can improve. Actions taken in recent years to improve our gender diversity have included:

- Global Diversity Framework implemented, with aligned KPIs to track progress.
- Tracking of organisational diversity via a dashboard.
- Created Regional Diversity Committees to drive initiatives in a way which is tailored and appropriate for the region.
- Workshops with leaders focusing on reaching the 2025 target, resulting in commitment to regional action lists to increase diversity.
- Anti-discrimination/diversity training module offered to employees with a current completion rate of 76 %.
- Adopted and rolled out a Diversity Charter which is endorsed by every EMT member and Regional President.
- Improved job adverts with a diversity statement to communicate our commitment for future employees.
- Reviewed the phrasing of job roles to be more inclusive.
- Briefing and engagement with headhunters to focus on finding female candidates.
- Policy whereby there must be at least one female candidate in final interviews,
- Policy implemented to ensure gender diversity of panel interviewers.
- Co-operative relationships with institutions such as Women of Steel, FemTech and universities and colleges in our regions.
- Promoted female participation in panel discussions and job fairs in our regions, providing support with communication and briefings.

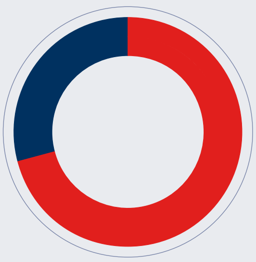
You can read more about our overall diversity, equality and inclusion efforts in the policies available on the Company's website.

Headcount by region

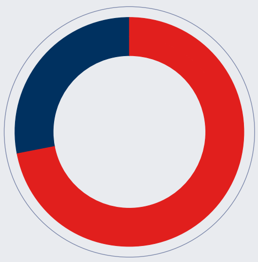


Gender distribution[1]

Board



Executive management team -1



1. With the inclusion of the Board Nominated NED, who will be proposed to the 2024 AGM, the gender diversity of the Board is 33%.

Key performance indicators

The Board and management have identified the following KPIs which they believe reflect the key indicators of financial and non-financial performance.

The non-financial information, as presented within the Director's Report, which in this document, comprises the Strategic report and Governance section of this Annual Report, complies with the Dutch Disclosure of Non-Financial Information.

Read more on risk management
Page 45

Link to strategy

- Business model
- Competitiveness
- Markets

Safety: LTIF

2023	0.16
2022	0.20
2021	0.19
2020	0.13
2019	0.28

KPI relevance

Safety is paramount to the successful running of our business. Lost Time Injury Frequency (LTIF) is the main indicator used to measure safety performance. The Group's goal is zero accidents.

How it is measured

The number of accidents resulting in lost time of more than eight hours, per 200,000 working hours, determined on a monthly basis.

2023 performance

LTIF reached 0.16 in 2023, representing a 20% improvement compared to 2022.

Total Recordable Injury Frequency (TRIF) decreased to 0.46 from 0.54 in 2022.

Two fatalities occurred recently in our Austria operations, one in 2023 and a second in early 2024.

Relative CO_2 emissions[1] (t CO_2/t)

2023	1.62
2022	1.71
2021	1.76
2020	1.86
2019	1.82

KPI relevance

Climate change poses strategic and operational risks to our business, as well as opportunities. The Group's target is to reduce Scope 1, 2 and 3 (raw materials) by 15% per tonne of product by 2025 (versus 2018 baseline).

How it is measured

Tonnes of total Scope 1, 2 and 3 (raw materials) carbon emissions per tonne of product. Scope 1 emissions consist of onsite emissions, Scope 2 comprise purchased electricity, and Scope 3 are measured from raw materials production.

2023 performance

We switched to a fully green electricity supply for our German recycling plants and at the Söğüt plant in Türkiye. At the plant in Visakhapatnam, India 0.5 MW photovoltaic capacity was installed resulting in a CO_2 reduction of around 500t CO_2 per year. By the end of 2023, 64% of purchased electricity was from low-carbon or renewable sources.

1. Historical CO_2 emissions data were revised to reflect new acquisitions.

Use of secondary raw materials

2023	12.6%
2022	10.5%
2021	6.8%
2020	5.0%
2019	4.6%

KPI relevance

Recycling plays a critical role in achieving our 2025 emissions reduction target while also developing the circularity of our business. Our target is to reach 15% secondary raw material (SRM) content in refractories by 2025.

How it is measured

Share of SRM content as a percentage of total raw materials.

2023 performance

Use of SRM was at 12.6% in 2023, compared with 10.5% in 2022. The speed in with which we can continue to increase overall Group recycling rates from this point may moderate due to dilution impact from new acquisitions.

Voluntary employee turnover

2023	6.5%
2022	6.5%
2021	6.8%
2020	5.1%
2019	6.2%

KPI relevance

Voluntary turnover is one way of measuring the Group's success in retaining its employees.

How it is measured

The percentage of employees who voluntarily left the Company during the year and were replaced by new employees.

2023 performance

Voluntary turnover remained broadly unchanged in 2023, at 6.5% and in line with historic averages. The rate remains relatively low, associated with uncertainty in the global economic environment.

Gender diversity in leadership

2023	28%
2022	21%
2021	22%
2020	25%
2019	17%

KPI relevance

Diversity is important in terms of maintaining our competitiveness and economic success, and gender diversity is our first priority. Our target is to increase female representation in senior leadership to 33% by 2025.

How it is measured

Number of women as a percentage of all those in leadership positions (EMT and EMT direct reports).

2023 performance

Gender diversity in leadership increased in 2023 to 28%.

Revenue

2023	€3,572m
2022	€3,317m
2021	€2,551m
2020	€2,259m
2019	€2,922m

KPI relevance

This demonstrates the growth of the business. By increasing our global refractory market share, continually enhancing our product and service offering, the Company is focused on achieving revenue growth and aims to outperform the refractories market on an annual basis.

How it is measured

Total Group revenue, as reported in the financial statements.

2023 performance

Revenue for 2023 amounted to €3,572 million, 8% higher than 2022 (€3,317 million) mostly driven by M&A (€386 million).

Adjusted EBITA margin

2023	11.4%
2022	11.6%
2021	11.0%
2020	11.5%
2019	14.0%

KPI relevance

Adjusted EBITA margin provides a measure of profitability and demonstrates the successful execution of the Company's strategy.

How it is measured

Adjusted EBITA divided by revenue, as reported in the financial statements.

Adjusted EBITA is an APM and more information can be found on **page 262**.

2023 performance

The Group recorded an EBITA margin of 11.4% in 2023, and 20bps lower than 2022. This was due to higher costs driven by wage inflation and operational performance.

Adjusted EPS

2023	€4.98
2022	€4.82
2021	€4.52
2020	€3.28
2019	€5.57

KPI relevance

Reflecting the income statement in a clear way and taking the equity structure into account, the Board believes Adjusted EPS to be one of the indicators that demonstrates shareholder value.

How it is measured

Earnings per share, excluding other financial income and expenses.

Adjusted EPS is an APM and more information can be found on **page 262**.

2023 performance

Adjusted EPS of €4.98 per share was higher than the €4.82 per share recorded at 2022 largely given the substantial revenue growth of the Group. However, EPS was impacted by below the line items such as higher SG&A as well as finance charges and unfavourable foreign exchange movements.

Leverage[2]

2023	2.3x
2022	2.3x
2021	2.6x
2020	1.5x
2019	1.2x

KPI relevance

Appropriate leverage provides the business with headroom for compelling investment opportunities, but also enables shareholder distribution.

The Board has defined a long-term leverage target range of 1.0 to 2.0x (2.5x for M&A).

How it is measured

Net debt to Pro Forma Adjusted EBITDA. Leverage is an APM and more information can be found on **page 262**.

2023 performance

Leverage remained flat at 2.3x at the end of 2023.

2. Historic data were revised to reflect new definition of Pro Forma Adjusted EBITDA.

ROIC[3]

2023	10.7%
2022	12.3%
2021	10.8%
2020	10.5%
2019	15.3%

KPI relevance

Return on invested capital ("ROIC") is used to assess the Group's efficiency in executing its capital allocation strategy, which is aimed at enabling organic growth, disciplined M&A and shareholder returns.

How it is measured

Calculated as net operating profit after tax, divided by average invested capital for the year. ROIC is an APM and more information can be found on **page 262**.

2023 performance

ROIC decreased in 2023 to 10.7%, mostly driven by M&A.

3. Historic ROIC data were revised to reflect new definition of average invested capital for the year.

R&D and Technical Marketing spend

2023	€83m
2022	€79m
2021	€63m
2020	€62m
2019	€64m

KPI relevance

Excellence in R&D and strong technical marketing capabilities are key contributors to our competitiveness. This demonstrates our commitment to driving innovation and to being the leading provider of services and solutions within the refractories industries. The Company aims to invest at least 2.2% of revenue per annum in R&D and technical marketing.

How it is measured

Annual spend on research and development, before subsidies and including opex and capex.

2023 performance

€83 million was committed to R&D and technical marketing in 2023, equating to 2.3% of revenues, exceeding the Group's annual commitment of 2.2%.

Our performance

Our performance in 2023 has been supported by M&A and resilient pricing, prioritising the needs of our customers and sustainability leadership.

Gross margin

24%

2023 gross margin increased by 100bps

Shipped volumes

11%

Increase in shipped volumes vs 2022 including M&A

Operational gearing

76%

Average plant capacity in H2 2023

Operational review

Europe, CIS & Türkiye

Revenues and sales volumes increased, driven by strong performance in the Industrial segment and the contribution from M&A. Excluding M&A, refractory demand was impacted by a 7.4% decrease in steel production in the European Union and a 4.0% decrease in Türkiye. Recycling rates were high compared to the rest of the Group, supported by sales initiatives focused on high-recycling-content product ranges.

North America

Resilient pricing offset a decline in sales volume, contributing to 2% growth in revenue. Plant capacity utilisation remained low, averaging 75% in the fourth quarter to align with customer demands, with two large customers idling operations. Successful new product launches expanded the Group's offering in the region.

India, West Asia & Africa

Revenues grew by 24%, significantly outperforming steel and industrial production volumes in the region, driven by the acquisitions of DBRL and Hi-Tech. The Group has solidified its market-leading position and made good progress in integrating the newly acquired businesses. Cement refractory sales volumes increased by 111% and gross profit increased by 40%.

South America

Revenue increased by 3%, supported by resilient pricing, despite 6% lower sales volumes in line with reduced steel and industrial output in the region. The Industrial segment recorded significant revenue growth driven by glass and non-ferrous metals sales.

China & East Asia

The region faced weakness in the key end market of construction, leading to 6% lower steel refractory sales volumes, excluding M&A. Resilient pricing and the contribution from Jinan New Emei from May onwards resulted in a 2% increase in revenues. Shipped volumes of refractories in East Asia also decreased, due to inventory de-stocking and other temporary factors.

Steel	2023	2022	2022 (constant currency)	Change	Change (constant currency)
Revenue (€m)	**2,461**	2,371	2,311	4%	6%
Gross profit (€m)	**550**	521	527	6%	4%
Gross margin	**22.3%**	22.0%	22.8%	30bps	(50)bps

Steel overview

Supplying refractory products and services to the steel industry accounted for 69% of RHI Magnesita's revenues in 2023 and the Group retained its leading position globally with a 13% market share, or 21% excluding China and East Asia. Refractory products are required to protect steel making equipment from extremely high temperatures of up to 1,800°C, chemical corrosion and abrasion. Refractory product applications include iron making (blast furnace or direct reduction), primary steel-making (basic oxygen furnace or electric arc furnace) as well as ingot and continuous casting. RHI Magnesita offers a complete range of products and solutions for the steel making process. The lifespan of refractory products in the steel making process can range from hours to months depending on the application, for example a slide gate is a consumable item that may need to be replaced every four hours whilst the lining of a primary steel making furnace could require re-lining at six month intervals. Refractory consumption in steel making is therefore classified as an operating expense by steel producers and usually accounts for around 2-3% of operating costs, on average.

Steel segment revenues increased by 4% to €2,461 million (2022: €2,371 million) and by 6% in constant currency terms (2022: €2,311 million) as a 3% reduction in volumes excluding M&A, due to reduced demand in Europe, China and South America, was offset by resilient pricing and additional revenue from M&A. Average price per tonne increased by 7% compared to 2022.

The 3% reduction in the Group's shipped volume of steel refractories excluding M&A compares to World Steel Association data, which indicates a small decrease of 0.1% in global steel output in 2023, due to the weighting of the Group's business towards Europe, North American and South America where steel production declined by more than the global average.

Global steel demand in all regions excluding India, West Asia & Africa and other emerging markets declined in 2023 due to weakness in the key end markets of construction, transportation and consumer goods. High inflation and interest rate rises impacted consumer demand and the cost of financing for new capital projects in many economies. In India, high levels of domestic economic growth resulted in a 11.8% increase in steel production compared to the prior year, reflecting strong conditions in construction and infrastructure markets.

Conditions in freight, energy and refractory raw materials markets eased with input costs in each category reducing versus the prior year, reflecting lower overall global demand and relative stability in supply chains, compared to the disruption in 2021 and 2022.

Industrial Overview

RHI Magnesita is a leading supplier of refractory products and services to customers in the cement and lime, non-ferrous metals, glass, energy, environmental and chemicals industries. These Industrial customers accounted for 31% of Group revenues in 2023 and have longer replacement cycles compared to Steel customers, ranging from one to 20 years. Refractories are classified as capital expenditure by Industrial customers and represent between 0.2% and 1.5% of total costs over the life cycle of a facility. RHI Magnesita has a c.30% market share globally in cement refractories, c.25% market share in non-ferrous metals applications, 15% in the glass industry and 3% in other industrial applications such as energy, environment, chemicals and foundry.

The Industrial segment increased revenues by 17% to €1,111 million (2022: €946 million) or 20% in constant currency terms, with shipped volumes increasing by 17%. The longer lead time for Industrial projects and later cycle nature of the business supported pricing in 2023 as the Group realised the benefit of price increases for orders negotiated in prior periods.

Cement and lime revenues of €424 million represented 12% of Group revenues in 2023 (2022: €378 million) as price increases offset lower shipped volumes in all regions excluding India. The acquisition of DBRL in India was the main driver of a 25% increase in the shipped volume of cement and lime refractories versus 2022.

Demand for non-ferrous metals refractories remained at high levels in 2023, supported by high prices for non-ferrous metals, underlying green energy and transportation demand drivers and scrap production capacity additions. Non-ferrous metal refractory revenues increased by 28% to €280 million (2022: €219 million), driven by a 14% increase in volumes and higher pricing. The non-ferrous metal business remained the highest margin segment for the Group, with a gross margin of 42% in 2023 (2022: 37%).

Glass refractory shipped volumes increased by 7% in 2023, contributing to an increase in revenues of 18% from €154 million to €182 million in 2022.

Industrial	2023	2022	2022 (constant currency)	Change	Change (constant currency)
Revenue (€m)	**1,111**	946	923	17%	20%
Gross profit (€m)	**307**	242	232	27%	32%
Gross margin	**27.7%**	25.6%	25.1%	210bps	260bps

Steel revenue

€2,461m

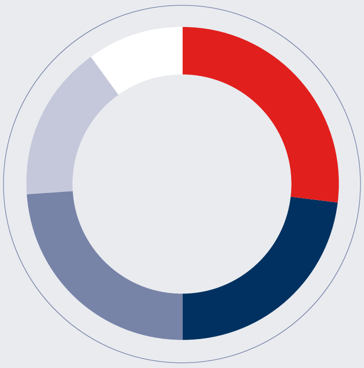
2022: €2,371m

Industrial revenue

€1,111m

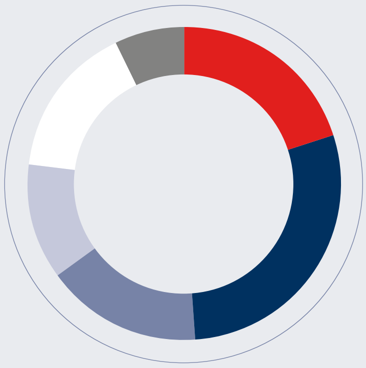
2022: €946m

Steel revenue by region



North America	27%
Europe, CIS & Türkiye	23%
India, West Asia & Africa	24%
South America	16%
China & East Asia	10%

Industrial revenue by region



North America	20%
Europe, CIS & Türkiye	29%
India, West Asia & Africa	16%
South America	12%
China & East Asia	16%
Minerals	7%

Revenues from other industrial applications, including energy, environment, chemicals, foundry and aluminium increased by 40% to €143 million (2022: €102 million).

Minerals

The Group consumed 39% of its internally produced raw materials by value, in line with its vertical integration strategy. Raw materials not utilised internally are sold in the open market and reported under Minerals within the Industrial segment, generating revenues of €80 million in 2023 (2022: €92 million). Mineral sales volumes increased by 0.7% but revenues reduced due to lower market prices for raw materials.

Regional business units

In 2022 RHI Magnesita established an operational governance structure consisting of five regional business units, which continued in 2023. Managing the business through a regional structure enables the Group to serve its customers better through faster local decision making and improved accountability, supporting our local for local production strategy.

Europe, CIS & Türkiye

Europe, CIS & Türkiye revenues increased by 9% to €895 million (2022: €819 million), or by 11% in constant currency terms, due to price increases and a 5% increase in sales volumes driven by M&A. Revenue per tonne increased by 4%.

Gross profit increased by 2% to €177 million (2022: €173 million) with lower gross margins of 19.8% (2022: 21.1%) due to higher unit costs resulting from low capacity utilisation.

Steel revenues increased by 3% in constant currency on 2% higher shipped volumes, as M&A supported growth against a backdrop of reduced customer demand. Steel production in the European Union decreased by 7.4% and in Türkiye by 4.0% according to WSA data, reflecting high energy and other production costs leading to temporary plant suspensions and reduced end market demand from the construction industry.

Industrial segment volumes increased by 14% and revenues by 30% in constant currency terms, supported by the acquisition of process industries focused P-D Refractories in the fourth quarter and strong cement sales year on year, with 22% higher shipped volumes in cement and lime. Industrial customers outside of cement reduced capital expenditure and postponed major projects to focus more on repair and maintenance.

Operational review continued

Plant capacity utilisation was 81% on average in the first half of the year and decreased to 71% in the fourth quarter as the region successfully reduced finished goods inventory to optimum levels, in line with customer demand. This led to significant under-absorption of fixed costs, offset by lower energy and raw material prices. Key operational KPIs including PIFOT and customer net promoter scores improved during the year. Close management of receivables supported regional cash flows, with improved payment term control and reduced overdues in the base business, excluding M&A.

New customer wins in the waste to energy market were achieved, in line with the regional strategy. New product sales initiatives were focused on high recycling content product ranges, to further improve sustainability performance. A key driver of recycling rates during the year was the successful launch of a high-recycling content gunning repair mix for steel customers, utilising reclaimed material from cement rotary kiln linings. The Group continues to develop its automated sorting capabilities which are expected to further improve recycling productivity when implemented.

The Europe, CIS & Türkiye region has acquired and commenced the integration of five business in the last two years, comprising SÖRMAS, MIRECO, Dalmia GSB, Seven Refractories and P-D Refractories. Integration projects are proceeding in line with or ahead of expectations and these businesses together contributed EBITDA of €25 million in 2023, accounting for almost half of Group EBITDA from M&A of €56 million.

North America

Revenues in North America increased by 2% to €894 million (2022: €874 million) or by 4% in constant currency terms, as higher pricing offset a 5% decline in sales volumes. Revenue per tonne increased by 8% due to higher pricing year on year, however pricing pressure was evident towards the end of the period and is expected to continue 2024.

Gross profit increased to €250 million (2022: €236 million) at a margin of 27.9% (2022: 27.0%) as freight and other input costs reduced. Freight rates per tonne were 17% lower than 2022.

Two large steel customers idled operations during the year, contributing to the decline in shipped volumes and a bad debt reserve relating to €8 million of receivables from a major customer in Mexico was recorded. Sales of BOF refractories declined year on year but were offset by deliveries to greenfield steel projects, with new plant installations continuing despite the current low level of steel plant capacity utilisation, estimated at 75%.

RHI Magnesita's plant utilisation in Q4 2023 averaged 75% in the region to match customer demand and reduce inventory volumes to optimum levels, resulting in fixed cost under-absorption.

Revenues (€m unless stated otherwise)	2023	2022 (Reported)	2022 (Constant currency)	Change (Reported)	Change (Constant currency)
Europe, CIS & Türkiye	**895**	819	803	9%	11%
Steel	**575**	571	556	1%	3%
Industrial	**320**	248	247	29%	30%
North America	**894**	874	861	2%	4%
Steel	**673**	694	686	-3%	-2%
Industrial	**221**	179	175	23%	26%
India, West Asia & Africa	**762**	617	594	24%	28%
Steel	**582**	486	464	20%	25%
Industrial	**180**	131	130	37%	39%
South America	**522**	505	495	3%	5%
Steel	**393**	389	383	1%	3%
Industrial	**129**	116	112	12%	15%
China & East Asia	**418**	410	391	2%	7%
Steel	**239**	231	222	3%	8%
Industrial	**179**	179	168	0%	7%
Minerals	**80**	92	90	(13)%	(11)%
Total	**3,572**	3,317	3,234	8%	10%

In the Industrial segment, cement and lime sales volumes declined but gross margins increased significantly, to 27.4% (2022: 21.4%) due to higher pricing and lower freight costs. New customers and applications in non-ferrous metals and aluminium projects were secured and will support sales into 2024.

The regional recycling rate increased to 8.3% (2022: 5.2%) as the Group seeks to replicate its success in the European market in other regions, with consumption of secondary raw materials increasing to 25 kt (2022: 16 kt).

New product developments and launches included fast-to-cast tundish mixes which allow shorter pre-heat and lower consumption than existing technology, two new high-recycling magnesia carbon brands and new fused magnesia brick formulations. Market share gains were realised in Thin Slab Isostatic products and the Group installed its first monotube changer in the USA, from the Interstop Systems product range, with further conversions planned in the near future.

In July 2023 the Group completed the acquisition of Seven Refractories, which included the Seven Lakeway site in Ohio.

RHI Magnesita received three awards in North America in recognition of innovation and sustainability: the Manufacturer's Association of Pennsylvania 2023 Manufacturing Innovator Award; the American Ceramic Society Corporate Environmental Achievement Award; and the World Refractories Association Safety Recognition Award.

India, West Asia & Africa

Revenues in the India, West Asia & Africa region increased by 24% to €762 million (2022: €617 million) or by 28% in constant currency, driven by M&A and organic volume growth.

Acquisitions accounted for around 19% of the revenue increase with the remainder driven by organic demand growth. Revenue per tonne decreased by 13%, primarily due to a change in product mix resulting from M&A.

Gross profit increased by 40% to €187 million (2022: €133 million) with increased gross margins of 24.5% (2022: 21.6%) supported by lower input costs, including freight and purchased raw materials.

Steel revenues increased by 25% in constant currency terms, with the majority of the increase contributed by M&A completed during the year. Steel revenue per tonne reduced by 9% due to a reduced weighting of flow control product sales following the M&A and some increased competition from China based suppliers and domestic producers. Gross margin in steel increased to 22.8% (2022: 20.1%), reflecting lower input costs.

Steel production in India grew by 11.8% in 2023 according to WSA data, supporting strong organic sales growth. New steel plant projects under construction by JSW Group, JSPL Group, Arcelor Mittal, Tata and NMDC support further growth in steel output into 2024 and beyond, including 'green steel' projects seeking to reduce CO_2 emissions in the steel making process. Local refractory producers are increasing output to meet demand and RHI Magnesita is seeking to differentiate its offering through solutions contracts, competitive pricing and a focus on sustainability. In Africa, the Group was awarded lead supplier status to a greenfield steel project in Morocco and expanded its sales in Egypt, Kenya and South Africa.

The Group's steel flow control market position improved following the acquisition of Hi-Tech, with production network benefits, as well as the addition of alternative isostatic products and a cost-effective nozzle filling compound to the product range.

Industrial revenues increased by 39% to €180 million (2022: €131 million) largely due to the contribution of the DBRL acquisition, which led to an 89% increase in shipped volumes of industrial refractories and a 111% increase in cement refractory sales volumes. Industrial gross margin increased to 30.3% (2022: 27.1%). Non-ferrous metals sales were also strong, with a 43% increase in volumes driven by new projects and repairs in India, West Asia & Africa, including a major new copper customer in Gujarat, India. Gross margins in the Industrial segment increased to 30.3% (2022: 27.1%) due to resilient pricing and a favourable industry mix as higher margin non-ferrous metals sales increased.

The integration of the Hi-Tech and DBRL acquisitions has progressed in line with expectations, with sales operations now unified following a 'one face to the customer' principle. Production of various product ranges has been relocated within the enlarged network, to optimise between existing and acquired plants. The capacity of the Cuttack plant was successfully increased from 18 ktpa to 30 ktpa.

Supply chain reliability improved considerably compared to 2022, allowing inventory coverage to be reduced to targeted levels without impacting customer deliveries. However, disruption to Red Sea freight lanes in the fourth quarter of 2023 continues and may lead to higher costs and logistical impacts for the India, West Asia & Africa region in 2024. PIFOT increased to a record 81% by the end of 2023, reflecting production and logistics planning and forecasting improvements.

South America

Revenues in South America increased by 3% to €522 million (2022: €505 million) or by 5% in constant currency terms, as higher pricing offset a 6% decline in sales volumes. Revenue per tonne increased by 10% due to higher pricing. Gross profit increased to €146 million (2022: €130 million) at a margin of 28.0% (2022: 25.7%).

Steel revenues increased by 3% in constant currency terms to €393 million as price increases broadly offset a 6% reduction in shipped volumes, which was in line with the reduction in steel output for the region. Steel gross margin improved to 24.5% (2022: 23.5%) due to better pricing and a reduction in key input costs, notably freight, energy, raw materials. New long-term contracts were signed with two key steel customers in the region and revenue derived from long-term contracts represented 54% of the total for the region in 2023.

Industrial revenues increased by 15% in constant currency terms, driven by significantly higher sales volumes of glass refractories and higher pricing and volumes in non-ferrous metals. Cement sales volumes decreased by 11% but price increases delivered a 6% increase in revenues in constant currency terms. Industrial segment gross margins increased to 38.7% (2022: 33.1%), largely due to strong price realisation in glass and non-ferrous metals.

Significant price increases in Argentina resulted in loss of purchase power in local currency which lead to the application of hyperinflation accounting at Group level in 2023 in line with IAS 29. The Group is undertaking a review of its operating model to optimise profitability and ensure the long-term sustainability of its business in Argentina, where it is a key supplier for its customers.

China & East Asia

Revenues in China & East Asia increased to €418 million (2022: €410 million), an increase of 2% or 7% in constant currency terms, as the acquisition of Jinan New Emei offset volume and revenue decline in steel due to reduced local demand. Gross profit increased to €88 million (2022: €83 million) reflecting the revenue increase and higher gross margin of 21.0% (2022: 20.0%).

Operational review continued

Shipped volumes of steel refractories excluding M&A in China reduced by 6%, compared to flat China steel output year on year according to WSA data, as weakness in construction was balanced by growth in the autos and shipping end markets. Shipped volumes of refractories in East Asia reduced by 15%, due to inventory de-stocking and the temporary closure of a key plant by a steel customer during the year. Several conventional steelmakers in the region are planning new EAF projects, which is a positive development due to the Group's market leadership position in EAF refractories.

Industrial sales volumes increased by 2% and higher pricing supported revenue growth of 7%, mainly due to strong demand for glass and non-ferrous metals refractories in China. Industrial gross margin in the region increased slightly to 28.0% (2022: 27.5%).

The Group's priority in its China & East Asia business is to increase margins to higher levels that are closer to the average for the Group worldwide. Pricing is therefore being prioritised ahead of seeking to build further market share at this stage in the development of the business. Refractory tenders are highly competitive, with bids from multiple low-cost competitors and cost pressures on steel producers holding down overall pricing levels. The Group's strategy is to focus on higher value-added products and services to differentiate against lower quality competing suppliers. The region achieved the highest net promoter score globally from its customers in internal surveys and operational excellence was further demonstrated by the achievement of zero LTIF, PIFOT improvement and exceeding targets for scrap rates.

A 65% stake in Jinan New Emei, a Shandong based producer of steel flow control refractories, was acquired in May 2023 and contributed €49 million of revenue in the year. Multiple customer trials are underway in China & East Asia for Jinan New Emei products which could lead to sales growth in 2024. Production of alumina-based refractories at the Group's newly constructed facility in Chongqing commenced during 2023, supporting cement sales during the period and with potential for further ramp up and sales to other industrial segments in 2024.

Performance

Financial review

Ian Botha
Chief Financial Officer
(CFO)

In times of economic uncertainty, we delivered robust financials through a strong operating cash flow, bolstered by the value-accretive acquisitions completed in the last few years."

Reporting approach

The Company uses a number of alternative performance measures (APMs) in addition to measures reported in accordance with International Financial reporting Standards as adopted by the European Union ("IFRS"), which reflect the way in which the Board and the Executive Management Team assesses the underlying performance of the business. The Group's results are presented on an "adjusted" basis, using APMs that are not defined or specified under the requirements of IFRS, but are derived from the IFRS financial statements. The APMs are used to improve the comparability of information between reporting periods and to address investors' requirements for clarity and transparency of the Group's underlying financial performance. The APMs are used internally in the management of our business performance, budgeting and forecasting. A reconciliation of key metrics to the reported financials is presented in the section titled APMs.

All references to comparative 2022 numbers in this review are on a reported basis, unless stated otherwise. Figures presented at constant currency represent 2022 translated numbers against average 2023 exchange rates as disclosed in Note 3 to the Consolidated Financial Statements. All reported volume changes year-on-year are excluding mineral sales, which is reported under the Industrials segment.

Read more on APMs on
Page 262

Revenue

The Group recorded revenues of €3,572 million, a 10% increase from the previous year's revenue of €3,236 million on a constant currency basis. Shipped volumes in the base business decreased by 5% as expected but increased by 11% including the contribution from M&A to 2.6 Mt (2022: 2.3 Mt).

On a reported basis, the increase in revenue was 8% (2022: €3,317 million), mainly due to the depreciation of three key currencies against the euro (the US dollar, Chinese yuan and Indian rupee). Foreign exchange effects impacted revenues in euro terms by €81 million. The Brazilian real strengthened slightly against the euro, with a small positive impact on revenue but resulting in a net negative impact on EBITA, due to the increased euro value of the local cost base in Brazil, where the Group is a net exporter.

Steel revenues increased to €2,461 million, an increase of 4% on a reported basis (2022: €2,371 million) and 6% on a constant currency basis (2022: €2,311 million), representing 69% of Group revenue in 2023. The main driver behind the increase in revenues in the financial year 2023 was growth via M&A in the China & East Asia, Europe, CIS & Türkiye and India, West Asia & Africa regions. Sales volumes and revenues in North America decreased by 5% and 3%, respectively. In South America sales volumes reduced by 6% whilst revenues increased by 1% supported by FX and higher pricing.

Industrial revenues increased by 17% to €1,111 million (2022: €946 million) and by 20% in constant currency terms (2022: €923 million), outperforming steel revenue growth due to the later cycle nature of the business. Cement and lime revenues increased by 12% to €424 million (2022: €378 million), while non-ferrous metal revenues increased by 28% to €280 million (2022: €219 million) due to strong volume increases and pricing dynamics. Revenues in the glass business increased by 18% to €182 million (2022: €154 million) and revenues from industrial applications increased by 40% to €143 million (2022: €102 million).

Industrial revenues includes revenue from mineral sales of €80 million, which were 10.8% lower than the prior year (2022: €92 million), due to lower market prices for refractory raw materials.

Cost of goods sold

Cost of goods sold increased by 6% to €2,714 million from €2,554 million in 2022 and by 10% on a constant currency basis, due to M&A. The cost of purchased raw materials increased by 10% to €1,166 million (2022: €1,064 million). Plant-related labour costs increased significantly by 25% during 2023 from €368 million to €461 million, due to M&A and as the Group responded to higher costs of living with wage increases for its staff. Following a period of disruption and high inflation in 2022, freight and energy costs decreased by 19% and 10% respectively in 2023, as both markets returned to a period of relative stability prior to disruption of Red Sea shipping lanes in December 2023. Unit costs in 2023 were impacted negatively by low production capacity utilisation, leading to under-absorption of fixed costs. Expenditure on general supplies including pallets, packaging and spare parts remained stable at €174 million compared to €171 million in 2022, despite the increase in shipped volumes.

Raw material prices

Raw material prices decreased in 2023, with the price of high-grade dead burned magnesia (DBM) from China decreasing by 21% from the beginning of the year and by 14% on average for medium grade DBM from China. Lower raw material prices usually result in lower finished goods pricing for refractories worldwide, as production costs for non-vertically integrated competitors are reduced. The cost of production of refractory raw materials for suppliers in China remained low due to availability of low-cost energy, whilst the cost of production of raw material remained comparatively higher for the Group, in particular for DBM production in Türkiye. As guided in the half year results, the EBITA contribution from vertical integration remained at approximately the same level as of the first half of 2023, at 1.7ppts.

Financial review continued

Steel	2023	2022	Change
Revenue (€m)	**2,461**	2,371	4%
Gross profit (€m)	**550**	521	6%
Gross margin	**22.3%**	22.0%	30bps
Adjusted EBITA (€m)	**240**	255	(6)%
Adjusted EBITA margin	**9.7%**	10.8%	(110)bps

Industrial	2023	2022	Change
Revenue (€m)	**1,111**	946	17%
Gross profit (€m)	**307**	242	27%
Gross margin	**27.7%**	25.6%	210bps
Adjusted EBITA (€m)	**169**	128	32%
Adjusted EBITA margin	**15.2%**	13.6%	160bps

Gross profit

The Group recorded gross profit of €857 million (2022: €763 million), an increase of 12% on a reported basis and 12% in constant currency terms. Gross margins increased by 100bps to 24.0% (2022: 23.0%), mainly due to resilient pricing in key customer markets.

On a divisional basis, gross profit excluding M&A in the Steel segment was stable at €500 million (2022: €521 million) despite the 5% decline in shipped volumes, as higher margins offset reduced sales. The Industrial segment recorded a strong increase in gross profit excluding M&A to €266 million (2022: €242 million) with increased margins of 30.3%, 290bps higher compared to the prior year. Profitability in the Industrial segment was supported by strong pricing dynamics in glass, non-ferrous metal and industrial applications markets and the later cycle nature of trading conditions compared to Steel.

Adjusted EPS

€4.98

2022: €4.82 per share

Adjusted EBITA margin

11.4%

2022: 11.6%

Capital expenditure

€180m

2022: €157m

SG&A

Selling, general and administrative expenses (SG&A), before R&D-related expenses, amounted to €449 million in 2023, a 20% increase compared to the prior year (2022: €375 million), driven by broad-based inflation in particular in the cost of labour and M&A additions. Personnel and personnel-related expenses increased by €20 million. The Group undertook a review of its SG&A expenditures and implemented a focused reduction in SG&A headcount during the year, resulting in non-recurring restructuring costs of €11 million and estimated annual cost savings of €14 million. SG&A was negatively impacted by additions to bad debt provision of €18 million. The Group takes a prudent approach towards writing down bad debt in the periods in which they are incurred but continues to actively pursue repayment.

Depreciation and amortisation

Depreciation increased by 16% to €134 million (2022: €116 million), including €14 million of depreciation relating to assets acquired during the year. The increase in depreciation was mainly due to M&A carried out during the period, with fixed assets increasing to €1,830 million at 31 December 2023 (31 December 2022: €1,886 million). Depreciation in 2024 is expected to be around €140 million.

Amortisation of intangible assets amounted to €44 million in 2023 (2022: €29 million) and is expected to be approximately €40 million in 2024.

Adjusted EBITDA

The Group recorded Adjusted EBITDA of €543 million, a 9% increase compared to the prior year (2022: €500 million). Adjusted EBITDA margin increased to 15.2% (2022: 15.1%) an increase of 10bps, reflecting higher gross margins partially offset by increased SG&A. Adjusted EBITDA margin decreased by 20bps on a constant currency basis.

Adjusted EBITA

Adjusted EBITA increased to €409 million from €384 million in 2022, in line with the increase in Adjusted EBITDA. Adjusted EBITA from businesses acquired during the year amounted to €42 million, with the base business excluding M&A recording a reduction in Adjusted EBITA, mainly due to lower like for like sales volumes.

Adjusted EBITA margin reduced slightly to 11.4% (2022: 11.6%) as price increases and higher gross margins were offset by the increase in SG&A expenses and higher depreciation charges on the Group's enlarged asset base.

Vertical integration contributed 1.7ppts of the total Adjusted EBITA margin of 11.4%, lower than the 2.5ppts contribution from vertical integration in 2022, primarily due to the decline in the price of key refractory raw materials during the period. Lower raw material prices negatively impact the calculation of the contribution from the Group's raw material assets, which is based on the theoretical cost of acquiring those raw materials in the open market. The Group continues to expect a contribution of 2.5ppts to 3.5ppts from its vertical integration over the longer term due to the competitive cost position of its raw material assets.

The Group's refractory business contributed 9.7ppts towards the total Adjusted EBITA margin of 11.4%, an increase of 70 bps compared to the 9.1ppts contribution in 2022, reflecting resilient refractory pricing, lower freight and energy input costs and the benefits of structural cost reductions resulting from the Group's strategic cost-saving initiatives.

Adjusted EBITA and Adjusted EBITDA both exclude €31 million of Items excluded from adjusted performance (2022: €11 million), including restructuring costs, M&A-related costs and other expenses as set out in "Items excluded from adjusted performance" below.

Net finance expenses

Net finance expenses, which includes interest payable on borrowings net of interest income on cash balances, gains and losses relating to foreign exchange, pension expenses, present value adjustments, factoring costs and non-controlling interest expenses, increased to €101 million (2022: €73 million).

Net interest expenses increased to €39 million (2022: €19 million) due to higher base rates on variable interest rate facilities, higher gross borrowings and interest costs associated with M&A bridge financing used to finance acquisitions in India in the first half of 2023 of €143 million. Interest expenses on borrowings of €58 million (2022: €27 million) were offset by €20 million of interest income on cash balances on deposit (2022: €8 million).

Other net financial expenses amounted to €32 million (2022: €31 million) including factoring costs of €12 million (2022: €7 million), pension charges of €12 million (2022: €6 million) and present value adjustments of €8 million (2022: €9 million).

(€m)	2023	2022 reported	2022 (constant currency)	Change	Change (constant currency)
Revenue	**3,572**	**3,317**	**3,236**	**8%**	**10%**
Cost of sales	**(2,714)**	(2,554)	(2,474)	6%	10%
Gross profit	**857**	**763**	**762**	**12%**	**12%**
SG&A	**(449)**	(375)	(371)	20%	21%
R&D expenses	**(43)**	(33)	(33)	30%	30%
Other income & expenses(OIE)	**(31)**	(11)	(11)	182%	182%
EBIT	**334**	**344**	**348**	**(3)%**	**(4)%**
Amortisation	**44**	29	29	52%	52%
EBITA	**378**	**372**	**377**	**2%**	**0%**
Adjusted items	**31**	11	11	182%	182%
Adjusted EBITA[1]	**409**	**384**	**388**	**7%**	**5%**
Refractory EBITA	**348**	303	-	15%	
Vertical integration EBITA	**61**	81	-	(25)%	

1. Adjusted EBITA an APM used by the Group. Refer to page 262 for definitions.

(€m)	2023	2022
Net interest expenses	**(39)**	**(19)**
Interest income	**20**	8
Interest expenses	**(58)**	(27)
FX effects	**(30)**	**(23)**
Balance sheet translation	**(41)**	(10)
Deliverables	**11**	(13)
Other net financial expenses	**(32)**	**(31)**
Present value adjustment	**(8)**	(9)
Factoring costs	**(12)**	(7)
Pension charges	**(12)**	(6)
Non-controlling interest expenses	**0**	(1)
Other	**1**	(8)
Total	**(101)**	**(73)**

Foreign exchange losses of €30 million were incurred in 2023 (2022: €23 million), including gains on embedded currency derivatives in sales contracts of €11 million (2022: €(13) million) and net exchange losses on translation of monetary assets and liabilities of €41 million (2022: €10 million), largely attributable to currency movements in Argentina and Türkiye.

Net interest expenses in 2024 are expected to be approximately €50 million (2023: €39 million) mainly due to higher interest rates on floating facilities and higher gross borrowings. Other adjusted net financial expenses are guided to be approximately €35 million in 2024, resulting in €85 million of adjusted net finance expenses for 2024.

Items excluded from adjusted performance

In order to accurately assess the underlying performance of the business, the Group excludes certain items from Adjusted EBITA:

- €20 million recorded in "restructuring and write-down expenses", including €15 million of internal business restructuring and plant closure expenses;
- €8 million of expenses related to M&A activities;
- €4 million of costs relating to the tender offer from Rhône Capital launched on 30 May 2023; and
- €44 million amortisation of intangible assets.

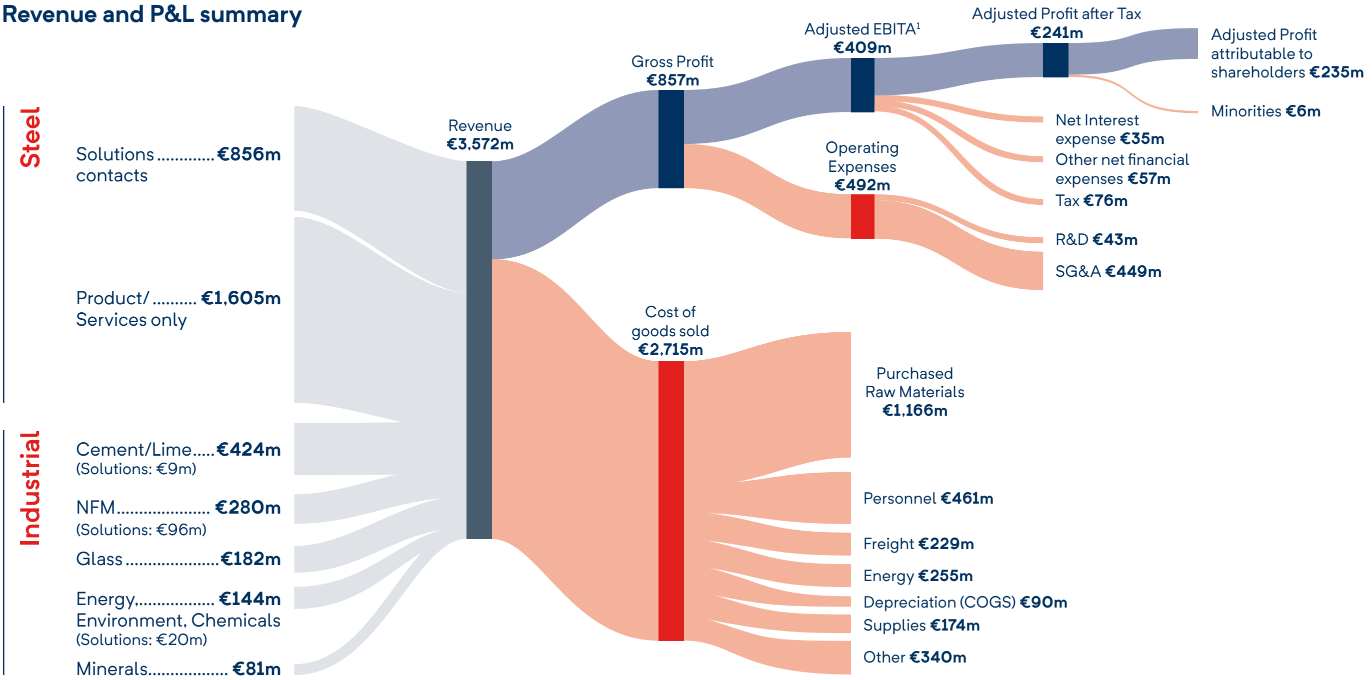
Net finance costs are adjusted for €9 million of other net financial income including a €6 million credit on the unwinding of the discount used to value the Group's obligation under the Oberhausen provision, for further details see Note 31. Adjusted net interest expense was €35 million (2022: €19 million) after deducting €4 million of M&A bridge financing costs.

Adjusting for the above items results in a €14 million tax effect which is deducted from the adjusted performance metrics.

Taxation

Total tax for 2023 in the income statement amounted to €62 million (2022: 104 million), representing a 27% reported effective tax rate (2022: 38%).

Revenue and P&L summary



1. Adjusted EBITA excludes amortisation of intangible assets of €44 million, which is partially accounted for in COGS and partly in SG&A.

Financial review continued

RHI Magnesita has successfully refinanced over €600 million of debt facilities in 2023, maintaining our long-dated amortisation profile and significant available liquidity of €1.3 billion."

Rodrigo Guerra
Group Treasurer

(€m)	2023 reported	Items excluded from adjusted performance	2023 adjusted	2022 reported	Items excluded from adjusted performance	2022 adjusted
EBITA[1]	378	31	409	372	11	384
Amortisation	(44)	44	-	(29)	29	-
Net financial expenses	(101)	9	(92)	(73)	7	(66)
Result of profit in joint ventures	-	-	-	-	-	-
Profit before tax	233	84	317	270	47	318
Income tax	(62)	-14	(76)	(104)	24	(80)
Profit after tax	171	70	241	167	70	237
Non-controlling interests	7	-	7	11	-	11
Profit attributable to shareholders	165	-	235	156	70	226
Shares outstanding[2]	47	-	47	47	-	47
Earnings per share (€ per share)	3.50	-	4.98	3.31	1.51	4.82

1. EBITA reconciled to revenue on page 39. EBITA is an APM, refer to page 262 for definition.
2. Total issued and outstanding share capital as at 31 December 2023 was 47,130,338. The Company held 2,347,367 ordinary shares in treasury. The weighted average number of shares used for calculating basic earnings per share in FY 2023 is 47,078,254.

The effective tax rate in 2023 decreased compared to the tax rate in 2022 as the prior year was impacted by non-cash one-off items including restructuring, charges following agreements with tax authorities and a reduction in the deferred tax asset valuation following the reduction in the Austrian tax rate. See Note 14 to the financial statements for further details.

Reported profit before tax amounted to €233 million (2022: €270 million). Adjusted profit before tax amounted to €317 million (2022: €318 million), with an adjusted effective tax rate of 24% (2022: 25%). Adjusted items include tax expenses related to one-off restructuring or unrelated business items.

The adjusted effective tax rate guidance is between 23-25% for 2024.

Profit after tax

On a reported basis the Group recorded profit after tax of €171 million (2022: €167 million), profit attributable to shareholders of €165 million (2022: €156 million) and earnings per share of €3.50 (2022: €3.31).

Adjusted profit after tax increased to €241 million (2022: €237 million) and Adjusted earnings per share was €4.98 (2022: €4.82). A full reconciliation of EBITA to EPS and Adjusted EBITA to Adjusted EPS can be found in the table in the APMs section.

Profit attributable to shareholders is stated after non-controlling interests of €7 million (2022: €11 million). The Group, holding a majority stake of 56% in RHI Magnesita India Ltd., attributes most of its non-controlling interests to the earnings consolidated from this subsidiary. The Group's shareholding in RHI Magnesita India Ltd. decreased from 70% at 31 December 2022 to 56% at 31 December 2023 following the issuance of shares in RHI Magnesita India Ltd. to the vendor of DBRL and via a QIP in April 2023 to partially fund the acquisitions of DBRL and Hi-Tech.

Guidance for non-controlling interest expense in 2024 is approximately €10 million.

Earnings guidance

The Group's outlook for revenue, EBITDA and EBITA in 2024 is in line with current analyst consensus.

Refractory sales volumes in 2024 are expected to be broadly in line with 2023, excluding the positive contribution from M&A due to the full year contribution from businesses acquired during 2023, which should increase shipped volumes in 2024 by up to 10%. Acquisitions agreed or completed since January 2023 are expected to contribute c.€80 million of Adjusted EBITDA or c.€65 million of Adjusted EBITA in 2024.

Finished goods pricing in 2024 is forecast to be up to 5% lower compared to 2023 as non-vertically integrated competitors benefit from lower input prices. The Group continues to be impacted at a unit cost level by low fixed cost absorption, with plants running at 74% of production capacity in the fourth quarter of 2023. However, production is planned to increase in 2024 to match sales volumes, as inventory coverage ratios have now been successfully reduced to target levels, reducing fixed cost under-absorption.

The historically low vertical integration EBITA margin contribution of 1.7ppts recorded 2023 is expected to reduce to approximately 1.0ppts in 2024 due to continuing low market prices for magnesite- and dolomite-based raw materials. Refractory EBITA margins are targeted to be maintained at 10.0ppts, resulting in guidance for an Adjusted EBITA margin of approximately 11% in 2024 (2023: 11.4%).

Whilst the timing and extent of the current period of reduced demand for refractories is difficult to forecast, the Group is well positioned for any recovery in demand in its end markets and customer industries, with significant operational gearing and potential upside from higher raw material and finished goods prices combined with improved fixed cost absorption if demand returns to prior levels.

Taking into account forecast sales volumes, lower vertical integration margin contribution and expected pressure on refractory pricing, Adjusted EBITA in 2024 is guided to be at least in line with current analyst consensus of approximately €410 million.

Working capital

Working capital excluding M&A decreased to €794 million (31 December 2022: €918 million) driven by a decrease in inventories. Including additional working capital resulting from M&A in 2023, working capital increased to €974 million.

Working capital intensity excluding M&A, measured as a percentage of the last three months' annualised revenue, decreased to 23.0% (2022: 25.4%). Accounts receivable intensity excluding M&A was 10.6% (2022: 10.4%), accounts payable intensity was 11.8% (2022: 14.0%) and inventory intensity reduced to 24.3% (2022: 29.0%). Including the impact of M&A, working capital intensity stood at 24.2%, slightly below levels recorded the previous year.

Inventories excluding M&A decreased to €837 million (31 December 2022: €1,049 million), as the Group successfully reduced inventory volumes and production costs decreased. Production lagged sales throughout the year to achieve targeted inventory coverage ratios based on reduced customer demand. Inventory volumes excluding M&A decreased to 505kt from 606kt at 31 December 2022. Including the effect of M&A, inventories were €996 million.

Accounts receivable excluding M&A decreased to €366 million (31 December 2022: €375 million), reflecting successful initiatives implemented to reduce overdue customer payments during the year. Accounts receivable is calculated as trade receivables excluding factoring plus contract assets less contract liabilities and downpayments received, and a full reconciliation can be found in the APMs section. Including M&A, accounts receivable increased to €477 million.

Accounts payable excluding M&A reduced to €409 million (31 December 2022: €507 million) due to lower volumes and pricing of raw materials purchased, reflecting the subdued demand environment. Including M&A, accounts payable decreased to €498 million.

Working capital financing, used to provide low-cost liquidity and support the Group's commercial offering to customers, was €298 million on 31 December 2023 (31 December 2022: €314 million), comprising €259 million of accounts receivable financing (factoring) and €39 million of accounts payable financing (forfeiting). Working capital financing levels vary according to business activity, and the Board has set an internal limit of €320 million on its use.

The increase in overall working capital of €57 million versus 31 December 2022 was driven by the first-time consolidation and short-term working capital requirements of newly acquired businesses of €180 million, offset by a €123 million reduction in working capital in the base business prior to M&A.

Working capital intensity is targeted to be approximately 24% in 2024.

Other assets and liabilities

Cash flows from other assets and liabilities amounted to €(12) million (2022: €(2) million) comprising indirect and other tax rebates of €14 million (2022: €29 million), employee pension pay outs and pension provision movements of €(19) million (2022: €(25) million), employee variable remuneration and employee-related provisions of €29 million (2022: €16 million) and other cash flows of €(36) million (2022: €(21) million).

Capital expenditure

The Group incurred €180 million of capital expenditure (2022: €157 million), of which €86 million was maintenance related (2022: €77 million), €74 million was expansionary capital expenditure (2022: €79 million) and €19 million of maintenance and integration capital expenditure was incurred at newly acquired businesses.

Capital expenditure in 2024 is expected to be around €170 million, closer to the forecast level of depreciation of €140 million, as the Group completes the final stages of its Production Optimisation Plan launched in 2019. Maintenance capital expenditure in the base business is expected to be approximately €60 million, with expansionary capital expenditure of €80 million (including €10 million carried over from 2023) and maintenance and integration capital expenditure in newly acquired businesses of €30 million.

Capital expenditure will be shifted from fixed assets improvements to digital architecture redesign, which will require elevated levels of spending over the next three years at least.

Acquisitions

The Group invested €443 million in acquisitions in 2023, comprising cash consideration of €325 million, working capital investments of €30 million and Net debt assumed on acquisition of €88 million. Expenditure on acquisitions was partly funded by the proceeds of an equity issuance by RHI Magnesita India Ltd, raising approximately €100 million via a QIP in April 2023. Following the QIP, an equity investment of €22 million by the Group in RHI Magnesita India Ltd via a Preferential Issue was concluded in the third quarter of 2023.

Acquisitions agreed or completed since January 2023 are expected to contribute €80 million of Adjusted EBITDA in 2024.

Cash flow

Adjusted operating cash flow increased significantly to €413 million (2022: €155 million) representing cash flow conversion from Adjusted EBITA of 101% (2022: 40%). The increase in cash conversion was supported by the increase in Adjusted EBITDA and a release of working capital of €53 million, compared to the €195 million increase in working capital in 2022, when inventories were raised as a result of and in response to global supply chain disruption.

ROIC

10.7%

2022: 12.3%

Adjusted EBITA

€409m

2022: €384m

Adjusted operating cash flow

€413m

2022: €155m

Dividend

€1.80 per share

RHI Magnesita delivered an increase in Adjusted EBITA and strong cash generation in 2023, despite a challenging demand environment."

Ian Botha
CFO

Financial review continued

Free cash flow increased to €258 million (2022: €43 million) supported by the higher level of Adjusted operating cash flow, offset by increased cash tax and interest payments. Cash income tax payments were €60 million (2022: €54 million) whilst net interest paid increased to €56 million (2022: €(36) million) as a result of higher average interest rates and borrowings. The Group incurred €355 million of cash outflow on six acquisitions completed in 2023 including cash consideration of €325 million and working capital investments of €30 million, partially funded by the equity raise via QIP in India of approximately €100 million.

Cash dividends paid in 2023 amounted to €78 million (2022: €71 million) and the cash change in Net debt was a decrease of €41 million (2022: €82 million). Net debt increased by a further €141 million of non-cash items comprising €87 million of debt in acquired businesses (2022: €19 million), new lease obligations of €15 million (2022: €20 million) and foreign exchange impacts of €1 million (2022: €33 million).

Financial position

Net debt increased to €1,304 million, comprising total debt of €1,949 million, leases of €70 million and cash and cash equivalents of €704 million.

Total leases of €70 million (2022: €64 million) are included in the Group's Net debt position as required by IFRS 16.

The Group's leverage position was 2.3x Net debt to Pro Forma Adjusted EBITDA (31 December 2022: 2.3x), within the Group's gearing target range of between 2.0–c.2.5x EBITDA for compelling M&A opportunities. The main driver of the increase in gearing was the Group's M&A activity in 2023, with six acquisitions resulting in cash payments to sellers of €325 million, working capital investments in acquired businesses of €30 million and Net debt from acquired businesses as at 31 December 2023 of €88 million. Gearing was impacted by a 12% increase in Net debt, offset by a 9% increase in Adjusted EBITDA to €543 million and a 12% increase in Pro Forma Adjusted EBITDA, which includes 12 months of contribution from businesses acquired during the year, to €561 million (2022: €500 million).

The Group was able to maintain gearing within the guided range despite investing €443 million in M&A during the period due to a significant increase in Adjusted operating cash flow and the successful QIP raising €100 million in India.

Available liquidity at 31 December 2023 was €1,304 million, comprising undrawn committed facilities of €600 million and cash and cash equivalents of €704 million.

Cash flow €m[1,2]	2023	2022
Adjusted EBITDA	**543**	500
Share based payments — gross non cash	**9**	8
Working capital changes	**53**	(195)
Changes in other assets and liabilities	**(12)**	(2)
Investments in PPE, IA	**(180)**	(157)
Adjusted operating cash flow[3]	**413**	**155**
Income taxes paid	**(60)**	(54)
Cash effects of other income/expenses and restructuring	**(32)**	(24)
Investments in financial assets	**(14)**	0
Cash inflows from the sale of PPE and IA	**4**	2
Cash inflows from the sale of financial assets	**0**	3
Investment subsidies received	**0**	1
Cash inflow from joint ventures and associates	**0**	0
Net interest paid	**(56)**	(36)
Net derivative cash outflow	**5**	(2)
Dividend payments to non-controlling interest	**(3)**	(2)
Other investing activities	**2**	0
Free cash flow	**258**	**43**
Investment in subsidiaries net of cash	**(313)**	(65)
Cash in from sales of subsidiaries net of cash	**0**	9
Cash contribution NCI	**100**	0
Investments in NCI	**(8)**	0
Payment for share issue costs	**(3)**	0
Treasury stock	**0**	0
Dividend payments	**(78)**	(71)
Change financial receivables from joint ventures and associates	**3**	2
Cash change in net debt	**(41)**	**(82)**
Debt from acquisitions	**(87)**	(19)
New lease obligations	**(15)**	(20)
Exchange effects	**1**	(33)
Actual change in net debt	**(141)**	**(154)**

1. The cash flow reconciliation to net debt has been restated to reflect a change in definitions of Adjusted operating cash flow, Free cash flow and cash change in net debt.
2. A full reconciliation to the change in cash and cash equivalents can be found in the APM section on page 162.
3. Adjusted operating cash flow is an APM. A definition and reconciliation can be found in the APM section on page 162.

The Group refinanced a total of €676 million of new or existing debt facilities in 2023 to maintain liquidity levels, extend debt maturities and further establish links to the Group's sustainability performance. In April 2023, the Group issued a €170 million ESG-linked Schuldschein bond with average maturity of five years and refinanced an existing bilateral Term Loan, increasing the total loan amount from €115 million to €150 million and extending the maturity date to 2026. The refinanced Term Loan is now also ESG-linked. In November 2023 the Group signed a €200 million bilateral OeKB Term Loan with a final maturity date in March 2029 and with a variable margin linked to its ESG performance.

The Group has debt maturities of €149 million scheduled in 2024, of which €60 million is short-term debt that can be rolled into 2025, and €239 million of maturities in 2025. Out of the total gross debt of €1,949 million, 98% is denominated in euro. The floating to fixed ratio of the gross debt is 31% floating to 69% fixed and the weighted average cost of debt as of 31 December 2023 was 3.34%, including swaps.

The Group will seek to maintain the ratio of Net debt to Pro Forma Adjusted EBITDA within the guided range of 2.0–2.5x or above for periods of compelling M&A.

Return on invested capital

ROIC is used to assess the Group's efficiency in executing its capital allocation strategy, which is aimed at enabling organic growth, disciplined M&A and shareholder returns. ROIC is an APM, see the APM section for full details of how ROIC reconciles to IFRS metrics.

Following significant M&A activity in 2023, fixed assets have increased by €310 million, Goodwill has increased by €202 million and acquired businesses added €180 million to working capital. Whilst the balance sheet effects of M&A are captured in the year end calculation of Invested Capital, earnings from businesses acquired during the year are not consolidated prior to the date of completion under the existing definition of ROIC. The Group is therefore amending its definition of ROIC to use average invested capital, being the average of the level of invested capital at the beginning and end of the financial year.

Under the new definition, ROIC was 10.7% in 2023 (2022: 12.3%) based on average invested capital of €2,854 million (2022: €2,439 million) and NOPAT of €305 million (2022: €301 million). ROIC generated by the Group's Raw material assets was 8.9% (2022: 14.1%) and ROIC from the Refractory business was 11.0% (2022: 11.9%).

M&A

The Group aims to expand its presence through acquisitions in geographic markets where it is under-represented, such as in India, China, and Türkiye and other countries in South-East Asia. An additional focus of the Group's M&A strategy is to diversify its product portfolio by targeting new product segments, such as the non-basic or alumina-based refractory segment.

On 5 January 2023, the Group completed the acquisition of the Indian refractory business of Dalmia Bharat Refractories Ltd. ("DBRL") via a Share Swap Agreement, in exchange for 27 million shares in RHI Magnesita India Ltd., a 56% owned subsidiary of the Group which is listed on the Bombay Stock Exchange and National Stock Exchange of India. DBRL is one of the leading refractory producers in India with production capacity of over 300kpta from five refractory plants. Following the acquisition and prior to the QIP, the Group's shareholding in RHI Magnesita Ltd. reduced from 70% to 60% and the Dalmia Bharat Group and minority shareholders in DBRL received a combined 14% stake in RHI Magnesita India Ltd. Based on the closing share price of RHI Magnesita India Ltd. on 18 November 2022 of ₹645 per share, the Consideration Shares had a value of approximately ₹17,424 million (€212 million). DBRL recorded adjusted EBITDA of ₹683 million (€8 million) in the year to 31 March 2022. On 13 January 2023, the Group entered into an agreement to acquire a 65% shareholding in Jinan New Emei, a company registered in China, for a total cash consideration of around c.€23 million plus assumed net debt and other liabilities of €17 million, with the payment of €3 million of cash consideration deferred to 2024.

On 31 January 2023, the Group, through its listed subsidiary in India, RHI Magnesita India Ltd., completed the acquisition of the flow control refractory business of Hi-Tech Chemicals Ltd. ("Hi-Tech") for a total consideration of c.€87 million. The acquisition was funded through a combination of intercompany loans from the Group and local bank lending.

On 29 March 2023, RHI Magnesita announced the acquisition of Dalmia GSB Refractories GmbH ("Dalmia GSB") for a cash consideration of approximately €13 million. Dalmia GSB recorded profit before tax of €1.7 million in the year to 31 March 2022 and had gross assets of €18 million at 31 March 2022.

On 21 April 2023, the Group announced the acquisition of the Europe, India and US operations of Seven Refractories for a cash on completion of approximately €84 million.

On 3 October 2023, the Group announced the acquisition of the Germany, Czech Republic and Slovenia based refractory businesses of the Preiss-Daimler Group (("P-D Refractories)") for a cash consideration of approximately €45 million. Adjusted EBITDA contribution from the nine businesses acquired during the period December 2021 to December 2023 (i.e. Chongqing, SÖRMAS, MIRECO and all businesses acquired during 2023) was €56 million, exceeding guidance for approximately €40 million of contribution from M&A.

The full year Adjusted EBITDA contribution from businesses acquired during 2023 (i.e. DBRL, Jinan New Emei, Hi-Tech, Dalmia GSB, Seven Refractories and P-D Refractories) is expected to be approximately €80 million in 2024, or €65 million of EBITA.

Returns to shareholders

The Board's capital allocation policy remains to support the long-term Group strategy, providing flexibility for both organic and inorganic investment opportunities and delivering attractive shareholder returns over the medium term. These opportunities are assessed against a framework of strategic fit, risk profile, rates of return, synergy potential and balance sheet strength.

In 2023, the Group invested €74 million in expansionary capital expenditure, including expenditure incurred in relation to the integration of newly acquired businesses. The Group's total capital expenditure for the year 2023 amounted to €180 million.

Following the strong profitability, cash generation and strategic progress delivered in 2023, the Board has recommended a final dividend of €1.25 per share for the full financial year, and €85 million in aggregate. This represents a dividend cover of 2.8x Adjusted earnings per share. Subject to approval at the AGM on 2 May 2024, the final dividend will be payable on 13 June 2024 to shareholders on the register at the close of trading on 17 May 2024. The ex-dividend date will be 16 May 2024. Together with the interim dividend of €0.55 per share paid on 22 September 2023, the recommended final dividend represents a full year dividend of €1.80 per share in respect of the 2023 financial year.

The Board's dividend policy remains to target a dividend cover of below 3.0x adjusted earnings over the medium term. Dividends will be paid on a semi-annual basis with one third of the prior year's full year dividend being paid at the interim.


KASK
RHI MAGNESITA

Our risk management approach

The Group has continued to evolve its risk management approach with the objective of identifying, assessing and controlling uncertainties and risks which could impact the delivery of RHI Magnesita's strategy.

Risks

Effective risk management

Herbert Cordt
Chairman of the
Board of Directors

Our risk management approach helps the Board and EMT to understand the risks associated with the adopted strategy, periodically assess if the strategy is aligned with our risk appetite and understand how the chosen strategy could affect the Group's risk profile, specifically the types and amount of risk to which the Group is potentially exposed."

Our approach to risk management

The approach for risk management established over the past four years was maintained throughout 2023. A key area of focus in 2023 was introducing the plant risk assessment process to the new plants added to the production footprint through the acquisitions. This was achieved by site visits from the Internal Audit, Risk & Compliance team combining the risk assessment with compliance trainings and other integration activities.

The risk management approach combines top-down, bottom-up and deep-dive risk assessments. The top-down risk assessment is performed by the EMT and reviewed by the Audit & Compliance Committee and the Board of Directors. Reporting against these risks is included periodically within EMT meetings, Audit & Compliance Committee meetings and the annual Board-led strategic review. The bottom-up risk assessment is based on each of the plants, which maintain ongoing risk management activity linked to the ISO risk management practices.

Deep-dive risk assessments are performed for areas of emerging or prevailing risks, which, in 2023, included capex, plant operations, fraud management and sustainability, embracing climate-related risks and opportunities.

The information from the bottom-up and the deep-dive risk assessments is integrated into the top-down risk assessments to ensure that the Group risk profile is complete and accurate.

Risks and strategy

Our risk management approach helps the Board and EMT to understand the risks associated with the adopted strategy, periodically assess if the strategy is aligned with our risk appetite and understand how the chosen strategy could affect the Group's risk profile, specifically the types and amount of risk to which the Group is potentially exposed. As part of this process, risk scenarios are evaluated to assess potential outcomes.

The assessment, monitoring and mitigation of key risks to the strategy are core features of the established risk management approach. Risk workshops were conducted with the EMT and Board to review the Group risk profile in the context of the 2025 strategy and the risk appetite of the top risks to the Group. The Group's key financial risks are disclosed under Note 37 to the Consolidated Financial Statements.

Risk management cycle

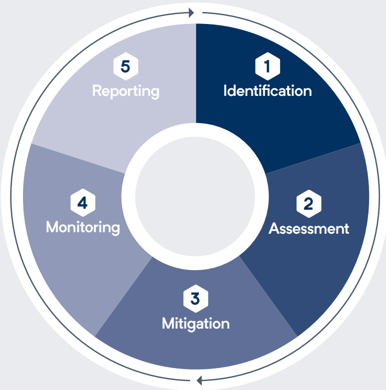
1 Identification
Starting from all the possible categories of risks potentially impacting the Group, specific risks relevant to RHI Magnesita are identified through several analytical tools, including comparative analysis and risk benchmarking.

2 Assessment
The risks identified are linked to potential root causes and assessed for their inherent likelihood, inherent impact, and velocity. Risk analysis to develop an understanding of the possible interdependencies between risks is performed.

3 Mitigation
All risks considered to be outside of the Group risk appetite, due to their nature or their potential financial or qualitative impacts, are mitigated by appropriate risk management strategies. The implementation and effectiveness of the defined mitigation measures are reviewed, and additional actions are defined if necessary. For this purpose, risks are assessed based on their likelihood and impact before and after the implementation of those mitigation measures.

4 Monitoring
Risks and associated mitigating measures are reassessed quarterly during the year, with increased frequency for those areas experiencing significant changes in the risk landscape. The remaining risk level is evaluated to ensure that it is aligned with the Group's risk appetite and reviewed on a quarterly basis by the EMT.

5 Reporting
Risks that require immediate action are reported immediately to line management for action. Risks that do not require immediate action are reported periodically to the operational management and on a quarterly basis to the EMT.



Risk appetite

We define risk appetite as "the nature and extent of risk RHI Magnesita is willing to accept in relation to the pursuit of its objectives". We look at risk appetite from different angles, such as the severity of the consequences should the risk materialise, any relevant internal or external factors influencing the risk, and the status of management actions to mitigate or control the risk. A scale is used to help determine the risk appetite threshold for each risk, recognising that risk appetite will change over time.

If a particular risk exceeds its risk appetite threshold, it will threaten the delivery of our objectives and therefore require significant risk mitigation and potentially a change to the strategy. Risks that approach the limit of the Group's risk appetite may require acceleration or enhancement of management actions to ensure that risk remains within appetite levels.

The risk management approach is based on an assessment of the risk appetite formed by the Board, covering the key risk categories ("averse", "limited", "moderate" and "high"). The risk appetite statements are approved by the Board and are a foundational element of our risk framework as they provide guidance to management on the amount and type of risk we seek to take in pursuing our objectives. The Board has carried out a robust assessment of the Group's principal and emerging risks.

Our principal risks

The principal risks are those the Board considers may have a significant impact on the results of the Group and on its ability to achieve its strategic objectives. This does not represent an exhaustive list of risks faced by the Group but encompasses those considered to be most material to business performance.

The risks can occur independently from each other or in combination. Extraordinary events have the potential to crystallise multiple principal risks simultaneously, significantly magnifying the adverse impact.

The principal risks included in the 2022 Annual Report have been confirmed to be equally relevant for 2023. The risks have been reviewed throughout the year and changes have been assessed to the rating or risk appetite relating to four of the principal risks in 2023. These changes are described in the section below.

Emerging risks

Identifying emerging risks is a key part of our risk management process. All risk assessment sessions at regional or global level include dedicated time to identify and discuss emerging risks. These discussions are facilitated by Group Internal Audit, Risk & Compliance who raise risk topics apparent from peer companies and expert studies and combine these with the input from over 50 Senior Leaders on at least a six-monthly basis. Emerging risks are assessed to determine if they need to be added to the principal risks, Top-20 Group Risk Dashboard, lower level risk tracking or retained on a watchlist. Once added to the formal risk register, emerging risks are managed in the same manner as established risks. The consideration of emerging risks and changing risk landscape can also lead to changes in the risk appetite levels. Risks that have emerged in 2023 or increased in relevance and therefore received more focus include:

- Structural weaknesses in the production network.
- Specific focus on reputational risk impacts.
- Increasing complexity of sanctions regimes.
- Risks relating to approaching deadlines for achieving environment and climate targets.

These risks have increased due to the impact on the Group of enhanced legislative requirements. Additional risk drivers include the increasing ability of social media to influence the Group's reputation and enhanced production footprint from acquisitions.

Group risk chart

Impact / Likelihood

Likelihood	low	moderate	high	critical
very likely				
likely			2 6	1
possible			3 4 5 7 8 9	10
unlikely				

Principal risks 2023

1. Macroeconomic and geopolitical environment
2. Inability to execute key strategic initiatives
3. Significant changes in the competitive environment or speed of disruptive innovation
4. Reliability of the end-to-end supply chain
5. Sustainability — environmental and climate risks
6. Sustainability — Health & Safety risks
7. Regulatory and compliance risks
8. Cyber and information security risks
9. Ability to strategically price and deliver price increases
10. Organisational capacity to execute strategy, including demonstrating Company cultural values

Our internal control system

The Board reviews the effectiveness of the system of internal financial, operational and compliance controls and the risk management framework. RHI Magnesita follows the corporate governance requirements of the regulations of both the Netherlands, given the location of its incorporation, and the UK, given the location of its listing. Where possible, the disclosures are combined in this report, however there are certain risk areas where the respective governance requirements necessitate similar but separate assessments.

One such risk area is the required disclosure and description of RHI Magnesita's control environment and systems. Therefore, the Company provides both a Management "In-Control Statement" as is required by the Dutch Corporate Governance Code and an internal control system report as is required under the UK Corporate Governance Code. Both outline the measures that RHI Magnesita takes to ensure a strong control environment.

Our internal control system

The Board reviews the effectiveness of the system of internal financial, operational and compliance controls and the risk management framework."

Internal control system

The Board is ultimately responsible for maintaining effective corporate governance, which includes the Group's risk management approach, the Group's system of internal controls and the Group's internal audit approach.

The Board regularly reviews the effectiveness of the system of internal financial, operational and compliance controls, and the risk management framework. The Board examines whether the system of internal controls operates effectively throughout the year and will make recommendations when appropriate.

These systems have been in place throughout 2023 and up to the date of this report and comply with the UK Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. They are based on the three lines of defence model, supported by an end-to-end process model and a delegation of authorities structure reflecting the responsibility for risk management and internal controls at all management levels.

The Group's internal control framework is designed to enable the application of the Group's risk appetite. This typically seeks to avoid or mitigate risks rather than to completely eliminate the risks associated with the accomplishment of the Group's strategic objectives. It provides reasonable but not absolute assurance against material misstatement or loss.

The Group has in place a specific risk management approach and an internal control framework in relation to its financial reporting process and the process of preparing the financial statements. These systems include policies and procedures to ensure that adequate accounting records are maintained and transactions are recorded accurately and fairly to permit the preparation of financial statements in accordance with the applicable accounting standards. For the accounting process, an accounting manual (updated in 2023 and containing a related knowledge portal and training) is used to structure the internal controls over the accounting process. The consistency in application of financial reporting controls has been increased in 2023 by the introduction of Group-wide Finance performance dashboard, Finance based "Lunch and Learn" trainings and a Finance Reporting Quarterly Newsletter containing relevant accounting policy and technical updates.

In Q1 2023, Management completed a review of the regionalisation model, which was introduced in early 2022, in conjunction with external consultants. Whilst a number of improvement points were identified the core success of the regionalisation model in bringing decision making and the related internal controls closer to the customer and using simpler lines of responsibility and accountability was recognised. With respect to financial reporting the respective Groups Heads of Reporting & Finance and Financial Planning & Analysis hold monthly reviews with each regional Head of Finance.

In 2023 the Group established a set of projects to improve the internal processes and systems of the Group. A key focus area is to build a single set of Group-wide processes for key activities. This will harness the work performed in recent years on specific processes and in 2024 deliver a complete end to end "process house" for all major processes. Alongside this work the Group is also in the early stages of replacing and upgrading its ERP system. Both of these activities will lead to a step change improvement in the consistency and efficiency of the internal control system.

The Group has an Internal Audit function, with a reporting line to the Chairman, Audit & Compliance Committee and a secondary reporting line, for day-to-day operational matters, to the CFO. The Internal Audit function provides assurance to the Audit & Compliance Committee and the Board on the design and effectiveness of the internal control framework. Internal Audit operates within a single department also comprising Risk Management and Compliance. The Audit & Compliance Committee and management ensure that appropriate safeguards are in place to maintain the independence of Internal Audit. The Internal Audit, Risk & Compliance function is structured into regionally-based teams providing a locally-focused governance presence to support regional management in line with the established Group-wide model.

From April 2023 the internal Head of Internal Audit, Risk & Compliance role was re-established and the role re-assumed by the previous incumbent after 15 months of the department being overseen by a combination of a highly experienced Ernst & Young partner and regional Heads of Finance. The Audit & Compliance Committee have closely monitored these transitions to ensure that the independence of Internal Audit and the effectiveness of Risk Management and Compliance have not been compromised.

An External Quality Assessment of the effectiveness and capability of the Internal Audit function was performed in 2021. The delivery of improvement points from this report has been completed. An internal effectiveness review of Internal Audit was performed in 2023.

During 2023, Internal Audit conducted 22 planned internal audits and five special investigations, reporting the most relevant observations and recommendations to the Audit & Compliance Committee.

The reports by management and Internal Audit, Risk & Compliance also facilitated consideration by the Audit & Compliance Committee of management actions in respect of the following key control framework challenges:

- Improving management and the internal controls of capex projects.
- Effective integration of acquired entities into the Group's culture and internal control framework.
- Benchmarking the internal control performance across the regions.
- Continuing the journey towards global process standardisation.

The Board considers the Company's risk management and internal control system are appropriate and effective to give reasonable, but not absolute, assurance against material misstatement or loss. Improvements on the internal control systems implemented and planned have been discussed regularly between the Board and Audit & Compliance Committee. Given the dynamic nature of the Group and the continuing evolution of the regionalisation model, the Board emphasises the importance of further internal control system improvements in 2024, most notably the completion of global process standardisation work to drive the new ERP system implementation.

Management "In-Control Statement"

The Board and EMT are responsible for ensuring the Company has adequate risk management and internal controls systems in place.

The core design of the internal control systems is based on extensive work conducted as part of the merger activity in 2017 and reassessed in 2020 to create a more regionally-focused and agile structure. The regional focus was further increased in early 2022. A further step change in process standardisation is expected in 2024 when work to complete the new "process house" will be completed including a refreshed design for the internal control system. The new internal control system will be rolled out in the medium term as part of the new ERP system, implementation.

The key internal control measures include reviews of financial performance and key control weaknesses at each Board meeting.

To complement the regionalisation and to increase the focus on performance, financial reporting and internal controls, the corporate meeting structure introduced in 2022 has been refined and evolved in 2023. Regional leadership team meetings now review regional delivery against strategy and financial performance each month. These outputs are consolidated in a standard format into a two-day EMT member-led Monthly Performance Review (MPR) meeting to review operational financial performance, strategy delivery and control weaknesses primarily with a regional focus but also including Group functions on a rotational basis. The EMT monthly meetings have now been re-focused to primarily consider high-level and Group-wide strategic matters and those matters reserved for EMT approval in the Delegation of Authorities.

The EMT continues to monitor the effectiveness of the adoption of corporate culture and values especially to the more remote areas of the Company — the enhancement of the corporate culture has been accelerated by the regional approach. Following the easing of travel restrictions the EMT have visited each region in 2023 and performed on-site-week long deep dives into all key aspects of regional performance. The Code of Conduct was updated in early 2023 and reinforced through increased training and communication. The Board and EMT monitor the response to issues raised via the whistleblowing process. All key changes in the internal control framework were reviewed by the EMT.

Each leader is accountable for the effectiveness of the internal controls within their areas of responsibility and is required to complete a self-certification of their assessment. The self-certification is also signed-off on a regional level. Measures are applied in each functional area and region to assess the effectiveness of internal controls and to escalate any identified issues. Control weaknesses identified by management and those identified through the quality management system reviews, risk management activity and internal audit reports are escalated to the EMT for review and resolution, all of which is overseen by the Audit & Compliance Committee. The key control weaknesses identified from these processes were addressed within 2023.

In 2023, risk management activity focused on maintaining the previously established, mechanisms and integrating acquired entities into the risk assessment models. Plant risk management and fraud risk management were executed in 2023 following the established approaches. This approach continued to further strengthen the link between strategy setting and risk management, enhanced by extensive collaboration between the respective teams.

The delivery of the risk management approach and the results of the internal quality assessment and planned next steps were reviewed by the Audit & Compliance Committee. In addition, the risk appetite was discussed and approved by the Audit & Compliance Committee and the Board following a series of discussion workshops.

Therefore, Management confirms:

- the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems with regard to the risks;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the report states the material risks, and the uncertainties, to the extent that they are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

Risks

Viability statement

> The Directors have a reasonable expectation that the Group and Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2026."

Assessment period

In accordance with provision 31 of the UK Corporate Governance Code, the Board has assessed the prospects and the viability of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The Board assesses the business over a number of time horizons for different reasons, including the following: one-year detail financial plan (i.e. 2024) and the long term plan to 2026. The Board believes that three years assessment period remains appropriate. It is based on management's reasonable expectations of the position and performance of the Group over this period, its internal budget and planning timeframes and the targets and aims that it has set out.

The assessment process and key assumptions

The Board assessment included the review of the potential financial impact of, and the financial headroom that could be available in the event of, the most but plausible scenarios that could threaten the viability of the Group. The assessment took into consideration the current financial position of the Group and the potential mitigations that management reasonably believes would be available to the Company over this period.

Mitigations considered include the use of cash, access to debt facilities and credit lines, reductions in capital expenditure, divestments and dividend reductions.

The financial forecast is based on a number of key assumptions, the most important of which include product prices, exchange rates, raw material, energy, freight and labour costs, estimates of production volumes, future capital expenditure and delivery of our strategic cost reduction and sales initiatives. In addition, the forecast does not assume the renewal of existing debt facilities or raising of new debt. A key component of the financial forecast and strategic plan is the expected growth of steel production and the output of non-steel clients in all regions, combined with the development of the specific refractory consumption taking account of technological improvements.

Management also performed a reverse stress test assuming a severe decrease in sales volumes of 22% sustained over 15 months. Management analysed the impact of the 2008 Global Financial crisis and the COVID-19 impact over sales volumes and margins. Whilst the decrease in volumes was notable in those events, the Group was able to recover the volumes over the next 12 months.

The scenarios that have been modelled are based on severe but plausible outcomes and associated costs are based on actual experience where possible. The scenarios have been considered individually and as a cluster of events.

Scenario	Principal risks	Severity of the impact
Severe macroeconomic downturn	1. Macroeconomic and geopolitical environment.	Low
Severe macroeconomic downturn with impact of multiple principal risk	1. Macroeconomic and geopolitical environment. 2. Inability to deliver strategic projects. 3. Significant changes in the competitive environment or speed of disruptive innovation. 4. Reliability of end-to-end supply chain. 5. Organisational capacity to execute strategy, including demonstrating company cultural values.	Medium
Reverse stress test assuming significant sustained reduction in sales volumes	1. Macroeconomic and geopolitical environment.	High

Assessment of viability

The Group's liquidity amounts to €1,304 million comprising of cash and cash equivalents of €704 million and undrawn committed credit facilities of €600 million as of 31 December 2023. This is sufficient to absorb the financial impact of the risks modelled in the stress and sensitivity analysis. However, if these risks were to materialise, the Group also has a range of additional mitigating actions that enable it to maintain its financial strength, including reduction in fixed costs and capital expenditure, raising debt or reducing or cancelling the dividend.

Viability statement

The Directors believe that the Group is well-placed to manage its principal risks successfully. In making this statement the Directors have considered the resilience of the Group, taking account of its current position, the risk appetite, the principal risks facing the business in severe but plausible scenarios, and the effectiveness of any mitigating actions.

The Directors have a reasonable expectation that the Group and Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2026.

Going concern

In assessing the appropriateness of the going concern assumption over the period to 31 December 2025 (the 'going concern period'), management have used the viability assessment to conclude on the going concern assumption. Management stress-tested RHI Magnesita's most recent financial projections to incorporate a range of potential future outcomes by considering RHI Magnesita's principal risks, further potential downside macroeconomic conditions and cash preservation measures, including reduced future operating costs, capital expenditure and dividend distributions. This assessment confirmed that RHI Magnesita has adequate cash and undrawn credit facilities to enable it to meet its obligations as they fall due in order to continue its operations during the going concern period. Therefore, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements.

Risks

Principal risks

Link to strategy

Business model | Competitiveness | Markets

Target risk appetite

High | Moderate | Limited | Averse

1. Macroeconomic and geopolitical environment

Link to strategy

Target risk appetite

High

KPIs

Revenue, Adjusted EBITA margin, Adjusted EPS, ROIC

Internally monitored metrics

Key macroeconomic and financial market indicators, steel and cement forecasted production.

Risk description

Changes in the global economic environment, financial markets conditions and adverse geopolitical developments may have an impact on the Group's revenue and profitability.

The macroeconomic environment changes leading to sales volume reductions can arise from industrial factors or from wider global issues, such as a global economic downturn or global logistic challenges.

The demand for refractory products is directly influenced by steel, cement and non-ferrous metal production, metal and energy prices and the production methods used by customers.

Due to the Group's cost structure, fluctuations in sales volumes have an impact on the utilisation of production capacities and consequently on the Group's profitability and gearing.

Examples of specific risks:

- Decreasing investment in customers' infrastructure projects (therefore reducing steel and cement demand) leading to lower refractory consumption and depressed sales volumes.
- Customers focusing on lower-cost and more commoditised refractories.
- Lower sales volumes leading to lower fixed cost absorption.
- Increasing prices of core resources and supplies (e.g., energy, freight and packaging).

Risk mitigation

- Initiatives to increase the Group's resilience, through establishing leaner processes and lower fixed cost structures whilst increasing the Group's market share and the value for our customers.
- Diversification of geographies and industries.
- Close monitoring of production costs fluctuations to guarantee the expected profitability.
- Price increase initiative to pass inflationary costs to customers.
- Early leading indicators to ensure identification of emerging macroeconomic trends.
- Treasury Policy and usage of financial instruments to mitigate risk exposure to financial markets.
- Agile, experienced, and solution-focused management teams who can respond quickly and innovatively to challenges.

Risk movement

During 2023, the macroeconomic environment continues to be challenging for the refractory industry. The refractory market experienced a drop in customer demand in most markets.

Events such as the Russia-Ukraine conflict generated higher risks relating to input costs such as energy and through sanctions restrictions, especially in late 2023 when the mixes product group of the Group was subjected to specific EU sanctions in respect of Russian sales.

Disruption in the global logistics mechanisms, whilst less marked than in 2022, still presented a risk as demonstrated by disruptions to Red Sea shipping lanes restrictions in late 2023.

The risk appetite remains high (no changes from 2022). The risk score is within the risk appetite but has the potential to exceed it and is closely monitored.

2. Inability to execute key strategic initiatives

Link to strategy

Target risk appetite

Limited

KPIs

Voluntary employee turnover, Revenue, Adjusted EBITA margin, Adjusted EPS, Leverage, ROIC

Internally monitored metrics

Adjusted EBITA from strategic initiatives, ROIC from strategic initiatives, completion of strategic initiatives on-time and on-budget.

Risk description

The Group's strategic initiatives include sales expansion, new product and service models, production network optimisation, recycling and M&A projects. In 2023 most focus was dedicated to M&A projects.

Effective prioritisation and execution are key to delivering the Group strategy. The ambition level of these initiatives requires a high level of management capacity to effectively deliver change management and strategic initiatives execution.

The failure to effectively execute these initiatives because of external or internal circumstances may lead to lower than planned financial performance, including loss of revenue and margin.

Examples of specific risks:

- Failure to develop the strategy into specific actions.
- Failure to react in a timely manner to a changing environment.
- Failure to effectively deliver projects.
- M&A underperformance.
- Inability to fully realise benefits from capex investments.

Risk mitigation

- Group-wide strategy with a high focus on key priorities.
- Postponement or cessation of strategically non-important projects.
- Strengthening of project management culture and approach.
- Leadership capability enhancement programme.
- Deep dive learning-based review on each strategic initiative.
- Increased focus on the risk-based assessment of potential capex investments and enhanced financially based tracking during the capex project delivery phase.
- Re-focus and strengthening of the Group's strategy team to have a broader more challenging role across the Group, concentrated on global strategies for core product groups.

Risk movement

Since December 2021 the Group has completed nine acquisitions and much focus has been given to generating the strategic benefits from integrating these acquisitions.

The Group continues to see success in developing a circular economy for the refractory industry largely through recycling.

In 2023 the Group re-assessed its digitalisation approach to place more focus on internal digitalisation improvements to enhance strategic execution.

The Group has taken many learnings from recent major capex projects and continues to embed these learnings within a new a new mindset for capex for future projects.

Considering that the principal risk covers a broad range of strategic initiatives, the overall risk score remains within the risk appetite, but requires close monitoring.

3. Significant changes in the competitive environment or speed of disruptive innovation

Link to strategy

Target risk appetite

Moderate

KPIs

Revenue, Adjusted EBITA margin, Adjusted EPS, ROIC, R&D & Technical Marketing Spend

Internally monitored metrics

R&D & technical marketing spend, ROIC on such spend and time-to-market, sales of digital products, cost savings generated by usage of digital technologies.

Risk description

Depending on the ability of the Group to develop adequate products and services, the changes in customers' preferences towards innovative products may present either an opportunity or a threat by increasing pressure on demand and margins.

The speed of evolution of customer demand for environmentally-beneficial features, digitalisation and services may be faster than the pace of implementation of the Group's digital strategy.

Examples of specific risks:

- Disruptive product technology introduced by a competitor.
- Failure to identify digitalisation trends and technologies.
- Competitors being faster and more agile in responding to changing customer requirements.

Risk mitigation

- Create a climate that fosters innovation and "out of the box" thinking.
- Continued investment in R&D, including, importantly, on sustainability in line with the Group's strategy.
- Focus development activity on projects aimed at an agile and fast impact on the market.
- Monitoring of key R&D and innovation metrics.
- Partnering with third-party innovation leaders.

Risk movement

During 2023 the Group has taken a broader approach to address this risk. Following the outcomes of a major project to understand how different customer segments value the Group's offerings, the Group has aligned its digital developments more closely to customer expectations.

The development of digital solutions has been reassessed with more emphasis now being placed on the more traditional aspects of meeting customer expectations (e.g. price, delivery reliability, product quality and shared expertise). The success of this approach has been seen in the customer satisfaction surveys.

The Group retains the capability and ambition to develop customer facing digital solutions but aligned to the pace of change sought by our customers.

The risk remains within the risk appetite and is consistently monitored.

Principal risks continued

4. Reliability of the end-to-end supply chain

Link to strategy

Target risk appetite

Limited

KPIs

Revenue, Adjusted EBITA margin, Adjusted EPS, ROIC

Internally monitored metrics

Refractory lead times, plants' capacity utilisation, Supply in Full On Time, Inventory levels, customer surveys.

Risk description

The journey from raw material to finished goods can span several months and might require shipments across the globe. The ability to react quickly to changes prompted by internal and external factors is therefore key to ensuring value delivery to our customers.

In addition, the ability to forecast the demand for the Group's products is key to enabling efficient and effective planning of production-related activities, including procurement, inventory planning and the size and locations of the plants in our production network.

Our global operations can be disrupted by issues in a specific geography or by industry-wide challenges. However, the ability to transfer some of the production between geographies to mitigate the risk of business interruption can be deployed as a risk mitigation strategy.

Examples of specific risks:

- Structural weakness in production network.
- Production interruption at a single-source manufacturing site.
- Inability to accurately predict customer demand leading to missed sales opportunities, inefficient production planning and additional costs.
- Global logistic challenges impacting the stability, speed and cost of our end-to-end supply chain.
- A natural disaster or major political crisis in one or more countries or regions.

Risk mitigation

- Supply chain initiatives to improve and address specific operational challenges.
- Regular reviews of sales, production and financial plans, as well as longer-term portfolio decisions, are based on extensive research.
- Additional people and system resources leading to improvements in delivery reliability and reduction of production backlog.
- Geographical diversification of the production network.
- Implementation of an optimised production footprint to meet planned requirements.
- Risk-based investment policy.
- Global insurance coverage.
- Focus on the minimisation of sole-source materials and strategically increasing stock levels.
- Concentrated efforts on increasing transparency and enhancing the communication flow.

Risk movement

In 2023 the external logistic situation continued its trend from the second half of 2022 of becoming more stable, and internally the Group continued to improve its visibility over the dynamics of the logistics industry.

In 2023 the Group achieved its highest ever customer satisfaction ratings and the highest PIFOT rating for on-time deliveries.

Localised logistics challenges are still monitored and mitigated, such as the Red Sea shipping lane issues in late 2023.

The focus has evolved to assessing how well the acquired sites and a more local-for-local production approach fit with legacy sites together to form an optimum production network. This is being evaluated in a single approach led by global product strategies.

Therefore, the overall risk level reduced, and the risk remains within the risk appetite.

5. Sustainability — environmental and climate risks

Link to strategy

Target risk appetite

Limited

KPIs

Relative CO_2 emissions,
Use of secondary raw material,
Revenue, Adjusted EBITA margin,
Adjusted EPS, ROIC

Internally monitored metrics

Relative CO_2 emissions, use of secondary raw material, progress towards the achievement of environmental and climate targets.

Risk description

Controlled emissions and use of potentially hazardous materials are inherent to the production of refractory products.

The risk of failing to meet environmental regulatory targets or uncontrolled emissions at our production sites exists and may result in high financial losses and liabilities.

The evolving regulatory environment, the increased stakeholders' focus, and the Group's commitment to sustainability led to increasing investment and effort being dedicated to achieving environmental and climate goals.

There are future environmental and climate targets that can only be met by new technological solutions to change the Group's production processes and by the delivery of environmental improvements by the Group's suppliers and customers.

Examples of specific risks:

- Uncontrolled emissions.
- Inability to meet sustainability targets.
- Failure in meeting stakeholders' expectations.

Risk mitigation

- Regular environmental audits and risk monitoring at all sites.
- Well-established Board-level Corporate Sustainability Committee (CSC) to oversee and challenge management's environmental and climate strategy.
- We manage, measure and report our climate- related risks and opportunities according to the Task Force on Climate — related Financial Disclosures (TCFD) recommendations (as described on pages 100 to 105).
- A climate strategy focused on recycling, carbon capture and usage, fuel switch, energy efficiency, and innovative customer solutions. Read more in Tackling Climate Change on pages 70 to 78.
- Increased focus on the use of secondary raw material as a core element of the Group's strategy.
- The geographical diversity of the Group's operations and the ability to shift production reduce the impact of single events impacting specific geographies.
- Increased focus on sustainable procurement. Executive Long - Term Incentive Plan (LTIP) and employee bonus linked to achievement of the Group's CO_2 reduction and recycling targets.

Risk movement

As a result of the increasing regulatory complexity and rising risk of potential fines it was decided to change the risk appetite from moderate to limited and have a more rigorous control framework on Environment and Climate.

A continuing major risk for the Group is the proposed introduction of CBAM. For the refractory industry, it could create a significant impact.

The medium-term R&D programme focused on sustainability improvement initiatives continued during 2023.

This risk was a key topic in the 2023 Board strategy workshop and it is anticipated that wide reaching decisions will be taken in 2024 to define the next phase of mitigating this risk.

The risk is within the Group's risk appetite and is continuously monitored by management.

6. Sustainability — Health & Safety risks

Link to strategy

Target risk appetite

Averse

KPIs

LTIF, Revenue, Adjusted EBITA margin, Adjusted EPS, ROIC

Internally monitored metrics

Total Recordable Injury Frequency (TRIF), Lost Time Injury Frequency (LTIF), Preventive Ratio, Near Misses, Unsafe Situations.

Risk description

Employees and contractors may be exposed to Health & Safety (H&S) hazards in our plants of which inherent risks cannot be completely eliminated.

Our activities and products may potentially cause accidents at our customers' sites.

Beyond the harm to individuals, H&S incidents can lead to high financial penalties, site closure and a loss in reputation for the Group.

The health of our employees and contractors, both mental and physical, is a significant area of risk to the Group.

Examples of specific risks:

- Fatal or serious accident at manufacturing or customer site.
- Site shut down due to H&S incidents.
- Loss in reputation for the Group due to severe H&S accidents.

Risk mitigation

- H&S objectives are defined as a core Company objective, and the performance is constantly monitored.
- H&S approach is based on leading global standards and practices, including regular risk monitoring, emphasis on "near miss" reporting and root cause analysis.
- Focus on collaboratively enhancing the H&S approach at customer and supplier sites.
- Extensive focus on H&S at the Corporate Sustainability Committee.
- Specific action plans in the event of employee or contractor H&S incidents.
- Globally harmonised safety instruction videos
- Global personal protective equipment (PPE) standards implemented.

Risk movement

The risk level has increased since 2022 and is now outside the risk appetite.

The fatal accidents in November 2023 and February 2024 show the risk level and the challenge of maintaining high H&S standards across the wide range of risk factors at the diverse Group locations. This has led to an increase in the likelihood rating of this risk.

Safety remains the top priority for the Group with increased focus, investment and management efforts seeking to improve the overall H&S performance and bring the risk back to within the risk appetite.

The broad range of measures enacted following the comprehensive root cause analysis of the recent accidents will include external specialist-led reviews and initiatives to improve working practices and drive significant cultural change in relation to H&S.

Principal risks continued

7. Regulatory and compliance risks

Link to strategy

Target risk appetite

Averse

KPIs

Revenue, Adjusted EBITA margin, Adjusted EPS, ROIC

Internally monitored metrics

Completion rate of various internal compliance trainings, whistleblowing reports, data privacy incidents.

Risk description

The Group faces increasing regulatory complexity and operates in some geographies with inherently high corruption risks. We strive to establish a culture of compliance throughout the organisation.

We are exposed to regulatory and compliance risks which may result in financial losses or operational restrictions.

Regulatory changes could impact the profitability of our operations and require investment to achieve compliance.

Examples of specific risks:

- Failure to act in accordance with our Code of Conduct.
- Violation of anti-corruption laws by employees or third-party representatives.
- Violation of data privacy regulations.
- Violation of sanctions and export controls regulations.

Risk mitigation

- Ethical values supported by strong corporate culture.
- Code of Conduct and compliance policies and procedures.
- Enhancement of global training, documentation of compliance matters and communication.
- Various whistleblowing channels are available to employees and external parties to report compliance concerns. Concerns can also be reported anonymously, and all reports are followed up by qualified professionals.
- Range of interventions performed in conjunction with each acquired business to assess regulatory risk and introduce and embed the Group's compliance approach.

Risk movement

The likelihood of this risk (and therefore the overall assessment) has increased due to a consistently more complex regulatory environment, particularly ensuring the Group's compliance with all relevant sanction packages. Additionally, ensuring and demonstrating that acquired entities have a consistent approach to compliance increases the risk level until the integration processes are significantly progressed.

The overall risk level is within the Group's risk appetite but requires close monitoring. The risk continues to be monitored by management.

8. Cyber and information security risks

Link to strategy

Target risk appetite

Limited

KPIs

Revenue, Adjusted EBITA margin, Adjusted EPS, ROIC

Internally monitored metrics

Security incidents classified by severity, phishing test fail rates, triage escalation time.

Risk description

The Group's reliance on IT systems and the greater focus on digitalisation result in a growing exposure to cyber and information security risks.

The possible impact of cyber and information security risks could range from operational disruptions, loss of intellectual property, legal compliance issues and frauds, to significant reputation losses.

Examples of specific risks:

- Intellectual property or confidential data theft.
- Personal data breach.
- Software or hardware failure leading to critical business process interruption.
- Cyber-attacks on office and production IT leading to financial losses (e.g. ransomware, sabotage).

Risk mitigation

- EMT crisis management simulation exercise held focusing on cyber security.
- Global information and cyber security policies in line with information security best practices, standards and frameworks.
- Continuous awareness campaign and training.
- Regular risk assessment and penetration testing.
- Cyber security detection and response team.
- Network, device and application protection.
- Audit & Compliance Committee oversight and specific focus on cyber security-related controls.
- Email security (phishing and malware protection).
- Operations Technology (OT) security monitoring to protect our production.
- Security oriented approach when integrating newly acquired companies.

Risk movement

The Group experienced a continued increase in the inherent risk level of cyber and information security risks due to the fast-evolving cyber and information security global landscape.

The Group continued to implement additional risk-mitigating measures to respond to this rising threat, including awareness campaigns, data encryption and OT security monitoring. The crisis management simulations will be extended to each region in 2024. Due to a continuous and strong development of several mitigation measures, the overall residual risk score remained unchanged from 2022.

The risk was evaluated to be within the Group's risk appetite and closely monitored to enable fast to drive fast responses to changing external threats.

9. Ability to strategically price and deliver price increases

Link to strategy

Target risk appetite

Moderate

KPIs

Revenue, Adjusted EBITA margin, Adjusted EPS, ROIC

Internally monitored metrics

Price increase realised, price fulfilment, leading cost indicators.

Risk description

The Group is exposed to increases in its variable costs such as raw materials, energy, logistics and labour costs.

To achieve the Group's margin targets, it is crucial that rising costs are identified early through the monitoring of leading indicators and that these are effectively passed on to the Group's customers.

The Group can suffer significant financial loss should these costs not be fully passed on in a timely manner whilst preserving customers' relationships and our market share.

Examples of specific risks:

- Inability to identify early signs of increases in the variable costs.
- Inability to effectively negotiate price increases with customers.

Risk mitigation

- Consistent monitoring of leading indicators to identify early signs of externally driven cost inflation.
- Management focuses on effectively negotiating price increases with customers without compromising relationships and market share.
- Close management monitoring of progress towards price increase implementation.
- Mitigation of energy cost increases through a combination of strategies which include energy hedging, alternate fuel supplies and energy supply guarantees.

Risk movement

2023 saw the continued positive impact of the measures taken in 2022 to improve the management of this risk.

The challenge in 2023 evolved into maintaining the price levels and margins established in 2022 as cost pressures have eased.

The significant progress made in risk mitigation ensures this outlook remains within the Group's risk appetite. Lead indicators and mitigation methods are continually monitored by management to enable a fast reaction to additional changes in external costs. Focus remains on structural process improvements to enhance visibility over internal and external costs changes.

10. Organisational capacity to execute strategy, including demonstrating Company cultural values

Link to strategy

Target risk appetite

Limited

KPIs

Gender diversity in leadership, Voluntary employee turnover, Adjusted EBITA, Adjusted EPS, ROIC

Internally monitored metrics

Gender diversity in leadership, Voluntary Employee Turnover, Adjusted EBITA from strategic initiatives, ROIC on strategic initiatives.

Risk description

The Group's corporate culture, combined with an optimal internal structure, adequate skills and resources, are key to ensuring the delivery of the Group strategy. To ensure access to adequate skills, the Group is focused on being able to retain talent as well as attract talent from the market.

A key focus of the Group's corporate culture is gender, ethnic and generational diversity, which is seen as an important driver to enhance performance.

Examples of specific risks:

- Inability to attract and retain top talent.
- Lack of accountability and responsibility.
- Inconsistent behaviour across the Group.

Risk mitigation

- Specific focus on People and Culture strategy in the Board and EMT 2023 strategy workshops.
- Continuous emphasis on the Company culture as a key enabler of performance and driver of strategy execution.
- Range of other awareness-based leadership training and initiatives to support the attraction and retention of "Generation Z" talent.
- Dedicated leadership capability enhancement programme.
- "Tone from the Top" leadership culture.
- Developing talent, enhancing diversity and promoting Company culture as significant components in the People Cycle.
- Trainee programme to develop graduates into future leaders.

Risk movement

The risk has decreased due to improved business performance and the demonstrated positive outcomes from the regionalisation organisation model supported by the successful implementation of other key internal initiatives to promote effective strategy delivery and enhance the overall capability levels of RHI Magnesita management.

The risk appetite was tightened to ensure focus on people retention and managing any impact within acceptable levels.

Driving change
Delivering transition
Shaping tomorrow

RHI Magnesita is committed to sustainability leadership in the refractory industry. Facing multiple challenges including disruption to supply chains, cost inflation, energy market and geopolitical instability and climate uncertainty, we respond with innovation and adaptability to deliver value for all stakeholders.

Recycling rate

12.6%

2018: 3.5%

RHI Magnesita has developed proprietary technology for increasing the use of secondary raw materials with no loss in refractory performance. This reduces customer waste and eliminates CO_2 emissions which would otherwise be released in the mining and processing of new raw materials. Since 2018, the Group has accumulated over 1Mt of CO_2 savings.

CO_2 intensity reduced by

12%

2022: 8%

RHI Magnesita has made strong progress against its goal to reduce CO_2 intensity by 15% by 2025, through improving recycling rates, switching to alternative fuels and increasing its use of electricity generated from renewable sources. Our 12% intensity reduction compares to a 2018 baseline adjusted for 2023 M&A, or 16% excluding M&A adjustment.

Female representation in senior leadership

28%

2018: 12%

RHI Magnesita seeks to improve diversity to create a more inclusive workplace and benefit from a broader range of experience and perspectives. Female representation at Board level was 29% (2022: 33%) and at EMT plus direct reports level gender diversity increased to 28% (2022: 21%), against a target of 33% by 2025. Board diversity will be restored to 33% if shareholders approve the nomination of Katarina Lindström to the Board at the 2024 AGM.

Sustainability

Introduction

> Our sustainability objectives are based on our core values. We believe that long-term financial success is only possible if we also deliver our sustainability goals."

Herbert Cordt
Chairman

Highlights

RHI Magnesita was pleased to receive the "Sustainability Disclosure of the Year" award for its 2022 reporting from the Chartered Governance Institute UK & Ireland, which was independently judged against sustainability reporting published by all FTSE 250 and FTSE 100 index constituents. We are proud to maintain high standards and we have sought to further enhance our disclosure this year in line with market practice and developing regulations.

Key highlights include a further reduction in CO_2 emissions intensity driven by recycling, investment into innovative technology solutions for carbon capture and utilisation, SOx and NOx emissions abatement and a growing share of procurement expenditures now managed through the EcoVadis ESG platform, to incentivise better sustainability practices amongst our suppliers.

The Group is undergoing a period of significant change with nine acquisitions completed in the period since December 2021. M&A presents us with new challenges as we extend our sustainable business practices into acquired entities, seeking to deliver "Sustainable Growth" for all stakeholders.

Our purpose

RHI Magnesita's purpose is to master heat, enabling global industries to build sustainable modern life. Our advanced products are essential for our customers in the steel, cement, metals, glass, energy and chemicals industries. Through the reliable supply of innovative refractory products and services, we enable our customers to sustainably deliver the basic materials that are essential for modern life. We aim to be our customers' partner of choice on their own decarbonisation journeys.

Our sustainability strategy

Our sustainability strategy is based on the ten Principles of the UN Global Compact (UNGC). RHI Magnesita's sustainability strategy is focused on:

- Excellent workplace Health & Safety.
- Climate change and environmental impact mitigation.
- Increased use of secondary raw materials to reduce CO_2 emissions.
- R&D investment to develop emissions avoidance, alternative fuels, and carbon capture, storage and utilisation technologies.
- Partnering with our customers to reduce their emissions through innovative refractory products or solutions contract, including enabling technologies such as EAF refractories.
- Sustainable procurement practices.
- Upholding diversity in the workplace.
- Building strong relationships with all stakeholders including communities, employees and governments
- Linking debt facilities and management compensation to sustainability performance.

Our 2025 targets

Our 2025 sustainability targets are based on engagement with internal and external stakeholders and encompass CO_2, energy, recycling, diversity, Health & Safety and NOx and SOx emissions.

Materiality

The Group conducts a formal materiality assessment every other year to define the focus of its sustainability management efforts and the content to be reported. The assessment identifies issues judged to have the greatest impact on our business, people, communities and the environment, and issues that matter most to our stakeholders.

The most recent materiality assessment was carried out in 2022 and reaffirmed the material topics identified in 2019. The assessment included an extensive online survey completed by internal stakeholders including executive Board members and employees and external stakeholders including suppliers, investors, customers, NGOs and business associations.

Contribution to the SDGs

We support the UN Sustainable Development Goals ("SDGs") and have identified these as the goals our business is best placed to actively support.

WE SUPPORT	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND
	Ensuring safe working environments in its operations	Sponsoring Education and Youth Development CSR projects	Committed to supporting gender equity in our workplace on all levels	Committed to continually improve the energy efficiency of its operations and the use of cleaner energy sources	Offering apprenticeship opportunities, investment on skill development programs	Developing R&D projects, setting key partnerships to enhance Recycling and Decarbonisation (e.g. ReSOURCE and CCUS — MCi Carbon)	Investing directly and indirectly to Education & Youth Development, Health & Medical care and Environment	Committed to increase the usage of recycled materials and promote and develop the circular economy wherever possible	Committed to minimize direct and indirect CO_2 and other greenhouse gas emissions	Committed to minimize any other emissions, pollution, during operation or at our customers sites which could adversely affect humans, or the environment

The assessment also considered RHI Magnesita's risk management approach, to assess potential impacts of the material topics. The impact of each material topic was rated as low, medium or high based on the highest rating of the risk assessment, which considers four risk areas (compliance, strategy, financial, and operations) and the likelihood of occurrence. The potential impact on the Group is represented by different bubble sizes in the materiality matrix.

Standards, frameworks and scope of report

RHI Magnesita is committed to transparency and reports its sustainability performance according to leading standards and frameworks. In the year to December 2023 the main basis of our sustainability reporting is GRI Standards.

As a supporter of the Taskforce on Climate-Related Financial Disclosures (TCFD), we have reviewed, identified, and quantified the climate-related risks and opportunities relevant to our business, with full details available in our separate TCFD report for 2023. A summary of our TCFD disclosures can be found on pages 99 to 105 of this Annual Report.

The Group submits annual climate reports to CDP and in 2023 the Group has maintained an A- rating, which underscores the Group's leadership on climate action.

In accordance with EU taxonomy regulations, we report the proportion of our revenue, operating expenditure and capital expenditure that are taxonomy-non eligible, eligible and aligned according to Taxonomy delegated acts. EU taxonomy disclosure can be found on pages 93 to 98 of this Annual Report.

RHI Magnesita's integrated management system is compliant with ISO standards 14001 (environmental), 50001 (energy), 45001 (occupational health and safety) and 9001 (quality).

We report gender diversity statistics to the FTSE Women Leaders Review annually.

As a signatory of the UNGC since 2018, we report annually on our progress, engagement, and contribution to the UN Sustainable Development Goals that are most relevant to our business and operations. This report acts as our Communication on Progress.

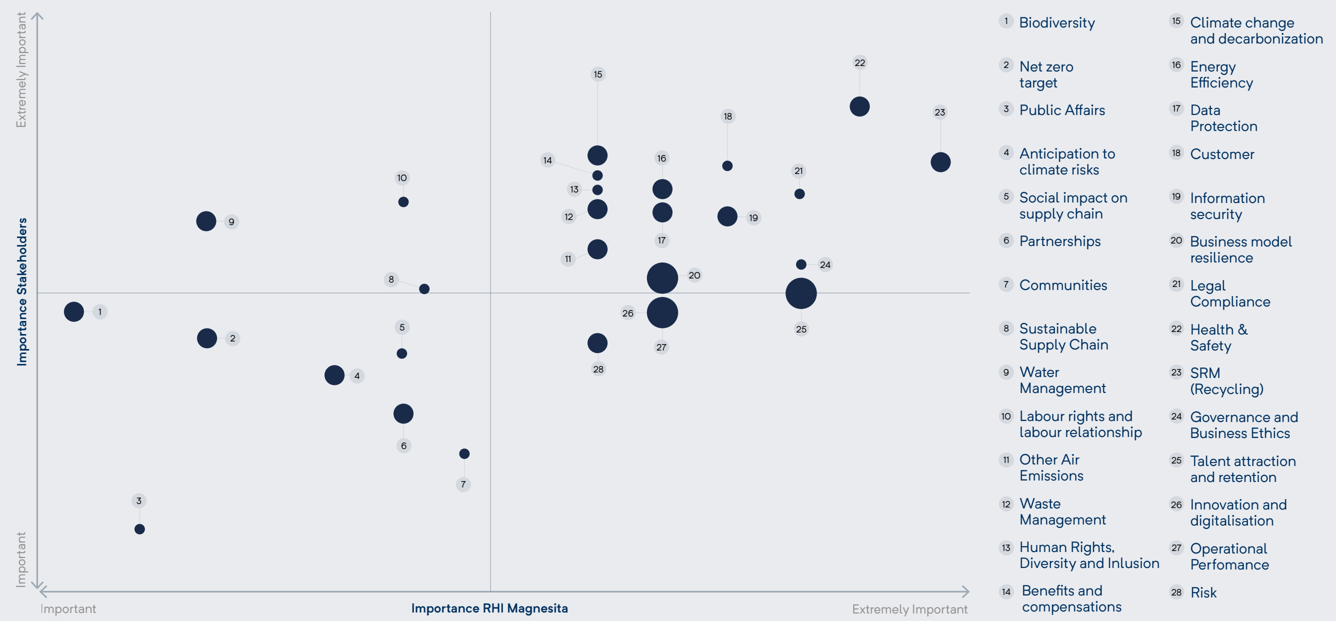
This non-financial report for 2023 reporting year (1 January 2023 to 31 December 2023) covers all activities, sites and industrial assets operated or contractually managed by RHI Magnesita N.V. or one of its subsidiaries, except otherwise specified.

Assurance

RHI Magnesita commissioned Deloitte Audit Wirtschaftsprüfungs GmbH to carry out an independent third-party limited assurance engagement on the Taxonomy Regulation (EU) 2020/852) and GRI Standards.

Further details on the assurance process and its conclusions are available in the Sustainability section of the RHI Magnesita website.

Materiality



Our 2025 targets

Material issue	Targets by 2025 vs 2018 baseline year	Progress in 2023	Units
1. CO_2 emissions	Reduce by 15% per tonne of product — Scope 1, 2, 3 (raw materials)	CO_2 intensity has been reduced by 12% versus the revised 2018 baseline year as the Group increases the use of recycled raw materials, shifts to more CO_2 efficient energy sources and increases renewable electricity usage.	Absolute (kt CO_2)[1]
			Relative (t CO_2/t)[2]
2. Energy	Reduce by 5% per tonne of product	64% of purchased electricity was from low-carbon or renewable sources in 2023. Scope 2 emissions increased to 119kt due to M&A.	Absolute energy consumption (GWh)
		In 2023, operational energy intensity was 8% lower than 2018, exceeding the target to reduce energy intensity by 5% by 2025. Energy intensity is influenced by M&A, changes to the extent of vertical integration and product mix changes as well as the impact of energy efficiency initiatives.	Relative (MWh/t)[2]
3. Recycling	Increase use of secondary raw materials to 15%	Recycling rate increased to 12.6% in 2023, with incremental avoidance of 393kt CO_2. Progress was diluted by M&A during the year.	Use of secondary raw materials %
4. Diversity	Increase women on our Board and in senior leadership to 33%	Gender diversity at Board level decreased to 29% and increased to 28% at EMT + direct reports level, from 12% in the 2018 baseline year and 21% in 2022.[5] Board diversity will be restored to 33% if shareholders approve the nomination of Katarina Lindström to the Board at the 2024 AGM.	Board %
			EMT and EMT direct reports %
5. Safety	Maintain LTIF at <0.5 (goal: Zero Harm No Injuries)	LTIF reduced further to 0.16 (2022:0.20). Improvement in frequency rates overshadowed by one fatality (2022: 1) and two serious injury incidents.	per 200,000 hours worked
6. NOx and SOx emissions	Reduce by 30% by 2027 (vs 2018)	NOx and SOx reductions proceeding on track. China target achieved in 2021 and US target in 2023 through installation of NOx and SOx abatement technologies.	

1. CO_2 emission data are calculated based on GHG Protocol methodology. Historical data have been adjusted to reflect new acquisitions in the baseline and methodology changes following an external verification process that took place in July 2022. All assets acquired in 2023 are considered in the performance data except three minor production sites at Huron, Bussalla and Bochum which are still undergoing integration.
2. Adjustments in line with the Greenhouse Gas protocol and refinement in reporting resulted in energy efficiency figures for 2018–2023.
3. Safety KPIs incorporate 7 new manufacturing plants: Jinan (New Emai)/China, Jamshedpur, Bhilai, Rajgangpur, Dalmiapuram, Khambalia/India.
4. Recycling KPI does not include newly acquired sites, which are foreseen to be fully integrated over 2024.
5. With the inclusion of the Board Nominated NED, who will be proposed to the 2024 AGM, the gender diversity of the Board is 33%.

	2018	2019	2020	2021	2022	2023	SDG
	6,169	5,381	4,972	5,691	4,887	4,583	13 CLIMATE ACTION
	1.84	1.82	1.86	1.76	1.71	1.62	
	6,484	5,635	5,165	5,912	5,423	5,055	7 AFFORDABLE AND CLEAN ENERGY
	1.94	1.91	1.93	1.83	1.89	1.79	
	3.8%	4.6%	5.0%	6.8%	10.5%	12.6%	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	7%	23%	25%	38%	33%	29%	5 GENDER EQUALITY
	12%	17%	25%	22%	21%	28%	
	0.43	0.28	0.13	0.19	0.20	0.16	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
						NAM achieved in 2023 (Europe and SAM 2027)	3 GOOD HEALTH AND WELL-BEING; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Governance

Governance structure

At Board level, a dedicated Corporate Sustainability Committee supports the Board, acting as an advisory body to ensure the long-term sustainability of the business. The CSC monitors performance against relevant KPIs and assesses risks and opportunities associated with climate change, environmental, Health & Safety, stakeholder relations and other ESG risks.

At EMT level, the Chief Technology Officer is accountable for driving sustainable practices within the organisation and delivering the Group's sustainability targets. The CTO actively engages in overseeing and integrating technologies and methodologies across various aspects of our operations. Strategic decisions and technological initiatives contribute significantly to the achievement of the Group's sustainability targets, ensuring that innovation and R&D is aligned with our commitment to sustainability.

Reporting to the CTO, the Global Sustainability Team collaborates closely with the CTO and CSC to monitor progress against targets, advise on regulatory developments, compile reporting materials and engage with external ratings agencies. A collaborative approach ensures co-ordination with key functional areas such as Health & Safety, environment, sustainable technology and decarbonisation, recycling, finance, risk management and compliance, and procurement. This governance framework facilitates a comprehensive and integrated approach to sustainability.

At the operational level, plant managers and regional presidents are accountable for the day-to-day performance of the Group's assets, including delivering progress towards sustainability goals. Regional presidents report to the Chief Customer Officer who in turn reports to the Chief Executive Officer.

This governance structure combines transparency and accountability with functional expertise.

Ethics and compliance

In 2023 we continued to embed and evolve our compliance policies and procedures. We take a zero-tolerance approach to incidents of fraud, bribery or corruption in our business. This approach is set out in our Code of Conduct, which was updated and re-launched in 2023, and in our Supplier Code of Conduct. Code of Conduct has been streamlined with a heightened emphasis on key areas, including business ethics, integrity, health and safety, anti-corruption, legal compliance, data privacy, sustainability, and conflict of interest avoidance. This revision aims to ensure stakeholders align with our values, incorporating feedback gathered from across the Group. All 114 governance body members and employees have been informed about AC policies and procedures and received e-learning to be completed as mandatory training. Region-wise breakdown indicates the following completion rates: Europe/CIS/TR at 87%, China & East Asia at 99%, Americas (North and South America) at 93%, and India & West Asia at 93%. All business partners have acknowledged and agreed to the Company's standard contract terms, which include adherence to both RHI Magnesita's code of conduct and the supplier code of conduct. These documents are easily accessible through its website, ensuring a thorough communication reach to all business partners.

Comprehensive mandatory online training is used for topics such as business ethics, data privacy, and sanctions and export controls, and regular monitoring of completion rates ensures that all office-based employees, including new hires, are adequately trained. In 2023 a Human Rights module was added to the training syllabus and updated Business Ethics training was implemented to accompany the Code of Conduct re-launch.

We regularly conduct compliance risk assessments, such as fraud risk assessments, with results presented to management and the Audit & Compliance Committee each year. The regular risk assessments conducted at Group, regional and plant level cover Compliance risks (including corruption risks). The plant risk assessment carried out in 2023 included 47 plants and mines (100% coverage). We use digital registers, workflows and employee guidelines to address, document and monitor conflicts of interest declarations, gifts and invitations, and community investment approvals.

Business partners (e.g. customers, sales intermediaries and suppliers) and transactions such as mergers or acquisitions are subject to a separate due diligence process. All sales agents are certified by Ethixbase360 (formerly TRACE International), a leading international organisation specialised in third-party due diligence solutions.

Our focus on human rights and labour rights is being expanded to include suppliers via a programme of supplier audits. In 2024, we will continue to strengthen our human rights due diligence processes within the Group and in the supply chain. Following recent M&A activity, certain German legal entities within the Group are now subject to the requirements of the German Supply Chain Due Diligence Act. In compliance with this legislation, a Human Rights Officer has been appointed. The Board approves an annual statement in accordance with the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act.

In 2023 particular attention was given to the integration of acquired entities in respect of ethics and compliance standards. Extensive work was conducted during M&A integration plans to understand the compliance culture of each new entity and work to harmonise their approach with Group practices. Emphasis was placed on face-to-face interaction and discussion to jointly evolve Business Ethics approaches.

We encourage anyone with ethics or compliance concerns to report them to an independently operated hotline, which is confidential and can be used anonymously. We are firmly committed to whistleblower protection, including to the principle of non-retaliation. Reports are independently investigated and appropriate follow-up actions taken. The Audit & Compliance Committee receives regular data on cases submitted via the hotline and other channels.

In 2023, the hotline and additional reporting channels generated 166 reports (versus 64 in 2022). Out of these, eight cases are classified under the category 'Bribery & Corruption'. All cases are investigated internally by IA, R&C department with external legal support if deemed necessary. In case a complaint substantiates, RHIM takes appropriate action to address the immediate risk and implement preventive actions with immediate effect. The significant rise in cases results primarily from the whistleblowing hotline being used in Brazil as a primary channel to escalate human resource related concerns. Additional cases were reported through recently acquired entities and as staff returned to working patterns in office locations after COVID-19 restrictions ended.

Sustainability

Our business

Related SDGs

Our customers

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our customers

Product carbon footprint

To increase transparency for our customers and to enable them to accurately calculate their own Scope 3 supplier emissions, the CO_2 footprint of each of our c.200,000 refractory products is made available in our Customer Portal. The calculations adhere to the ISO 14067 standard, encompassing "cradle-to-gate" greenhouse gas emissions, including raw material extraction and processing, refractory production and packaging.

The carbon footprint includes all Scope 1 and Scope 2 emissions and part of the Scope 3 emissions associated with the manufacturing of the product. The largest share of Scope 3 emissions arises from the purchase of refractory raw materials that are not sourced from within the Group. Limited data is available from suppliers for the carbon footprint of externally purchased raw material, although the Group has extensive knowledge of its own raw material production process. We are continuing to work with suppliers to refine our estimates of emissions from purchased raw materials.

CO_2 footprint data enables us to (i) better address customer needs by providing the most suitable technical and sustainable products and solutions; (ii) gain a competitive edge via sustainability criteria in tender processes, and (iii) incorporate sustainability and environmental indicators into our product design and production cycles.

Low-carbon products

The progressive reduction of CO_2 emissions has become a fundamental target for our customers and RHI Magnesita aims to be the preferred refractory partner as this transition is realised. We are also committed to developing a circular economy in the refractory industry, aiming at a zero-waste product life cycle to preserve natural resources.

RHI Magnesita has developed low-carbon footprint products to address both customer priorities: to reduce CO_2 emissions whilst maintaining refractory performance. In 2023, the Group launched a new basic gunning mix with high recycled material content. Branded ANKERJET X, this low-carbon gunning mix achieves an 85% reduction in carbon footprint from refractory consumption with no loss of performance compared to conventional products.

Increased use of recycled materials improves raw material availability, reduces the cost and resource-intensive process of raw material extraction and processing and significantly reduces CO_2 emissions, with each tonne of recycled material used saving approximately 1.5 tonnes of CO_2 emissions. Further examples of CO_2 savings from recycling can be found in the case studies on pages 66 and 67.

Digital solutions

RHI Magnesita offers digital solutions and associated physical equipment which achieve CO_2 emission reductions through process efficiencies, such as wear monitoring and gunning repairs to extend the safe working life of refractory linings. Safely extending the working life of refractory linings can achieve significant energy savings for steel producers by reducing the number of heating and cooling cycles required per unit of steel output.

RHI Magnesita has taken several steps in digital customer solutions in 2023 to reduce carbon emissions and promote sustainability. These include:

- Launching a Minimum Viable Product concept on its Customer Portal, which provides customers with access to the product carbon footprint and a yearly report on sustainable refractory materials. This creates initial awareness of the CO_2 footprint of refractories.
- Consolidating the Lining Evaluation Scan product for cement rotary kilns, which improves material selection and lifetime, reduces waste, and lowers overall carbon footprint.
- Supporting customers in reducing energy and specific refractory consumption in steel ladles through the Ladle Slag Model, which optimises the slag conditioning process.
- Applying digital solutions for the operation of rotary kilns in our own production plants, delivering production optimisation and efficiency gains.
- Collaborating with customers on research projects to minimise energy losses and reduce emissions.

Other solutions and products which directly contribute to CO_2 emissions reductions at customer sites include cold setting mixes, EAF direct purging plugs and converter gas purging products.

CASE STUDY — LOW CARBON PRODUCTS

ANKRAL LC Series

Containing up to 50% recycled materials, RHI Magnesita's Ankral LC Series has been designed to help cement producers reduce emissions in their supply chain, without compromising technical requirements and specifications.

The Group offers a circular economy service to transform used refractory bricks into valuable secondary raw materials. The removal process, pre-separation and transportation to recycling hubs are usually performed by the customer team, supported by RHI Magnesita recycling experts or partners from the Group's MIRECO joint venture. At recycling hubs, chemical analysis, sorting and a patented cleaning process transform waste into usable secondary raw materials.

In 2023, the Ankral LC Series was confirmed to have equivalent performance to non-recycled products under challenging conditions:

Case Study A, Central Europe: Ankral LC installed in January 2022, exhibited uniform wear after a one year campaign.

The product was installed in the upper part of the central burning zone, where high thermal load in combination with occasional clinker melt infiltration and coating loss are the typical wear mechanisms. The lining's residual thickness after a one year campaign surpassed expectations, confirming its equivalent performance to other iron-rich central burning zone bricks on the market.

Case Study B, European Kiln: Ankral LC in the lower transition zone showed a comparable performance to the standard Ankral product after a one year campaign.

The Ankral LC Series showcases a successful synergy of sustainability and performance, addressing modern clinker production challenges. By recycling used bricks into new refractory products, this series contributes to a circular economy, reduces waste, and minimises the carbon footprint in refractory production.

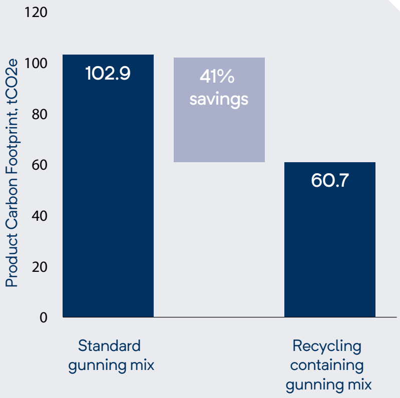
CASE STUDY — LOW-CARBON PRODUCTS

Sustainable Gunning Mixes

The use of RHI Magnesita's sustainable gunning mixes offers potential to reduce customer Scope 3 emissions from refractory usage in steel plants.

The customer transitioned from a standard basic gunning mix with a product carbon footprint of 1.66 tCO_2e/tprod to a recycling gunning mix with a significantly lower footprint of 0.979 tCO_2e/tprod. This resulted in a 42 tonne decrease in CO_2e emissions associated with the 62 tonnes of product consumed by the customer. This quantity of avoided emissions is comparable to those produced by a diesel truck circumnavigating the globe.

This case study illustrates the tangible environmental benefits that can be obtained through the use of sustainable gunning mixes and the wider potential for our customers to make significant CO_2 emissions savings by focusing on the footprint of high CO_2-intensive items in their supply chains. As Scope 3 emissions become more closely analysed the attractiveness of low-carbon footprint products increases.



Read more **here**

CASE STUDY — DIGITAL SOLUTIONS

Lining Evaluation Scan

RHI Magnesita offers innovative digital solutions designed to reduce CO_2 emissions through enhanced process efficiencies. Our solutions, such as wear monitoring and gunning repairs, extend the safe working life of refractory linings, contributing to a lower carbon footprint. A key component of our approach in the cement industry is the Lining Evaluation Scan for rotary kilns, which improves material selection and lifetime, reduces waste, and lowers the overall carbon footprint of the operation.

The Lining Evaluation Scan addresses the shortcomings of current scanning methods for lining evaluation. Traditional methods, involving drilling and manual measurement, pose safety risks and are time-consuming. RHI Magnesita's LEICA RTC 360 scanner revolutionises this process. Mounted on a specialised tripod, and featuring portable lighting, it ensures efficient and safe scanning. Equipped with lidar technology, the scanner swiftly captures detailed information, creating a 3D-point cloud and high-definition pictures simultaneously, covering a wide range.

The scanning process requires minimal preparation time and takes around 45 minutes to map the entire kiln. A Rapid Evaluation Report is delivered within two hours, facilitating quick decision-making. Additionally, through the customer portal, the scanning system provides a visual representation of remaining lining thickness, customisable acceptable thickness criteria, and a comprehensive exploration of the lining history. This empowers users to make informed decisions about kiln maintenance, with graphical trends and detailed insights into each zone.

With a customer-focused and innovative approach, RHI Magnesita underscores its commitment to providing solutions that enhance sustainability, efficiency, and customer satisfaction.

Our business continued

Related SDGs

Our suppliers

Our suppliers

RHI Magnesita's top 20 suppliers account for approximately 20% of our expenditure and the top 200 around 55%. Procurement extends to suppliers producing refractory raw materials, energy suppliers facilitating the conversion of raw materials to finished products, transport suppliers, and manufacturing suppliers. While contractual commitments generally do not exceed one year, the Group may enter into longer contracts on an exception bases for critical raw materials and energy. Our operational focus is on capital and energy intensive processes, especially in equipment for raw material and finished product production. Most specific raw materials are sourced from China, resulting in a lengthy supply chain. Procurement spending in our industry equates to about two-thirds of revenue, on average.

Despite a high reliance on Chinese raw materials in the broader refractory industry, RHI Magnesita's suppliers are predominantly situated in the regions where its production facilities operate. Europe leads in supplier concentration, followed by China, Brazil, the USA, and India. In our commitment to sustainable procurement, RHI Magnesita aims to integrate sustainability priorities into our procurement processes.

Supply chain due diligence

Since 2022, RHI Magnesita has established a framework for supply chain due diligence, to ensure ethical and compliant practices across the Group's supplier network. A comprehensive Supplier Code of Conduct outlines the standards and expectations the Group holds for all partners in the supply chain. Supplier desktop evaluations and on-site inspections are also used to proactively identify and address any potential risks, fostering a sustainable and resilient supply chain.

Supplier Code of Conduct

The Supplier Code of Conduct requires suppliers to follow the same principles as set out in RHI Magnesita's own Code of Conduct. It is distributed to all suppliers who are required to confirm compliance.

Supplier assessments through EcoVadis

An assessment system developed with EcoVadis is used to rate potential suppliers for sustainability impacts such as energy use, CO_2 emissions and waste. The ratings resulting from this assessment form an important part of the Group's procurement decision-making process.

The initial phase of supplier assessments was started in 2021 based on contract size and risk mapping. The process has continued in 2023, now covering 41% of spend. Our target is to cover two-thirds of the supplier base by spend by 2025, including all suppliers delivering raw materials with a high CO_2 intensity.

Supplier on-site assessments

The Group conducts on-site assessments to evaluate suppliers based on product quality, Health & Safety and ESG aspects.[1] In 2023, RHI Magnesita has significantly increased the number of on-site assessments to 42, compared to nine in 2022. The assessments were conducted worldwide, including 16 in India and ten in China.

Supplier product carbon footprint

Since the contribution of raw material extraction and processing is the largest single source of CO_2 emissions in the refractory value chain, the Group is seeking to increase the accuracy of its supplier CO_2 emissions data. In 2023 our specific focus with selected raw material suppliers included raising their awareness of our data requirements and providing support on the required calculation methodology. Accurate information enables the Group to prioritise suppliers with lower emissions in order to minimise Scope 3 emissions. Engagement on the subject of emissions also demonstrates to potential suppliers that CO_2 reduction is a key priority for the Group, which is expected to drive long-term changes in supplier behaviour and energy use.

Supplier collaboration

RHI Magnesita is committed to shaping a more resilient and sustainable supply chain. Therefore, the Group seeks collaborations with strategic suppliers to create more sustainable goods and services, with lower environmental impact. Several collaborations in 2023 resulted in projects with positive impacts such as emission reduction in our packaging materials and optimisation of transport routes to reduce emissions.

1. RHI Magnesita's supplier assessment comprise of 6 modules covering business ethics, social and environment aspects, climate change, responsible sourcing,legal compliance, Health & Safety.

CASE STUDY — SUPPLIER ENGAGEMENT

Recycled Packaging Solutions

Suitable packaging materials are essential to ensuring the safe transportation of our products whilst protecting them from damage. We are committed to continuously improving the efficiency of the materials and products which we use in our packaging process.

With this aim in mind RHI Magnesita launched a project to increase the use of recycled plastic ("PCR" or Post-Consumer-Recycled) in its packaging materials, resulting in multiple benefits from a sustainability perspective.

Firstly, increasing the share of recycled content leads to lower greenhouse gas emissions and energy consumption associated with the packaging life cycle.

Secondly, the introduction of recycled materials results in a reduction of the amount of waste that ends up in landfills or incinerators, which reduces the negative impact on the environment.

The project included two different types of packaging materials: stretchfoils and big bags. A stretchfoil is a thin plastic film stretched around our finished shaped refractory products to ensure safe transport. Big bags are used in the transportation of unshaped products. The goal of the project was to convert the entire stretchfoil and big bag demand in Europe to 30% PCR content while preventing any potential negative impacts on the packaging process or transport safety. Following collaboration between the Group and its suppliers, new packaging materials were successfully developed and tested to fulfil our high-quality standards.

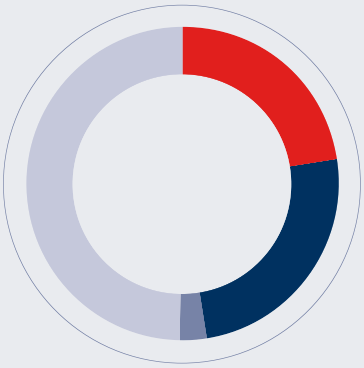
Since Q4 2023 for stretch foil and from the beginning of 2024 for big bags (up to 1.5t), packaging for products manufactured in Europe must now contain a minimum 30% of recycled plastic. The CO_2 savings from this change are calculated to be 480 tonnes per year (an equivalent of 54 homes energy use for one year) and total emissions from these materials has reduced by 23%.

The project to increase the use of recycled content in product packaging has been a successful initiative that has improved our environmental performance and strengthened our relationships with our suppliers.

Our planet

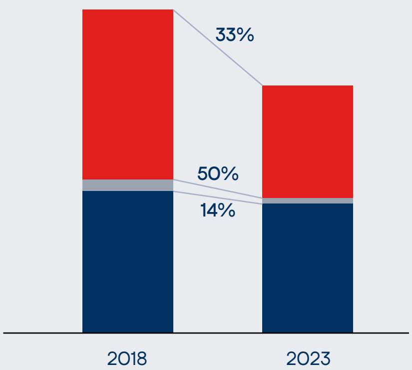
Related SDGs

Carbon Emissions per Scope[1]



- Scope 1 of which geogenic emissions
- Scope 1 of which fuel-based emissions
- Scope 2 electricity
- Scope 3 emissions only Raw Material

Carbon Emissions Reduction 2018 vs. 2023



- Scope 3 (only raw material)
- Scope 2
- Scope 1

Tackling Climate Change

Driving down carbon emissions is a key priority for RHI Magnesita. In addition to charting our own transition, we want to be a trusted partner to our customers on their journey to a low-carbon economy.

The Group's emission reduction plans target a 15% reduction in CO_2 emissions intensity for Scope 1, 2 and 3 (raw materials) emissions by 2025, compared to 2018. Our climate strategy is based on:

1) reducing the carbon footprint of our raw materials, including through the increased use of circular raw materials;

2) increasing energy efficiency in our operations;

3) reducing the carbon intensity of our energy sources; and

4) providing innovative solutions to reduce customer emissions.

In 2023, total CO_2 emissions (Scope 1, 2 and 3 - raw materials) were 4.6 million tonnes and our emissions intensity has reduced by 12%. Since the baseline year of 2018, the Group has exceeded its initial targets in recycling, offset by delayed progress in switching to alternative fuels. Biofuel switches have progressed but the original strategy to convert from solid fuels to natural gas is now being reassessed due to capital expenditure constraints, infrastructure availability, changes in the market outlook for natural gas and new possibilities for cost-effective carbon capture and sequestration which offer much higher CO_2 savings. Achieving our short term objectives is therefore reliant on the continued success of our recycling initiatives.

The Group is currently pursuing a substantial M&A programme, in line with its growth objectives. In the short term, acquisitions can present a potential downside for sustainability targets such as recycling rates or CO_2 emissions intensity until they are integrated. Harmonising diverse standards, supply chains, and operational processes poses challenges and can affect overall environmental KPIs in the short term. To mitigate this impact, the Group seeks to align sustainability practices and implement efficient transition strategies as soon as possible following acquisition.

A comprehensive disclosure of our climate governance, strategy, and risk assessment can be found in the Task Force on Climate-related Financial Disclosures (TCFD) on pages 99-105 of this report.

Decarbonisation of refractory production

Refractory production is a 'hard to abate' industry. Raw material processing generally uses fossil fuels for ignition and burning of carbonate rock, which results in significant geogenic CO_2 emissions. These geogenic emissions are classified as Scope 1 when resulting from the Group's own production or Scope 3 in the case of externally purchased raw materials.

Significant energy is also required for firing of products in the refractory manufacturing stage. Further emissions are generated in the shipping and distribution of refractory products to customers worldwide.

Through its investment in research and development of emissions avoidance or reduction technologies, the Group has developed a theoretical pathway to decrease its Scope 1, Scope 2 and Scope 3 (raw materials) carbon emissions from refractory production to close to zero. The required measures have been prioritised in order of deliverability, with those items that are fully within the control of the Group to be expedited.

The first stage of CO_2 emissions reduction is to be delivered through measures which can be implemented by the Group without significant external support, including increased use of recycled raw materials, fuel switches and energy efficiency measures. It is estimated that these measures could deliver an absolute reduction of around one and half million tonnes of CO_2 emissions, or 24% of the baseline total by 2035. Beyond this initial reduction, decarbonisation measures become progressively harder to deliver. Recycling has a natural ceiling since refractories are consumed during use and only residual materials can be reclaimed, whilst fuel switches to natural gas only offer a partial reduction. The pathway for stages 2 to 4 is reliant on the provision of (i) new infrastructure or renewable energy sources such as hydrogen by outside parties; (ii) the use of technologies which do not yet exist or are not proven at pilot or production scale; and

1. In accordance with GHG Protocol, biogenic emissions are reported independently from the scopes. In 2023, our biogenic emissions were 17 thousand tonnes.

(iii) significant capital expenditure, which may not be possible for the Group to generate from its existing operations, obtain from its finance providers or receive via government funding.

The costs of emitting carbon, which could provide an incentive to accept higher capital expenditure and operating costs for the purposes of reducing CO_2 emissions, apply in certain jurisdictions and may provide a business case for reducing emissions in those geographies. Estimates of future potential CO_2 costs are built into the Group's financial forecasts and planning decisions. However, the Group has a global production and customer network and competes with other refractory producers who are not subject to additional CO_2 costs.

Our decarbonisation commitment

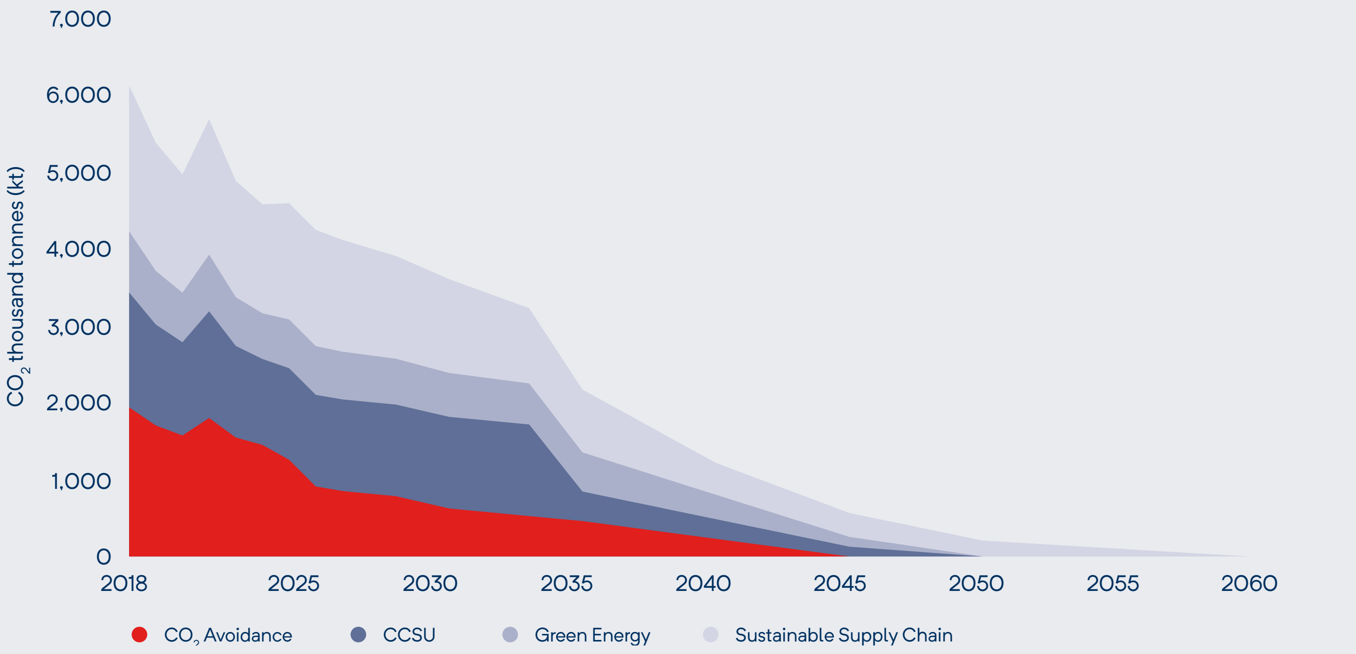
Working within these limitations, the Group is committed to:

1. Leading the refractory industry by decarbonising its operations as fast as sustainably possible.
2. Annually updating its decarbonisation pathway based on the latest developments in technology, infrastructure and estimated capital expenditure.
3. Continuing to invest in the development of new technologies to avoid CO_2 emissions, proving our technical readiness to use alternative low-carbon energy sources and to capture CO_2 emissions for storage or utilisation.
4. Offering our customers enabling technologies for their own low-carbon production technologies together with low-carbon products and solutions contracts (with full transparency on carbon footprint) to enable them to reduce their Scope 3 CO_2 emissions from the purchase of refractories.
5. Lobbying governments to invest in the necessary infrastructure to decarbonise the refractory industry and other energy intensive industries, including additional renewable energy generation, hydrogen supply networks, CO_2 transportation and storage and carbon capture and utilisation technologies.
6. Working with partners in the private sector to develop new renewable energy solutions, hydrogen energy networks and carbon capture and utilisation technologies.

Offsetting carbon emissions

The Group has significant CO_2 emissions within its own value chain and there are large emissions savings that can be delivered for its customers through improved solutions contracts or other solutions. The Board therefore considers that the priority should be to allocate capital and other resources to reducing the Group's own CO_2 footprint and the emissions of its customers rather than investing in carbon offset projects. The Board believes that taking this approach will deliver a faster, greater and more sustainable decrease in net CO_2 emissions than could be delivered by allocating capital to offsets.

Theoretical decarbonisation pathway



Our planet continued

Recycling and the circular economy

RHI Magnesita maintains its industry leadership in utilising recycled minerals and recycling has been the major contributor to the Group's CO_2 emissions reductions to date. For every tonne of recycled refractory material that is re-used, approximately 1.5 tonnes of CO_2 emissions are avoided compared to the processing of virgin raw material. Recyling is the most effective route to reduce CO_2 emissions in the short term towards our 2025 emissions intensity target.

Recycling also has significant waste management and circular economy benefits for our customers.

Historically, recycling rates for refractories were low due to reduced performance levels for finished products containing reclaimed materials. RHI Magnesita has now demonstrated using its innovative processes to improve purity and real-world operational examples that recycled materials can now be incorporated without compromising refractory performance.

In 2023, the Company achieved a recycling rate of 12.6%, representing a 20% increase from 2022. This significant progress has been driven by continuous efforts and substantial investments in recycling infrastructure and translates to a CO_2 saving of 393 ktpa.

Over €4 million has been invested in capital expenditure projects related to recycling to date, focused on adopting new technologies and upgrading collection, sorting and storage facilities.

Having achieved the initial recycling rate target of 10% three years early, the Group has now adopted a new target of 15% by 2025. Recycling has a natural ceiling since refractories are largely consumed during use and only residual materials can be reclaimed. In the short term recycling rates will also be reduced following the addition of multiple new acquisitions to the Group, with lower levels of recycling usage compared to the Group average.

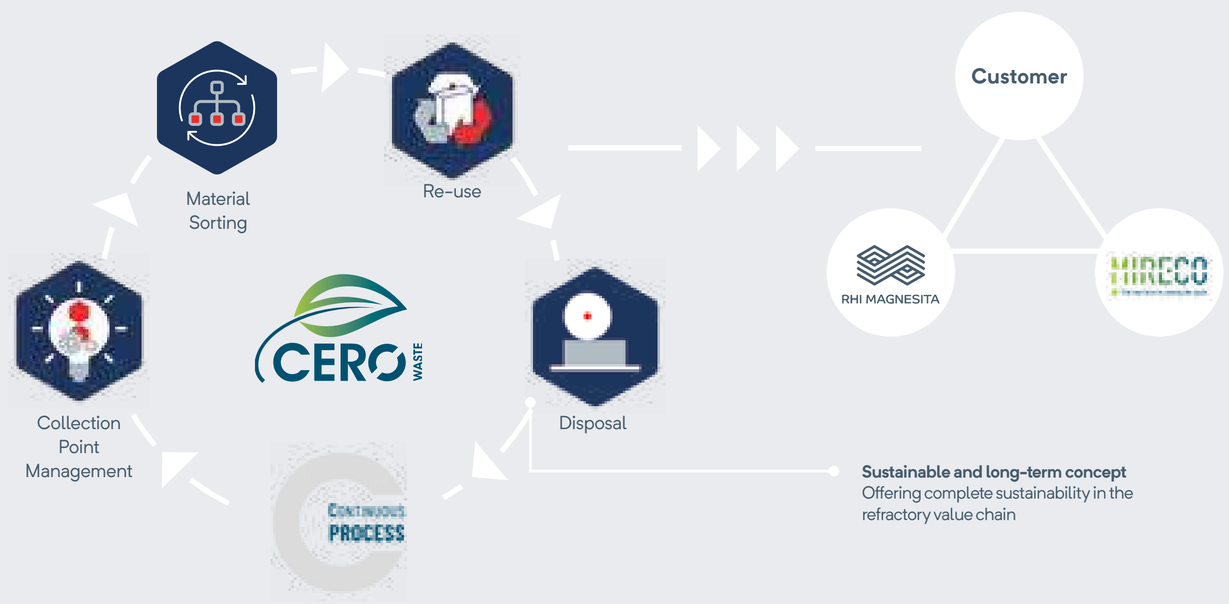
CERO-Waste concept and regional initiatives

In the SAM region, RHI Magnesita achieved a 10% increase in recycling utilisation in 2023 through collaborative efforts between technical, operational and sales teams to develop and market products with high recycled content. A recognition campaign was also launched to acknowledge customers in the region who are most active in the collection of spent refractories.

In Europe, recycled material consumption also increased by 10%, incorporating 70kt through MIRECO-supported initiatives such as the 'CERO-Waste' concept and new R&D developments.

In North America, dedicated efforts to strengthen partnerships with customers and suppliers and the promotion of high-recycling content products delivered a 50% increase in secondary raw material usage. The NAM product portfolio now contains brands with between 20%-100% recycled materials, reducing the CO_2 footprint by up to 85%.

CERO Waste Concept – green steel, circular economy and carbon footprint



In China RHI Magnesita increased recycled material consumption by over 15%, with new products marketed to both steel and industrial customers.

India also increased secondary raw material usage by 15%, driven by the sales team focus on prioritising products with recycled content. Following M&A completed in 2023, the region's production capacity has increased significantly and new acquisitions will now be integrated into the Group's recycling activities.

Technical teams continue to innovate with over 100 recycling-related product developments, tailoring products for optimal performance and maximising circular mineral usage.

The Ankral LC series, initially created in Europe, has expanded into SAM, addressing both cement and lime markets with brands that deliver a CO_2 footprint up to 25% lower than original brands, decreasing scope 3 emissions for our customers. For further details on Ankral LC see case study on page 66 of this report.

On the processing side, the Group had 15 active R&D projects in 2023 focused on enhancing circular material quality and availability. Notable achievements include the processing of Magnesia-Carbon recycled brick material in the Breitenau raw material kiln in Austria, obtaining a new high-quality MgO recycled raw material.

In Brazil, two innovative technologies were implemented to address material treatment from the steel industry and the removal of infiltrations in circular materials from the cement industry, increasing quality and stability of the end product.

ReSoURCE – Innovative solution in refractory recycling

In 2022, the Group initiated the ReSoURCE project, a 42 month initiative under the Horizon Europe framework. As project coordinator, RHI Magnesita leads technical framing and coordination, focusing on automated multi-sensor-based sorting for the refractory industry.

The project aims to develop reliable, robust automated sorting solutions with high accuracy for spent refractories, validated sustainability benefits, and facilitation of material usage for alternative products. The initiative accelerates RHI Magnesita's own technology development, whilst contributing to improved sustainability for the wider refractory industry.

Achieving the ReSoURCE project goals would deliver the following benefits:

- 800 ktpa reduction in CO_2 emissions.
- 760 GWh energy saving per year.
- Conservation of 800 ktpa of landfill waste capacity.
- Digital and robotic transformation of manual processes.
- Workforce upskilling.
- Reinforcement of the EU's raw material supply chain resilience.

Progress in 2023 included detailed examination of raw material feedstocks, adapting sensor setups for spent refractory sorting and establishing classification criteria. In 2024 the first demonstrator will be commissioned, intended to sort up to 10 tons of waste material per hour at the Group's facility in Mitterdorf, Austria, marking a pivotal step towards automation of the sorting process chain. Learn more about the ReSoURCE project **here**.

Sustainable Technology

Partnership and industry co-operation

The Group continues to build partnerships with start-ups, universities, and industrial companies outside the refractory sector to expand its network and learnings in the field of decarbonisation. These include the K1-MET consortium with the Austrian steel industry and the Industrial Advisory Board of the EU-funded MOF4AIR project, a development of new materials for capturing CO_2 using membranes.

RHI Magnesita also has a collaborative program with the University of Leoben focused on carbon capture, utilisation and storage (CCUS) technologies, which is carrying out research to explore the viability and potential applications of different CCUS technologies.

RHI Magnesita is proactively positioning itself for the potential use of hydrogen as an alternative fuel to deliver the future decarbonisation of high-temperature industrial processes which currently use fossil fuels. As a participant in the Hydrogen Import Alliance Austria, the Group's primary focus to ensure reliable access to hydrogen in the coming years.

Aligning with key customers in the cement, steel, and chemical industries who share similar challenges, we collectively strive to develop and implement innovative technologies. Discussions around the future development of industrial hubs capable of leveraging CO_2 utilisation and pipeline access for hydrogen and CO_2 transport are ongoing, with the aim of delivering broad benefits across diverse industries.

The potential to produce Green Hydrogen on site is being examined. However, large-scale production with regional distribution, and importation via pipelines is likely to be a more efficient solution in the long run. If national and regional plans unfold as expected, RHI Magnesita anticipates having access to hydrogen and CO_2 pipelines in the early 2030s.

Carbon capture and utilisation

In 2023, further progress has been made in the evaluation of technologies for CO_2 capture at the Group's raw material production sites. Research of potential technology solutions includes cryogenic, chemical separation, and membrane-based techniques. The Group has acquired equipment for CO_2 capture through membrane separation intended for installation at its Breitenau plant in Austria in 2024.

Addressing climate change

RHI Magnesita Decarbonisation Plan

2018

Key dates regulations

- Bonn Climate Change Conference
- Year of climate extremes
- US National Climate Assessment
- UN Emissions Gap Report
- IPCC Special Report on 1.5°C

Key milestones[1]

- Set up 2018 as baseline
- Set up 10% reduction target of our CO_2 emissions by 2025
- Set up 10% recycling rate of SRM

2019

Key dates regulations

- UN Climate Change Conference in Madrid
- Bonn Climate Conference
- EU Sustainable Finance Disclosure Regulation (SFDR)

Key milestones[1]

- Committed to invest €50 million in new and emerging technologies
- Austrian sites operate with 100% green electricity
- Upgraded CO_2 emission target to -15% by 2025

2020

Key dates regulations

- COVID 19 Pandemic
- UN Climate Change Dialogues (Virtuals)
- Adoption EU Hydrogen Strategy

Key milestones[1]

- Launched Ankrall low carbon bricks
- Project Railway in Hochfilzen, Austria
- Rated B at CDP Climate report — first submission

2021

Key dates regulations

- EU Taxonomy
- TCFD — Aligned Disclosures mandatory in UK
- Establishment of International Sustainability Standards Board (ISSB)
- Chinese Emissions Trading Scheme (ETS) — power sector only

Key milestones[1]

- Performed climate risk assessment for all sites
- Launched net-zero brick project
- Achieved 48% of purchased electricity from low-carbon or renewable sources (German sites operate 100% with green electricity)
- Performed oxyfuel trials in Breitenau

1. Future milestones may vary depending on technology development and external support, provided for illustrative purposes only.

2023

- COP 28
- EU CBAM
- CDP Methodology changes
- EU CSRD
- Aluminium and Cement included in Chinese ETS

- MIRECO growth continues
- New 2025 recycling target of 15% set
- Implemented fuel switch project in Ponte Alta, Brazil. (charcoal use)
- 105 products containing up to 80% recycled material are part of RHI Magnesita's portfolio
- CCU Partnership with MCi Carbon for CO_2 mineralisation
- Rated A- by CDP Climate report

2025

- CSRD applies from 2024 financial year
- Paper and chemicals to be included in Chinese ETS from 2024

- Implement fuel switch at Hochfilzen
- Examine CCUS at York
- Achieve 15% recycling rate
- Increase the use of green electricity
- Implement the use of SRM in rotary kilns

2030

- 55% GHG emission reduction against 1990 levels in EU
- 50-52% GHG Emissions reduction against 2005 levels in US

- Implement fuel switch projects in Brumado and Chizhou
- Increase recycling rate
- Further use of SRM in rotary kilns
- Achieve 100% green electricity
- Increase the rate of hydrogen firing in tunnel kilns

2050

- Net-zero targets for US, EU and UK

- Achieve oxyfuel firing in all rotary kilns
- Implement green energy (H_2 and electrification) for tunnel kilns
- Implement CCUS technologies
- Address sustainable supply chain (Scope 3)

Our planet continued

In the area of Carbon Capture and Utilization (CCU), the Group has agreed a partnership with MCi Carbon to develop technologies focused on the direct mineralisation of CO_2 from flue gases, through a process which can efficiently transform gaseous waste CO_2 into a solid mineral. The MCi process offers opportunities for utilisation in other industries, such as the cement sector, which faces similar challenges with process emissions of CO_2 not originating from the use of fossil fuels. 2023 activity was concentrated on locating and assessing potential raw materials to use in the mineralisation process. Testing and development programmes with MCi Carbon are set to continue until mid-2025.

Alternative fuels including hydrogen and biofuels

Hydrogen produced using renewable energy is a promising alternative fuel for use in high temperature industrial processes such as those undertaken by RHI Magnesita. The Group is actively addressing the technical challenges associated with the use of hydrogen in its plants and new concepts are being developed for measurement, transportation, storage and firing to prepare for a future shift to hydrogen use. The first pilot project to evaluate the use of hydrogen in a refractory plant is planned to commence at Marktredwitz in the fourth quarter of 2024.

A comprehensive evaluation is also underway to assess the feasibility of generating hydrogen on-site at the Group's own facilities. Initial conclusions are that on-site production would be highly capital intensive and therefore unlikely to be economic unless supported by public subsidies.

If hydrogen is not generated on-site, securing a reliable and economic supply of green hydrogen would be an essential pre-cursor to large scale adoption of hydrogen use in quantities that would make a material difference to the Group's Scope 1 emissions.

RHI Magnesita is also exploring other non-fossil fuel options including biofuels. In Q4 2023, the Breitenau raw material plant in Austria conducted successful trials using sunflower husks as a supplementary non-fossil fuel. Further trials with this fuel source will be undertaken in 2024 to assess the practical operation of the kiln and any impacts on raw material quality.

Environment

Energy mix

Currently, natural gas provides approximately 40% of the Group's total energy usage, with coal and heavy oil the next largest sources, followed by diesel, gasoline, LPG, light fuel and propane. The Groups is assessing all possibilities to strategically increase the share of renewables (currently at 8%, considering green electricity and charcoal) in its energy mix, to create a more sustainable and diversified energy portfolio.

Reducing the carbon intensity of energy

RHI Magnesita is seeking to reduce the carbon intensity of its energy sources through switching to lower intensity alternatives where possible. In Europe, plans to transition from CO_2 intensive petroleum coke to more CO_2 efficient natural gas in our plants have been postponed due to delays in natural gas pipeline construction. Exploring biofuels as an alternative is dependent upon local availability and cost competitiveness. We continue to monitor energy markets and alternative fuel sources to reduce emissions.

At the Ponte Alta raw material production site in Brazil we have successfully switched away from petroleum coke to sustainably sourced charcoal. In 2023 this delivered 11kt of CO_2 emissions compared to petroleum coke use (2022: 18kt).

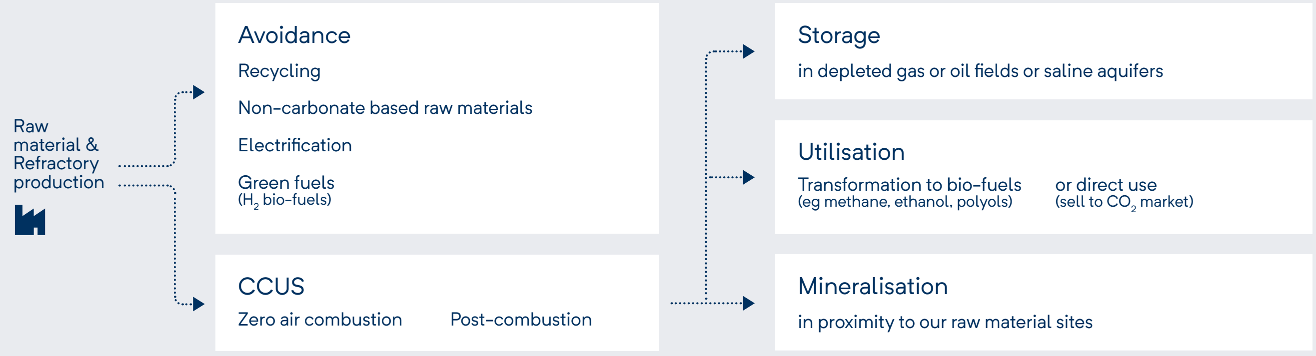
We continue to reduce the CO_2 intensity of purchased electricity. In 2023, we established a fully green electricity supply for our German recycling plants and at the Sögüt plant in Türkiye. At Visakhapatnam, India, 0.5 MW of photovoltaic capacity was installed, resulting in a CO_2 reduction of around 500t CO_2 per year. The Group is investigating the potential for solar generation at several other sites. By the end of 2023, 64% of purchased electricity was from low-carbon or renewable sources.

Energy use

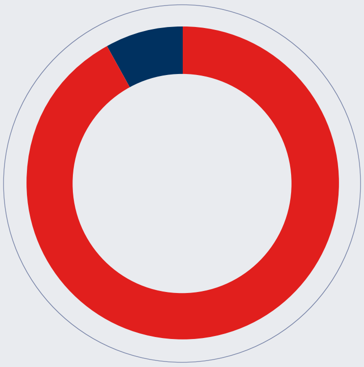
In 2023, RHI Magnesita consumed 5,055 GWh of energy, an absolute decrease of approximately 7% compared to the prior year. (2022: 5,423GWh). The main reason for lower energy consumption was a lower production volume in 2023 compared to 2022.

The Group has a target to reduce its energy intensity by 5% by 2025 compared to 2018.

Understanding our reduction measures

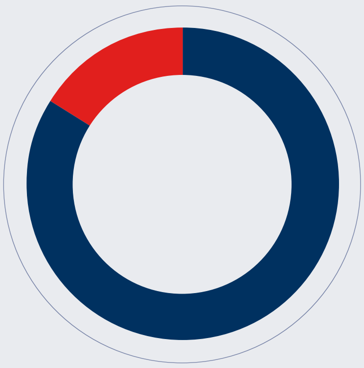


Our energy use by source



- Energy use from non-renewable sources 92%
- Energy use from renewable sources 8%

Our Water Use



- Water consumption in non-scarce areas 84%
- Water consumption in water scarce areas 16%

Energy use

	2018	2019	2020	2021	2022	**2023**
Total consumption (GWh)[1]	6,484	5,635	5,165	5,912	5,423	**5,055**
MWh/t[1]	1.94	1.91	1.93	1.83	1.89	**1.79**

1. The historical data has been refined to incorporate new acquisitions in 2023. Total energy consumption and energy intensity now align with the current plant footprint, and historical data has been adjusted accordingly. Changes in the originally reported figures - 2022:12%; 2021:15%;2020: 13%; 2019: 8%; 2018:13%.

In 2023, energy intensity decreased by 6% compared to 2022 and was 8% lower compared to 2018, exceeding the target. The energy intensity KPI is affected by M&A, changes to the extent of vertical integration and product mix changes (e.g. production of flow control and shaped products consumes more energy).

Energy efficiency measures in Hochfilzen, Austria resulted in 21 GWh of energy savings. In Tlalnepantla, Mexico the capture of waste heat from the tunnel kiln saved 350 MWh. Across all ISO 50001 plants, improvements made to compressed air systems result in 1 GWh of energy saving and other energy efficiency measures resulted in 33 GWh of energy savings. We are continuing to roll out ISO 50001 standards across all operations and by end of 2023, 38% of energy was consumed at plants which have implemented ISO 50001. 88% of energy consumption was used for heating and 12% for electricity. No steam is used in our production process and for cooling, some climate-chambers are in use for ISO-production that is reported under electricity.

Reducing NOx and SOx emissions

The Group has a target to reduce nitrogen oxide (NOx) and sulphur oxide (SOx) emissions by 30% by 2025 compared to 2018. The target was achieved in China in 2021 and recent focus has been in North America, where we have realised the 30% reduction goal for NOx in by implementing a two-stage combustion process in the rotary kilns at the largest plant in the region. The North America SOx reduction target has also been achieved, with DeSOx equipment now operational and delivering almost a 50% reduction of emissions compared to 2018.

Waste management

Applying the principles of a circular economy is key for our waste management approach, shifting away from the linear take-make-waste model, minimizing environmental impact. In 2023, our production sites generated 7kt hazardous and 84kt of non-hazardous waste.

By fostering a circular economy mindset, we can not only mitigate the environmental impact but also contribute to a more resilient and responsible industrial landscape.

Water stewardship

RHI Magnesita's production processes are not inherently water-intensive. In 2023 the Group withdrew 12,400 megaliters of water. 92% of water comes from underground sources, followed by third party water. Around 16% of this consumption occurred in areas considered to be at risk of possible water scarcity. The Group has updated its water risk assessment, to include newly acquired in 2023.

The Group takes steps to reduce its water consumption where possible. In India, Bhiwadi plant installed a sewage treatment system to recycle domestic wastewater, utilizing reclaimed water for on-site irrigation.

Protecting biodiversity

The Group is dedicated to preserving biodiversity at its operational sites and is actively working to minimise its impacts. A new screening of biodiversity risks was conducted in H2 2023 and further assessments are planned for 2024 at the Group's key mining sites to provide a more detailed understanding of biodiversity risks or potential dependencies.

At the Brumado mine and raw material processing site in Brazil, the Group adheres to licence requirements to restore land to its original state after use. This includes the planting of native vegetation, which must match species found in the local area. For this purpose and to provide broader community benefits, over 20,000 seedlings were cultivated at the on-site nursery and planted both within and outside RHI Magnesita properties by employees and community members in 2023. Over 1,000 trees were planted near the Bhiwadi, India, and Eskisehir, Türkiye plants and across various local initiatives the Group planted a total of 7,000 trees in 2023.

CASE STUDY — ENVIRONMENTAL PROTECTION

Reforestation and water safeguarding

RHI Magnesita is committed to environmental recovery and protection in the Brumado region of Brazil, where it operates a magnesite based raw material production facility and open cast mine.

Through the Degraded Areas Recovery Project ("PRADA"), the Group has demonstrated its dedication to restoring ecological balance, in compliance with environmental legislation and as part of its commitment to the responsible extraction of natural resources.

Developed by a multidisciplinary team, PRADA focuses on reforestation and rehabilitation of areas previously impacted by mining activities. Over a six-month period, RHI Magnesita implemented maintenance and stabilisation actions for recovered areas, including the direct planting of native seedlings. The process for effective seedling planting involves clearing, mounding, monitoring, insect control and the application of fertiliser and hydrating gel.

Compensatory planting over a recovered area of 9 hectares included over 18,000 seedlings of 35 different species. Of these, five species are consider by law as protected or immune to cutting, necessitating greater compensatory planting. Anadenanthera macrocarpa (angico), Handroanthus spongiosus (sete casca), and Spondias tuberosa (umbuzeiro) were planted in a 15:1 compensation ratio as required by legislation.

The Serra das Éguas area, home to RHIM Magnesita's Brumado facility, encompasses 22 water springs. RHI Magnesita acknowledges, protects and recovers if necessary these water resources. Our comprehensive environmental strategies aim to preserve water sources to ensure that ecological balance is maintained in the local area.

Photo: © Laercio de Moraes, Serra das Eguas, 2024

Sustainability

Our people

Related SDGs

Health and safety

Maintaining a safe and healthy workplace is fundamental to RHI Magnesita's culture and mindset. The Group assigns the highest importance to the health and safety of its employees and contractors. Our operations by necessity involve hazardous and higher risk activities and maintaining high safety standards is a minimum expectation for all stakeholders.

Our approach to safety centres on people and safe work practices, seeking to promote a safety-oriented mindset based on clear operating procedures and management of key risks. New joiners including contractors are trained according to RHI Magnesita's safety principles, which underline the shared responsibility to contribute to safety at work.

To deliver continuous improvement in our safety culture and performance, we monitor leading indicators in addition to key trailing performance indicators including Lost Time Injury Frequency ("LTIF") and Total Recordable Injury Frequency ("TRIF") — Total Recordable Injury Frequency. Assessing trends and parameters guides future improvement initiatives.

Safety performance

LTIF improved to 0.16 (2022: 0.20), representing a downward trend since 2021 and the lowest level of lost time injuries since the COVID-19 pandemic in 2020.

A fatal incident occurred at one of the Group's plants in Austria in November 2023 during material handling. A thorough investigation of the root causes of this incident has been carried out and changes to operating procedures and standards are being implemented worldwide to prevent recurrence. Based on a detailed analysis of the circumstances and underlying causes of the incident, 'lessons learned' have been communicated globally. Senior leaders are committed and engaged in the follow up and operational sites will receive further tools to audit compliance with operating procedures.

A fatal accident occurred at the Breitenau mine in Austria due to rock fall in February 2024. Consideration of this incident and follow up measures was ongoing as at the date of this document

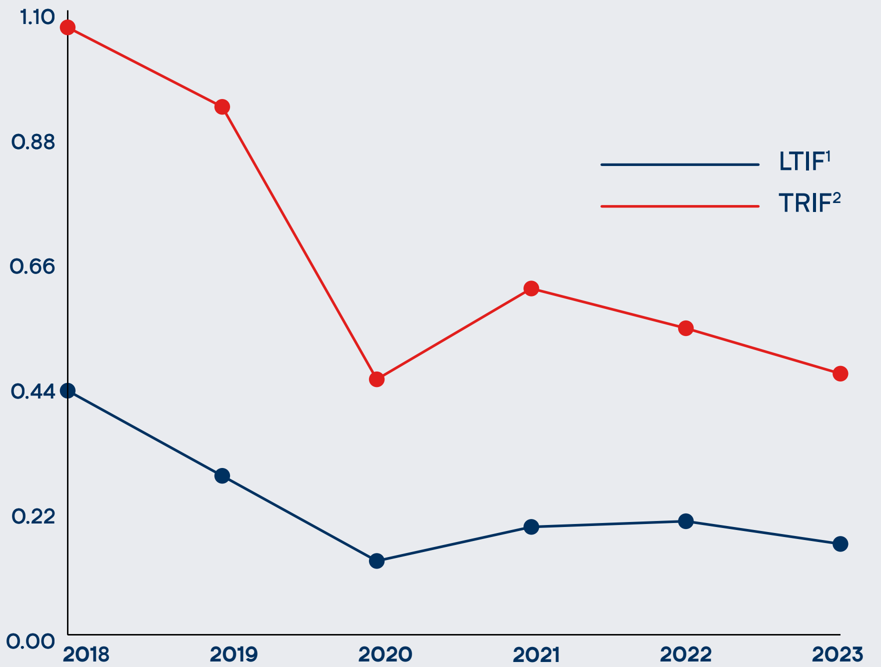
RHI Magnesita encourages a culture of communication, benchmarking and knowledge sharing across its regional business units which is underpinned by regional Health & Safety coordination and execution. Following any major incident, including those resulting in serious injuries or a fatality, or that are defined as potentially life-threatening or life-changing, detailed analysis of root causes is carried out and appropriate countermeasures implemented.

During 2023 we continued to progress our existing occupational health & safety programmes, seeking to balance leading and lagging indicators in order to be more pro-active in the prevention of incidents before they occur. Leading indicators assist our leaders and employees in understanding the strengths and weaknesses of their safety performance, giving direction and insights into the typical behaviours and conditions that usually precede any incident. The Group closely monitors its Preventive Rate, which indicates the number of reported near-misses or unsafe situations per person, which remained stable in 2023 but at a high level compared to previous years. The Group also monitors the closing rate of actions that are assigned to prevent repeat accidents caused by similar unsafe situations. The actions closing rate increased to 93% in 2023 (2022: 88%).

RHI Magnesita Global Health and Safety Guidelines

RHI Magnesita is a manufacturer of refractories operating 47 refractory and raw material production facilities worldwide as well as providing services at customer sites. To manage Health & Safety on a global basis the Group has developed a set of mandatory Global Guidelines as part of its Health & Safety Management System. The Global Guidelines are regularly reviewed and updated to consider best practices and learnings from incidents as well as from internal and external audits for ISO45001. Every employee or contractor who works within the Group at a controlled location is expected to comply with the Global Guidelines.

Health & Safety performance



1. Lost time injury frequency rate per 200,000 hours.
2. Total Recordable Injury Frequency.

Target 2025: Maintain LTIF at <0.3 (goal: Zero Harm – No Injuries).

> It's our goal that everyone returns home from work safe and sound. Everyday."
>
> **Stefan Borgas**
> Chief Executive Officer

Workplace risk assessments

RHI Magnesita's business includes high-risk activities for which hazard identification and risk assessments are carried out, documented, and shared. Following a continuous improvement approach, the Group performs risk assessments in multidisciplinary teams which include team leaders, workplace personnel, local health & safety experts and locally assigned occupational health or occupational physician representatives and worker representatives, depending on local legal requirements.

A "Hierarchy of Controls" approach is applied to the risk assessment process, including but not limited to:

- Assessing whether the risk can be eliminated, e.g. purchasing equipment which is not noisy.
- Implementation of engineered solutions to eliminate or reduce the risk, e.g. automated processes which reduce manual work.
- Organisational measures, such as training and auditing.
- Standard operating procedures and work instructions defined with the involvement of the team who performs the task, with illustrations and in local languages.
- Providing personal protective equipment according RHIM global minimum standard to employees.

Corrective and preventive actions and further upgrades identified by the risk assessment are documented.

RHI Magnesita provides training on safety awareness and a "Stop Work" procedure, which leads to the application of a pre-defined "Quick Check" for assessing unsafe situations. A "Quick Check" can either be carried out directly by the worker assigned to the task or there can be a call for further support.

All employees and contractors are required to immediately report any "Unsafe Situation" to supervisors so that corrective actions can be put in place to avert harm. Both "Unsafe Situation" information and a report of a near miss are flagged in RHI Magnesita's safety reporting system for further follow-up and analysis.

Occupational health

In addition to prevention of workplace accidents, RHI Magnesita seeks to safeguard the long term health and wellbeing of its people.

A variety of measures and programmes are in place to establish a safe work environment with minimal potential adverse effects on health and wellbeing.

Occupational health aspects are covered in risk assessments of workplaces which include areas such as noise monitoring and emissions of volatile organic compounds or dust. To fulfil local legal obligations and the Group procedure for Hazard Identification and Risk Assessment the participation of an Occupational Physician is obligatory.

Healthcare, health awareness campaigns and medical support are made available for operational teams, often managed locally according legal or regulatory obligations.

For all employees, including office locations, RHI Magnesita also provides awareness and information campaigns for common illness and health issues such as nutrition, hydration, ergonomics, and other medical screenings.

RHI Magnesita reports on frequency-rates based on 200,000 hours worked, considering the LTIs — Lost Time Injuries (37 cases in 2023) and TRI — Total Recordable Injuries (105 cases for 2023), — including employees and non-employees (temporary workers/leased personnel, contractors). Thereof, 1 fatality (temporary worker) and 2 high-consequence workrelated injuries (employee) are considered in the LTIF and TRIF. The fatal accident rate (FAR) for RHIM Group results in 0.004 per 200,000 hrs whereas the FAR calculated for the affected category of workers is at 0.01 per 200,000 hrs worked. The calculation of the rate for "High consequence work-related injuries, incl. fatalities" (2 high consequence-cases and 1 fatality) gives back the groupwide result of 0.013 and for the affected category of "Employees and temporary workers" at 0.015.

Global standardisation for health and safety excellence

Standardisation is an effective tool to improve health & safety performance. RHI Magnesita has a global Health & Safety Management System and seeks certification through external auditors. Safety aspects are also incorporated into standard operating procedures.

The following locations achieved a successful initial certification against ISO 45001 Occupational Health & Safety Management System in 2023:

- Jinan New Emei Plant in Shandong, China.
- Regional headquarters in Shanghai, China.
- RHIM Trading Co Ltd. based in Dalian, China.

RHI Magnesita health and safety guidelines and standards were implemented in newly acquired facilities in China (Jinan New Emei) and India (five plants) during 2023. Due to the ongoing expansion of Group's production network, the integration of other plants has also commenced. We seek to engage with local senior management and the workforce from the beginning to ensure that our values and standards are adopted.

Diversity & inclusion is not a tick-the-box exercise, it's a reflection of the world around us."

Claudia Bergner
Head of People & Culture

Goal

RHI Magnesita seeks to create an environment where every form of diversity is cherished, every voice resonates, and every talent is fostered.

29%

Female representation on Board of directors[1]

28%

Women in leadership roles (EMT + EMT -1)

18%

Senior female roles

1. With the inclusion of the Board Nominated NED, who will be proposed to the 2024 AGM, the gender diversity of the Board is 33%.

Diversity, equity and inclusion

RHI Magnesita is committed to fostering an inclusive culture across its global operations. The Group introduced a new Global Equality Policy in 2023 setting out its commitment to diversity and inclusion irrespective of race, age, gender and sexual orientation.

We are committed to upholding human rights and labour rights. 74% of our employees belong to unions, are represented by works councils or are subject to collective bargaining agreements.

The Group has made significant strides in advancing female representation at senior leadership levels through various initiatives implemented across all regions.

Other noteworthy campaigns and initiatives were launched relating to mental health, including the "RHIMindset" Channel which aims to cultivate a positive and resilient mindset and promotes overall wellbeing at work. Weekly articles on mental health topics, monthly action calendars on wellbeing and other proactive measures further contribute to our employee wellbeing programme.

To improve employee engagement a new employee app was launched in 2023, providing a tailored and de-centralised experience that caters for the diverse needs of our global workforce. Unlike previous platforms with more limited scope, the app is fully accessible for plant employees, including those without a corporate email address. A smart activity feed facilitates personalised and efficient communication, while collaboration sub-spaces promote teamwork and resource sharing.

A culture that supports people in reaching their potential

At RHI Magnesita, our people-centric approach places customer experience and satisfaction at the core of every decision and activity. This customer-centric culture is supported by our four cultural pillars: innovation, openness, pragmatism, and performance. To sustain this culture, we seek to attract, develop, and retain the best talent, embracing a diverse and high-performing workforce. We believe that a diverse and inclusive environment leads to better, faster, and more courageous decision making, resulting in overall improved performance.

Our people continued

Our employees from over 90 countries bring a wide range of experiences, backgrounds, and perspectives with them. We support and encourage a mindset of lifelong learning, and personal and professional growth.

In 2018, we introduced the "culture champions" network with over 60 employees worldwide engaging with colleagues on a regular basis to promote our corporate culture and this work continued in 2023. The Group also promoted unconscious bias training which addresses biases that may impact decision making.

Developing our leaders

Developing an internal talent pool of future leaders has always been a key focus at RHI Magnesita and we are building our leadership pipeline through strategic succession management. Succession planning secures a sustainable pipeline of internal high performers for our most senior and critical positions, which also includes future female leaders. With a global footprint, we aim to reflect the geographic diversity of our business and we have appointed female leaders to senior roles in each of our five regions. We also seek to increase representation from different age groups to enable us to benefit from a multi-generational workforce.

Through our global trainee programme, we aim to attract and retain young talent as the future leaders of our business. In 2023, we introduced a third cohort of global trainees with a 60% female intake. On average, female representation in the three most recent trainee cohorts is 50%.

In 2023, we submitted a report to the FTSE Women Leaders Review, an independent, business-driven framework providing recommendations to enhance the representation of women on the Boards and Leadership teams of the FTSE 350 and 50 of the UK's largest private companies.

Our new Leadership Onboarding Programme equips managers with all the necessary attributes of a leader at RHI Magnesita, covering leadership principles, change management, general business acumen and systems and tools.

Building a diverse and inclusive workforce

At RHI Magnesita we want to reflect the diversity of the world around us and to be a company that is open to receiving the best and brightest talent the world has to offer. Diversity is embedded in our corporate culture. We believe that an inclusive workplace and employee experience covers all aspects of diversity: age, gender, race, ethnic minority, LGBTQIA+ and persons with disabilities.

In 2023, the Group introduced a new Gender Equality Policy. Our Diversity, Equity, and Inclusion (DEI) committee meets regularly to co-ordinate the creation of a workplace that values and supports individuals of all backgrounds.

We want our business to be innovative and productive so we can deliver the best products and services to our customers, and we need diversity to help us achieve this. Our diversity and inclusion strategy provides us with a road map to create an inclusive workplace.

Gender diversity

As part of the Group's ongoing efforts to promote gender diversity, a partnership with Female Factor has been established to boost leadership skills and confidence among our female colleagues, while raising awareness of gender balance through workshops and webinars. RHI Magnesita further reinforces these efforts through initiatives such as EmpowerHER, an internal development academy for female talents, and maintaining a gender balance ratio in our Global Trainee Programme for 2024. Our collaboration with "SHEgoesDIGITAL" aligns with our commitment to promoting the role of women in the digital sector, helping young talents of all backgrounds to develop an interest in careers in information technology.

The Group also launched a Global Internal Mentoring Programme, an initiative designed to empower and elevate careers at RHI Magnesita, with a special focus in 2023 on encouraging female leadership within our organisation.

As of the end of 2023, board female representation stood at 29%, while 28% of all senior leadership positions, including the EMT and direct reports, are held by females. Our goal is to increase the share of female leaders at EMT -1 level to 33% by 2025. Board diversity will be restored to 33% if shareholders approve the nomination of Katarina Lindström to the Board at the 2024 AGM.

Sustainability

Our communities

Related SDGs

As our Group continues to expand, maintaining robust and positive relationships with our local communities is integral to our ongoing success. Our sites are located in diverse and sometimes remote regions and it is essential for us to understand local context. We regularly engage and consult with our stakeholders, seeking to understand and respect their interests and priorities.

In 2023, 'Health and medical care' was approved by the Corporate Sustainability Committee as a new community investment pillar to align the Group's community strategy with the practical reality of local spending priorities.

The Group funded more than 220 community initiatives globally during the year, focused on the three main pillars of (i) education and youth development; (ii) health and medical care, and (iii) environment. Depending on local needs, we may also support projects in other areas including wellbeing, arts and culture, and emergency relief. The Group encourages employees to participate in and support volunteering activities.

The community investment programme is often carried out in partnership with local non-governmental organisations and reputable entities who implement projects aimed at fostering enduring social and environmental improvements in communities close to our operations.

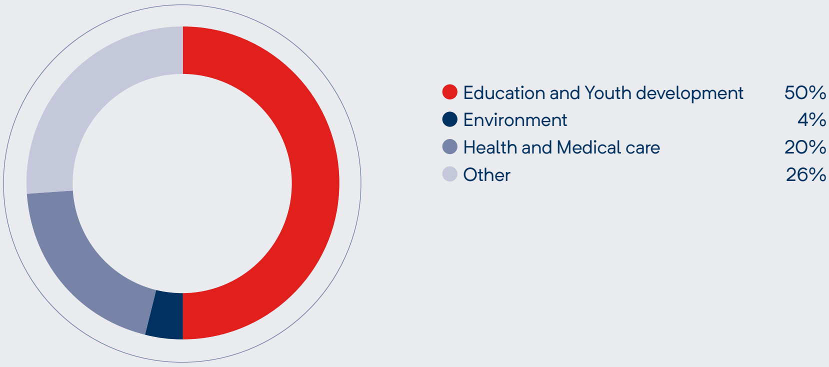
Our pillars

Our approach to community investment has been developed based on the UN Global Compact, focusing on three main pillars:

Education and youth development

RHI Magnesita recognises the importance of empowering individuals through education and skill development initiatives. Our focus is on supporting programmes that promote access to high quality education, vocational training, and lifelong learning opportunities. By investing in education, the Group aims to support community members with the necessary tools to succeed and contribute to the growth of their communities.

Community spend 2022 by focus area



We aim to create and support programmes that engage young people in intentional, dynamic and valuable ways while recognising and enhancing their strengths.

Health and medical care

The Group is committed to improving the health and medical care of communities where it operates. Investments are directed towards initiatives that address healthcare accessibility, disease prevention, mental health support, and promoting healthy lifestyles. By prioritising health and medical care, the Group aims to create healthier and more resilient communities and improve community relations.

Environment

RHI Magnesita is committed to addressing climate change and the protection of the environment. The Group's investments focus on supporting projects that promote environmental protection, waste reduction, conservation of natural resources, and other sustainable practices.

CASE STUDY — EMPOWERMENT & VOLUNTEERING

Brazil social empowerment projects

A social empowerment project engaged over 180 women from vulnerable economic situations in a unique Christmas decoration course, resulting in the manual creation of more than 5,000 decorations using recyclable materials. Women from various communities in Contagem and Brumado were empowered through training in upcycling techniques, encouraging creativity and providing a potential source of income.

“Magic Christmas” extended its impact, reaching over 700 children from social projects in Contagem, Ponte Alta, and Brumado. In this initiative, children express wishes for gifts which are matched through an internal campaign within the company. Employees enthusiastically embrace the initiative which has a clear positive impact for local children.

The campaign was orchestrated by the Volunteer Programme of the Company, with the support of 80 volunteers and over 200 “godparents”. RHI Magnesita’s “Magic Christmas” project combines sustainability, community support, and festive spirit, creating lasting memories and fostering goodwill.

On behalf of the communities, I would like to thank you for everything you have done for our us. What a beautiful moment, what enchantment, what fun, what love, what smiles, our children were overflowing with joy. Thank you to all the volunteers, for their commitment, for the beauty of the event, thank you all.”

Katiane Leite
Community leader, Brumado-Bahia-Brazil

Our initiatives

Youth development, Casa de Apoio, Contagem, Brazil

RHI Magnesita’s partnership with Casa de Apoio has been in place since 2019 and yielded tangible results for local young people, with numerous initiatives contributing to the education and empowerment of vulnerable communities.

In 2023, RHI Magnesita supported 64 talented students from the Casa de Apoio social project with sewing classes and fully equipped facilities, in a fashion design project called “Ponto da Moda”. The project celebrated local culture, art and cuisine.

RHI Magnesita’s partnership with Casa de Apoio goes beyond education, encompassing sport, music and artistic workshops, digital inclusion, and holistic support for children, teenagers, and families in need. Since 2019, more than 2,160 children and teenagers have been served directly. 60 elderly people and more than 10,000 adults benefited indirectly.

Education, Jinan, China

RHI Magnesita sponsored a primary school located in Laiwu District, Jinan City, including the donation of 400 school bags to students Supporting primary education contributes to academic development as well as improving community relations.

Volunteering

RHI Magnesita encourages staff volunteering to increase community engagement and to make a positive impact on the communities in which we operate.

A volunteering programme in the Vienna Headquarters was fully implemented in 2023, serving as a pilot scheme for other regions and paving the way for the establishment of a permanent volunteering programme. Each employee in Vienna is granted one day of paid volunteering leave per year.

“When the Others Plant Trees”, Pfaffstätten, Austria

Volunteers engaged in a conservation initiative within the Glaslauterriegel-Heferlberg-Fluxberg nature reserve in Austria.

Partnering with the Landschaftspflegeverein Thermenlinie-Wienerwald-Wiener Becken (LPV), RHI Magnesita volunteers removed hazelnut bushes, rowan trees, and barberries, significantly contributing to the preservation of

CASE STUDY — YOUTH DEVELOPMENT

India youth development projects

The Group funded an initiative in India with Don Bosco Tech focusing on short-term skill training spanning two months followed by job placements for underprivileged youth. Participants included 380 girls and 340 boys, with training programmes encompassing customer care, sewing machine operation, data quality analysis, desktop publishing, food & beverage service, domestic electrician, and general duty assistant roles. These vocational skills align with market demands, offering direct pathways to gainful employment.

Trained individuals will be contributing to the local economy by meeting skill gaps in various industries. This helps businesses thrive and stimulates economic growth in these regions. The initiative is supported by a strategic MoU signed in 2023. RHI-Magnesita's committed contribution is approximately €200,000. Objectives are scheduled for accomplishment by March 2024, aligning with the end of the India financial year.

I completed the Food & Beverage Service course from Don Bosco Tech Society. Now I have been selected by Paradise Food Court in Hyderabad as team member, so I am thankful to Don Bosco Tech Society and RHI Magnesita for helping me to get this opportunity!"

Ahtesham Ali
2023, Chaibasa, India

dry grasslands. These grasslands are renowned as one of Austria's most species-rich habitats, playing a pivotal role in supporting various insects and rare species of butterflies.

Engaging in this initiative heightened awareness of biodiversity and climate protection, as the preservation of grasslands is positive for CO_2 sequestration.

RHI Magnesita and environment protection, Dalian, China

Over 200 employees in China participated in a project themed "Reduce the use of plastic bottles. Protect our Environment." This collective commitment involves saying "No" to plastic water bottles and other plastic products, advocating the use of reusable containers made from glass or ceramics.

Internal records indicate that prior to the project, the Dalian plant generated over 60,000 waste plastic water bottles, highlighting the pressing issue of plastic pollution. To address this, the initiative provides practical tips for reducing plastic waste in daily life, such as rejecting plastic straws, opting for eco-friendly bags, choosing cartons or glass containers over plastic, and buying food in bulk to minimise packaging waste.

Indigenous people

RHI Magnesita recognises and respects Indigenous peoples, their rights and heritage, knowledge, and practices. None of the Group's operational sites are located close to any Indigenous communities. RHI Magnesita supports the strengthening of legal recognition for Indigenous territories including protection against illegal mining and guaranteeing Indigenous people a strong voice in local and global dialogues that affect their future.

GRI Index

RHI Magnesita Global Reporting Initiative Standards Index 2023

Disclosure number	Description	Location/page Annual Report 2023	Additional content
GRI 1 Foundation 2021			
	Statement of use		RHI Magnesita has reported in accordance with GRI Standards for the period 1 January 2023 to 31 December 2023.
	Applicable GRI Sector Standards		None
GRI 2 General Disclosures			
The Organisation and its reporting practices			
GRI-2-1	Organisational details	5, 265	See Global refractory production network
GRI-2-2	Entities included in the organisation's sustainability reporting	61	See details in the management of material topics
GRI-2-3	Reporting period, frequency and contact point	61	Contact: sustainability@rhimagnesita.com
GRI-2-4	Restatement of information	62,77	See 2025 Targets table; Energy Use
GRI-2-5	External assurance	61	RHI Magnesita commissioned Deloitte Audit Wirtschaftsprüfungs GmbH for an independent third-party limited assurance engagement on the non-financial report for the year ended 31 December 2023, according to the Taxonomy Regulation ((EU) 2020/852) and GRI Standards. For more information, click **here** for more details on the assurance process and conclusions.
Activities and workers			
GRI-2-6	Activities, value chain and other business relationships	2-5, 65-69	
GRI-2-7	Employees	—	a. Total number of employees by employment contract (permanent and temporary) and by gender (headcount): • Permanent: 13,285 (of which 11,560 male, 1,725 female) • Temporary: 1,492 (of which 1,096 male, 326 female) b. Total number of employees by employment contract (permanent and temporary), by region (headcount): • Western Europe: Permanent: 3,175; Temporary: 472 • Eastern Europe: Permanent:172; Temporary: 20 • Near and Middle East: Permanent: 508; Temporary: 22 • South America: Permanent: 4,410; Temporary: 190 • North America: Permanent 1,320; Temporary: 88 • Asia Pacific: Permanent: 3,652; Temporary: 697 • Africa: Permanent: 48; Temporary: 3 c. Total number of employees by employment type (full-time and part-time), by gender (headcount): • Full time: 15,659 • Part time: 227 • Full time male: 13,568 • Full time female 2,091 • Part time male: 66 • Part time female: 161
GRI-2-8	Workers who are not workers	—	For 2023, an estimation would result in an average FTE of 1.100 without newly acquired sites. The Group is evaluating a methodology to compile this KPI.

Disclosure number	Description	Location/page Annual Report 2023	Additional content
Governance			
GRI-2-9	Governance structure and composition	107-146, 64	See Governance Chapter, Sustainability Governance
GRI-2-10	Nomination and selection of the highest governance body	108	See The Board in 2023
GRI-2-11	Chair of the highest governance body	108,130	Herbert Cordt, Chairman of the Board of Directors
GRI-2-12	Role of the highest governance body in overseeing the management of impacts	61	See Board powers, responsibilities and representation
GRI-2-13	Delegation of responsibility for managing impacts	115	See EMT and delegation of authority
GRI-2-14	Role of the highest governance body in sustainability reporting	119, 140-141	See Chairman of Corporate Sustainability Committee
GRI-2-15	Conflict of interest	66, 115	See Business & Ethics, Conflicts of Interest
GRI-2-16	Communication of critical concerns	66,117	See Business & Ethics, Whistleblowing
GRI-2-17	Collective knowledge of highest governance body	116	See Skills and experience
GRI-2-18	Evaluation of the performance of highest governance body	111	See Board performance review
GRI-2-19	Remuneration policies	146-172	See Remuneration Committee Report
GRI-2-20	Process to determine remuneration	148,151	See Implementation of the Remuneration Policy for 2024
GRI-2-21	Annual total compensation ratio	148	See Annual bonus, 2024 LTIP: Performance metrics
Strategy, policies and practices			
GRI-2-22	Statement on sustainable development strategy	108	See Sustainability, stakeholder and strategy
GRI-2-23	Policy commitments	114,141	See Culture and purpose; Compliance programme For more details, see also **here**
GRI-2-24	Embedding policy commitments	45-57	See Risk management approach
GRI-2-25	Processes to remediate negative impacts	118	See Board operation RHI Magnesita follows the precautionary principle in all its operations. All major operations in the EU follow the requirements of the EU IPPC Directive on the precautionary principle. Operations outside the EU follow the precautionary principle in line with national regulatory requirements. For more details, see also **here**
GRI-2-26	Mechanisms for seeking advice and raising concerns	143	See Whistleblowing programme
GRI-2-27	Compliance with laws and regulations	—	There were no significant instances of non-compliance with laws and regulations that resulted in fines or sanctions during the reporting period according to Management. Provisions for potential litigations can be seen on Annual Report 2023, Notes 39. The Group will work to establish a comprehensive approach to report this indicator.

GRI Index continued

RHI Magnesita Global Reporting Initiative Standards Index 2023 continued

Disclosure number	Description	Location/page Annual Report 2023	Additional content
GRI-2-28	Membership of associations	—	• World Refractories Association (WRA) • European Refractories Producers Federation (PRE), via the Austrian Mining and Steel Association of the Austrian Federal Economic Chamber • Austrian Mining and Steel Association • The Austrian Society for Metallurgy and Materials (ASMET) • German Refractory Industry e.V (DFFI) • Brazilian Association of Metallurgy, Materials & Mining (ABM) • Brazilian Association of Refractories Producers (ABRAFAR) • SIRef/MG (Minas Gerais State Refractory Industry Union) • Latin-American Association of Refractories Producers (ALAFAR) • SIR (Brazilian Refractory Industry Union) • Industriellenvereinigung (Federation of Austrian Industries) • The European Ceramic Industry Association (Cerame-Unie) • Euromines • European Technical Platform of Sustainable Mineral Resources (ETPSMR) • European Cement Research Academy (ECRA) • American Ceramic Society • Bergmännischer Verband Österreichs (BVÖ) • US National Lime Association • Respact • Global Compact Network Austria • Transparency International
Stakeholder engagement			
GRI-2-29	Approach to stakeholder engagement	122-127	See Stakeholder engagement report
GRI-2-30	Collective bargaining agreements	81	See Diversity, Equity and Inclusion
GRI 3 Material topics 2021			
GRI-3-1	Process to determine material topics	60-61	See Materiality
GRI-3-2	List of material topics	61	See Materiality
Economic Performance 2016			
GRI-201-1	Direct economic value generated and distributed	83-85	See Our communities
GRI-201-2	Financial implications and other risks and opportunities due to climate change	99-105	See TCFD Report
Anti-corruption 2016			
GRI-3-3	Management of material topics	—	RHI Magnesita's Code of Conduct outlines anti-corruption, conflicts of interest, and gifts & invitations policies. There are digital workflows in place to report potential conflicts of interest, seek pre-approval for gifts & invitations, and process proposals for community contributions. An independently operated whistleblowing hotline is available for employees and third parties to report potential violations. Regular reporting to executive management, regional management, and the Audit & Compliance Committee is conducted regarding key compliance issues. There is an annual audit of anti-bribery & corruption controls. Business partners (e.g. customers, sales intermediaries and suppliers) and transactions such as mergers or acquisitions are subject to a due diligence process. All sales agents are certified by Ethixbase360 (former TRACE International), a leading international organisation specialised in third-party due diligence solutions and all suppliers are expected to follow the Supplier Code of Conduct.
GRI-205-1	Operations assessed for the risk of corruption	64	See Business & Ethics
GRI-205-2	Communication and training about anti-corruption policies and procedures	64	See Business & Ethics
GRI-205-3	Confirmed incidents of corruption and actions taken	64	See Business & Ethics

Disclosure number	Description	Location/page Annual Report 2023	Additional content
Materials 2016			
GRI-3-3	Management of material topics	—	• Base year 2018 • New acquisitions conducted in 2022-2023 not considered
GRI-301-1	Materials used by weight or volume	—	Not available
GRI-301-2	Percentage of recycled input materials used to manufacture the organization's primary products and services	72	See Recycling
GRI-301-3	Reclaimed products and their packaging materials	—	Not available
Energy 2016			
GRI-3-3	Management of material topics	—	Base year 2018 • Acquisitions conducted in 2023 for the most part included (two small sites in USA and Italy not considered) • Transportation, sales offices and other administrative buildings not included
GRI-302-1	Energy consumption within the organisation	77	See Energy Use
GRI-302-2	Energy consumption outside the organisation	—	Not applicable
GRI-302-3	Energy intensity	77	See Energy Use
GRI-302-4	Reduction of energy consumption	77	See Energy Use
GRI-302-5	Reductions in energy requirements of products and services	77	The Group strives to have all sites supplied with renewable sources of electricity; 64% of our sites have green electricity.
Emissions 2016			
GRI-3-3	Management of material topics	—	• Base year 2018 • Acquisitions conducted in 2023 for the most part included (two small sites in USA and Italy not considered) • Transportation, sales offices and other administrative buildings not included. • Historical CO_2 emission data were revised to reflect new acquisitions.
GRI-305-1	Direct (Scope 1) GHG emissions	70	Biogenic emissions (thousand tonnes): 2018: 5; 2019: 8; 2020: 10; 2021: 13; 2022: 13; 2023:17 For questions on the emission factors and calculation methods, please contact: sustainability@rhimagnesita.com
GRI-305-2	Energy indirect (Scope 2) GHG emissions	70	For questions on the emission factors and calculation methods, please contact: sustainability@rhimagnesita.com
GRI-305-3	Other indirect (Scope 3) GHG emissions	70	Reported Scope 3 covers only CO_2 emissions from purchased raw materials. For questions on the emission factors and calculation methods, please contact: sustainability@rhimagnesita.com
GRI 305-4	GHG emissions intensity	63	See 2025 Targets table
GRI 305-5	Reduction of GHG emissions	59	See Our planet
GRI 305-6	Emissions of ozone-depleting substances (ODS)	—	Not applicable
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	63	Not available

GRI Index continued

RHI Magnesita Global Reporting Initiative Standards Index 2023 continued

Disclosure number	Description	Location/page Annual Report 2023	Additional content
Employment 2016			
GRI-401-1	New employee hires and employee turnover	—	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. i. Age group Under 30 years old: 1,311 (51.5% – headcount 2,546) 30 – 50 years old: 2,603 (26.5% – headcount 9,818) Over 50 years old: 1,038 (29.5% – headcount 3,521) Excluding seasonal staff Total: 4,952 (31.2%) ii. Gender Male: 4,258 (31.2%) Female: 694 (30.8%) iii. Region Western Europe: 929 (22.7%) Eastern Europe: 790 (92.4%) Near and Middle East: 123 (23.2%) South America: 862 (18.7%) North America: 436 (31.0%) Asia Pacific: 1,802 (41.4%) Africa: 10 (19.6%) Excluding seasonal staff Total: 4,952 (31.2%) b. Total number and rate of employee turnover during the reporting period, by age group, gender and region. i. Age group Under 30 years old: 880 (34.6%) 30 – 50 years old: 1,609 (16.4%) Over 50 years old: 617 (17.5%) ii. Gender Male: 2,633 (19.3%) Female: 473 (21.0%) iii. Region Western Europe: 705 (17.2%) Eastern Europe: 5 (0.6%) Near and Middle East: 101 (19.1%) South America: 1,239 (26.9%) North America: 404 (28.7%) Asia Pacific: 648 (14.9%) Africa: 5 (9.8%)
GRI-401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—	Benefits vary across locations. Full data is not available
GRI-401-3	Parental leave	—	b. Total number of employees that took parental leave, by gender. Total: 73 (Male: 46 (63%); Female: 27 (44%)) c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. Total: 72 (Male: 43 (60%); Female: 29 (40%)) d. Total number of employees who returned to work after parental leave ended were still employed 12 months after their return, by gender. Total: 50 (Male: 34 (68%); Female: 16 (32%)) e. Return to work and retention rates of employees that took parental leave, by gender. Return to work rate: Total: 70 (Male: 41 (58%); Female: 29 (42%)) Retention rate: see GRI401-3 c
Occupational Health & Safety 2018			
GRI-3-3	Management of material topics	—	All RHI Magnesita employees and contracted workers under direct control as well as contracted workers without direct control considered. For 2023, Health & Safety data are partially considering following acquisitions: One plant in China (Jinan New Emei) and further 5 plants in India (Jamshedpur, Bhilai, Rajgangpur, Dalmiapuram Khambalia). Further sites are starting the integration of data reporting during 2024.
GRI-403-1	Occupational Health & Safety Management System	79	Occupational Health & Safety is part of RHI Magnesita's Integrated Management System (IMS) with respective policy and procedures.

Disclosure number	Description	Location/page Annual Report 2023	Additional content
GRI-403-2	Hazard identification, risk assessment, and incident investigation	80	Global procedure for hazard identification and risk assessment as part of IMS implemented. For incident investigations the methodology of 5-Whys and Fishbone are commonly applied.
GRI-403-3	Occupational Health Services	80	
GRI-403-4	Worker participation, consultation, and communication on occupational health and safety	—	For global aspects to be considered as well as for local, detailed information RHIM provides Safety boards, daily/weekly safety talks, participation of workforce-representatives in Safety Committees (also represented at the CSC — Corporate Sustainability Committee).
GRI-403-5	Worker training on occupational Health & Safety	14,80	Beside legally required trainings for specific tasks and exposures, all persons visiting our operational sites need to attend a standardised basic Safety-training.
GRI-403-6	Promotion of worker health	80	RHI Magnesita provides in every location a set of health promotion offers and activities for which the participation rate for employees is measured. Health Projects Rate (HPR) =8,68.
GRI-403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	79	RHIM performs onsite services (OSS) at customer operational facilities for which the same global requirements as per IMS (integrated management system) and respective Global H&S Guidelines apply (unless the customers' requirements are even more stringent than RHI Magnesita's.
GRI-403-8	Workers covered by an occupation Health & Safety Management System	79	All RHI Magnesita employees (incl. trainees, interns), temporary workers and (sub-) contractors under direct control and supervision of RHI Magnesita.
GRI-403-9	Work-related injuries	80	a. i.: 1 work-related fatality, employee. RHIM Group FAR = 0.04; ii.: 3 high-consequence cases = 1 FAT + 2 "Serious Injuries"; iii.: Total number of recordable work-related injuries = 326; (incl. FAT, LTI, MTI, FAI); iv.: About 1/3 of all injuries resulted in contusion and another 1/3 in cut/stitch and sprain/strain. In addition, 12.5% of injuries were fractures; v.: Hours Worked Total (Group): 45,817,391 hrs, split into 26,475,317 for Employees/Temporary Workers and 19,342,074 for Contractors. b. i -iv.:Not available; v: see item a. c. i-iv.: Not available; v: see item a. d., e., f. and g.: see page 80
GRI-403-10	Work-related ill health	80	a. Not available b. Not available c. and d. RHIM monitors all H&S-related hazards, especially also those posing a risk of ill-health, like noise, dust, volatile organic compounds; implementation of actions and provision of information to all affected workforce included. e. Not available
Diversity and equal opportunity 2016			
GRI-3-3	Management of material topics	—	• Base year: 2018 • Focus on Gender Diversity (Board and senior levels)
GRI-405-1	Diversity of governance bodies and employees	—	a. Percentage of individuals within organization's governance bodies in each of the following diversity categories: i. Gender Executive Management Team (including the Executive Directors): Male: 4 (67%) Female: 2 (33%) ii. Age group: under 30 years old, 30-50 years old, over 50 years old Under 30 years old: 0 (0%) 30 - 50 years old: 2 (33%) Over 50 years old: 4 (67%) b. Percentage of employees per employee category in each of the following diversity categories: i. Gender Male: 13,634 (86%) Female: 2,252 (14%) Salaried staff: Male: 5,458 (40%); Female: 1,784 (79.21%) Wage earners: Male 7,969 (58.45%): Female: 362 (16%) ii. Age group: under 30 years old, 30-50 years old, over 50 years old: Salaried staff: Under 30 years old: 1,062 (42%); 30-50 years old: 4,674 (47.6%); over 50 years old: 1,506 (43%) Wage earners: Under 30 years old: 1,174 (46%); 30-50 years old: 4,674 (47.6%); over 50 years old: 1,506 (43%)

GRI Index continued

RHI Magnesita Global Reporting Initiative Standards Index 2023 continued

Disclosure number	Description	Location/page Annual Report 2023	Additional content
GRI-405-2	Ratio of basic salary and remuneration women to men	—	Considering positions Professional Junior positions and above (BPG 10 and above) and information registered for December 31 2023, the average of compa-ratio (the ratio between employee current salary to the salary range midpoint assigned to the position) split by men and women was: Men:93,3% and Women: 89,9%
Non-discrimination 2016			
GRI-3-3	Management of material topics	—	The Code of Conduct of an organisation covers the topic of human rights, such as non-discrimination, prohibition of child or forced labour. RHIM's Code of Conduct is available in 10 different languages and was last reviewed in November 2022. In addition, the organization provides a whistleblowing hotline and other reporting channels for employees and third parties to report any violations of the Code of Conduct. All reports are investigated by the Internal Audit, Risk & Compliance department.
GRI-406-1	Incidents of discrimination and corrective actions taken	—	No incidents in 2023.
Human rights assessment			
GRI-412-1	Operations that have been subject to human rights reviews or impact assessments	—	See more details **here**, available on our website
GRI-412-2	Employee training on human rights policies or procedures	64	Human rights e-learning was launched in Dec 2023. Approx 1700 employees have already completed the training.
GRI-412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—	Not available
Supplier Social Assessment 2016			
GRI-414-1	New suppliers that were screened using social criteria	68	Supplier assessments through EcoVadis
GRI-414-2	Negative social impacts in the supply chain and actions taken	68	Supplier assessments through EcoVadis and on-site audits
Supplier Environmental Assessment 2016			
GRI-308-1	New suppliers that were screened using environmental criteria	68	Supplier assessments through EcoVadis
GRI-308-2	Negative environmental impacts in the supply chain and actions taken	-	a. Number of suppliers assessed for environmental impacts: 817 b. Number of suppliers identified as having significant actual and potential negative environmental impacts: 1(One) c. Significant actual and potential negative environmental impacts identified in the supply chain: 1(one) d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment: 0.001% e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why: 0%

Sustainability

ESG/EU Taxonomy

Our performance in ESG rankings

AA	Gold
MSCI	2023 ecovadis Sustainability Rating
Prime C+	A-
ISS ESG	CDP DISCLOSURE INSIGHT ACTION

ESG ratings and recognitions

RHI Magnesita was recognised for its sustainability disclosure in 2023 by the UK and Ireland Corporate Governance Institute. The Group achieved an A- rating from CDP, placing it in the esteemed Leadership band. The Group has also been industry top-rated by Sustainalytics and maintains a “AA” rating from MSCI. RHI Magnesita kept its existing “Gold” status rating from EcoVadis, achieving an overall ESG score of 72 out of 100, amongst the top 5% of rated companies. Regionally, RHI Magnesita was awarded the Corporate Environmental Achievement Award from the American Ceramic Society (ACerS), recognising the impact RHI Magnesita has on sustainability within the refractory industry and beyond.

EU Taxonomy

The EU Taxonomy Regulation (“EU Taxonomy”) applies in respect of the financial year to 31 December 2023 and requires the Group to report annually on the proportion of its turnover, operating expenditure and capital expenditure attaching to economic activities that are considered to be environmentally sustainable.

The EU Taxonomy identifies the six environmental objectives: climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and the protection and restoration of biodiversity and ecosystems. In respect of the 2023 financial year, the Group, RHI Magnesita has reviewed its activities that qualify as eligible and aligned according to the published technical screening criteria for climate change mitigation and adaptation, including amendments to Article 8. Additionally, the Group is reporting eligibility on the other four EU environmental objectives according to the technical screening criteria specified in the Taxonomy Environmental Delegated Act. As no sector-specific guidance for the refractory industry has been published yet and therefore the Group is required to use its own judgement against the eligibility criteria.

The NACE (the statistical classification of economic activities in the European Community) codes most closely describing the activities of the Company are “23.20 Manufacture of refractory products” and “08.99 Other mining and quarrying”. These NACE codes are not listed in Annex I or Annex II of the Taxonomy Regulation, but certain activities carried out by the Group do meet the definitions of economic activities listed in Annex I of the Regulation. As elaborated further by the Commission on Taxonomy, if the NACE code of an economic activity is not mentioned in the Climate Delegated Act, but the economic activity corresponds to the description of the activity, it can qualify as Taxonomy eligible.

The EU Taxonomy distinguishes between taxonomy eligibility and taxonomy alignment. An economic activity can be considered eligible if it is listed in the annexes of Taxonomy regulation. However, in order to be considered “aligned”, further Technical Screening Criteria (TSC) must be met. This requires a further assessment of the eligible activities identified. The TSC comprise of Substantial Contribution plus the Do-No-Significant-Harm criteria (DNSH) for each of the environmental objectives associated with the relevant business activities. Additionally, the Minimum Social Safeguards (MSS) at the corporate level have to be met. The overall aim of this process is to establish the taxonomy-eligibility and alignment.

The EU Taxonomy Alignment refers to the process of aligning the EU’s Taxonomy Regulation with existing and proposed national and international sustainable finance initiatives.

Accounting policy

RHI Magnesita N.V. prepares consolidated financial information in accordance with generally accepted accounting principles under IFRS, as adopted by the EU and the financial information for turnover, operating expenditure and capital expenditure presented under the EU Taxonomy has been prepared under the same accounting principles.

Taxonomy eligible activities of RHI Magnesita

The following RHI Magnesita’s economic activities are outlined in the annexes of EU Taxonomy Delegated Acts and therefore, are deemed eligible:

- CCM 3.6 Manufacture of other low carbon technologies.
- CCM 5.9 Material recovery from non-hazardous waste.
- CE 2.7 Sorting and material recovery of non-hazardous waste.
- BIO 1.1 Conservation and restoration of habitats, ecosystems, and species.

R&D supports eligible economic activities, allocated accordingly. GHG emission avoidance related to R&D is not material, and therefore, not reported separately.

Manufacture of other low carbon technologies

The economic activity CCM 3.6 “Manufacture of other low carbon technologies” covers the “Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy”.[1]

EAF refractories

RHI Magnesita provides refractory products specifically designed for EAFs. Additionally, RHI Magnesita provides solutions and services to its customers to reduce their GHG emissions, including digital solutions as well as advanced refractory products.

EAFs are a vital enabling technology for the reduction of CO_2 emissions in the steel industry. EAFs can be powered using electricity sourced partially or wholly from renewable electricity and replace the BOF phase of the traditional integrated steel manufacturing process, which pairs a blast furnace with a BOF and is highly CO_2 intensive. To replace a BOF, EAF steelmaking requires scrap steel, and a source of virgin iron like DRI or pig iron produced from the reduction of iron ore. EAF steelmaking requires a source of scrap steel or sponge iron produced from the reduction of iron ore.

DRI using elevated levels of or exclusively hydrogen and is a new technology under development that seeks to eliminate CO_2 emissions from the reduction of iron ore in blast furnaces using coke. If sufficient quantities of hydrogen manufactured from renewable sources can be accessed and if a DRI furnace can be paired with an EAF for the second stage of the steelmaking process that is also powered by renewable energy, CO_2 emissions from steel production can be largely eliminated. A key limiting factor for increased DRI production is currently the availability of suitable iron ore, as DRI production requires highest quality iron ore pellets while blast furnaces can consume almost any kind of iron ore facing no restrictions.

EU Taxonomy continued

RHI Magnesita has a leading market position in EAF-specific refractories, services and solutions, in part due to the unique chemical composition of the Group's vertically integrated raw material supply. EAF refractories produced by RHI Magnesita directly enable substantial reductions in CO_2 emissions at steel plants, as the EAF output is displacing steel that would otherwise have been produced using a blast furnace and BOF.

In its EU taxonomy disclosure for the year to 31 December 2022, RHI Magnesita used its own judgement to categorise the sale of EAF refractories as both an eligible and aligned activity according to CCM 3.6 "Manufacture of other low carbon technologies". This assessment was based on widely available public information from multiple sources which substantiated that the production of steel through scrap or DRI fed Electric Arc Furnaces could result in significantly lower CO_2 emissions than the traditional integrated steelmaking process, using blast furnaces and basic oxygen furnaces.

On 20 October 2023, the EU Commission published guidance on the implementation and interpretation of the EU Taxonomy Climate Delegated Act which specified verification requirements for certain activities. The verification requirements in the guidance stipulate that an external verifier must provide an independent report to support compliance with alignment criteria. The Group is unable to fulfil this verification requirement in respect of the 2023 financial year but intends to obtain suitable independent verification in the future. For the financial year to 31 December 2023, sales of Electric Arc Furnaces have been excluded from its Taxonomy aligned activities and have also been removed from the 2022 comparative year disclosure. Sales of Electric Arc Furnaces remain Taxonomy eligible and continue to be disclosed as eligible activities in both 2023 and 2022.

Digital solutions and other products that increase energy efficiency

RHI Magnesita offers digital solutions and associated physical equipment which achieve CO_2 emissions reductions through process efficiencies, such as wear monitoring and gunning repairs to extend the safe working life of refractory linings. Safely extending the working life of refractory linings can achieve significant energy savings for steel producers by reducing the number of heating and cooling cycles required per unit of steel output.

The Group also offers advanced refractory products which enable its customers to substantially reduce GHG emissions by reducing electricity consumption, improving yield and reducing oxygen consumption, saving up to 13kg CO_2 per tonne of steel produced.

Other solutions and products which directly contribute to CO_2 emissions reductions at customers' sites include cold setting mixes, EAF direct purging plugs and converter inert gas purging.

Material recovery from non-hazardous waste

The activity CCM 5.9 Material recovery from non-hazardous waste covers the "construction and operation of facilities for the sorting and processing of separately collected non-hazardous waste streams into circular raw materials involving mechanical reprocessing, except for backfilling purposes."

RHI Magnesita increased its SRM input to 12.6% of raw material used in production of refractories. As part of this effort, RHI Magnesita operates facilities for the sorting and processing of spent refractories from customers' industries. Circular raw materials which are mechanically processed by RHI Magnesita and transformed from waste to raw material are eligible for consideration under the EU Taxonomy, whilst circular raw material processed by a third party and purchased externally by the Group are non-eligible.

Sorting and material recovery of non-hazardous waste

The activity CE 2.7 "Sorting and material recovery of non-hazardous waste" covers "Construction, upgrade, and operation of facilities for the sorting or recovery of non-hazardous waste streams into high quality secondary raw materials using a mechanical transformation process".

RHI Magnesita actively collaborates in the transition to a circular economy through the sorting and material recovery of non-hazardous waste. This encompasses the construction, upgrade, and operation of facilities for sorting or recovering non-hazardous waste streams into high-quality secondary raw materials using mechanical transformation processes. Across various sites, RHI Magnesita engages in sorting non-hazardous waste, recovering materials for use as secondary raw materials in its refractory production, aligning with the EU taxonomy criteria.

Conservation and restoration of habitats, ecosystems and species

The activity BIO 1.1 "Conservation and restoration of habitats, ecosystems and species" covers in-situ conservation and restoration activities aligned with Convention on Biological Diversity".

RHI Magnesita is committed to the protection and restoration of biodiversity and ecosystems, specifically through the conservation and restoration of habitats, ecosystems, and species. RHI Magnesita's engagement in-situ conservation and restoration activities aligns with the Convention on Biological Diversity's definition and applies to its open-pit mining operations, where recovery of ecosystems and habitats is planned and executed.

The Group operates multiple mines, where a crucial aspect of open-pit mining involves restoring ecosystems and habitats. In 2023, recultivation activities occurred at seven sites.

KPIs

Share of Taxonomy-eligible revenue, operating expenditure and capital expenditure — climate change mitigation, transition to circular economy, and protection and restoration of biodiversity and ecosystems.

Turnover

The turnover KPI is calculated as the ratio of turnover associated with taxonomy-eligible and/or aligned economic activities in the reporting period to total turnover in that period. The total turnover of the financial year 2023 of €3.6 billion forms the denominator of the turnover key figure and can be taken from the Consolidated Income Statement on page 2 of this Annual Report.

The following eligible and/or aligned activities have been identified as relevant in view of turnover:

- CCM 3.6 Manufacture of other low carbon technologies.
- CCM 5.9 Material recovery from non-hazardous waste.
- CE 2.7 Sorting and material recovery of non-hazardous waste.

Most of our Taxonomy-eligible turnover (numerator) are reported under Activity CCM 3.6. "Manufacture of other low carbon technologies". The only portion of our turnover Taxonomy-aligned is reported under Activity CCM 5.9 "Material recovery from non-hazardous waste". A thorough analysis of turnover KPI drivers during the reporting period considered diverse revenue sources, including customer contracts and lease income. About 90% of materials recovered by the Group from non-hazardous waste are consumed internally. Therefore, the 2023 financials now include external Turnover from material recovery in non-hazardous waste.

Capital expenditure

The capex KPI is defined as Taxonomy-eligible capex (numerator) divided by total capex (denominator), for the financial year, ended December 31, 2023.

The following eligible activities have been identified as relevant regarding the capital expenditure KPI:

- CCM 3.6 Manufacture of other low carbon technologies.
- CCM 5.9 Material recovery from non-hazardous waste.

1. RHI Magnesita offers products and services which help to make CO_2-intensive processes in the steel industry more efficient and therefore achieve emissions reductions in the global steel industry.

- CE 2.7 Sorting and material recovery of non-hazardous waste.

The project descriptions of the additions of assets in the reporting year served as a basis for the necessary identification.

Taxonomy-eligible capex (numerator) is an aggregation of addition to property, plant and equipment reported under Activity CCM 5.9 "Material recovery from non-hazardous waste" and Activity CE 2.7 "Sorting and material recovery of non-hazardous waste"; and to internally generated intangible assets reported under Activity CCM 3.6 "Manufacture of other low carbon technologies". No eligible capex related to acquisitions through business combinations is reported. There is neither a capex plan to expand RHI Magnesita's Taxonomy-aligned economic activities nor to upgrade Taxonomy eligible economic activities to render them Taxonomy-aligned. The total capital expenditures in line with point 1.1.2.1. Annex 1 of the Disclosure Delegated Act equal the denominator.

Total capex consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38), right-of-use assets (IFRS 16) and investment properties (IAS 40).

Operating expenditure

The denominator of the operating expenditure KPI shall cover direct non-capitalised costs that relate to R&D, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

The following eligible activities have been identified as relevant regarding the operating expenditure KPI:

- CCM 3.6 Manufacture of other low carbon technologies.
- CCM 5.9 Material recovery from non-hazardous waste.
- CE 2.7 Sorting and material recovery of non-hazardous waste.
- BIO 1.1 Conservation and restoration of habitats, ecosystems, and species.

Most of our Taxonomy-eligible opex (numerator) is related to assets or processes associated with taxonomy-eligible activities reported under Activity CCM 3.6. "Manufacture of other low carbon technologies". We have also reported a portion of our turnover under Activity 5.9 "Material recovery from non-hazardous waste". There is neither a capex plan to expand taxonomy-aligned activities nor related to the purchase of output of taxonomy-aligned activities. An analysis of key elements of change in opex KPI during the reporting period has been conducted and as a result, recultivation opex has been reported under the activity BIO 1.1 "Conservation, including restoration, of habitats, ecosystems and species". Opex related to activity CE 2.7 "Sorting and material recovery of non-hazardous waste is overlapping with opex reported under activity CCM 5.9 " Material recovery from non-hazardous waste" therefore, not reported. Total applicable opex is in line with the Taxonomy legislation consisting of maintenance opex and R&D opex. Other Opex categories such as short-term lease are excluded as they are immaterial.

Avoidance of double counting

To avoid double counting, data sources for the various reported items are individually crosschecked to identify overlapping classifications. Where double counting is identified, overlapping data is removed from the eligible amount.

Taxonomy aligned activities of RHI Magnesita

For the eligible economic activities of RHI Magnesita previously described, the following activity are considered aligned:

- Material recovery from non-hazardous waste.

In respect to alignment criteria, RHI Magnesita considered its activities under "Material recovery from non-hazardous waste" aligned because for each raw material recovery site, monthly yield reports demonstrate a constant yield above 50% which fulfil the alignment criteria.

Do No Significant Harm (DNSH)

To fulfil the DNSH criteria for the identified taxonomy-eligible economic activities, corresponding analyses and surveys were carried out in accordance with (EU) 2021/2139 to establish taxonomy alignment.

For the economic activity Material recovery from non-hazardous waste (5.9), the DNSH criteria to climate change adaptation and to protection and restoration of biodiversity and ecosystems need to be met.

DNSH to climate change adaptation

Activity 5.9

For the climate risk and vulnerability analysis for objective 2 "climate change adaptation", potential climate hazards were analysed and assessed for their risk potential in accordance with the requirements of Appendix A (EU) 2021/2139. RHI Magnesita conducted climate risk assessment considering both physical and transitional climate risks aligned with TCFD. Four climate scenarios (representative concentration pathways 2.6, 4.5, 6.0 and 8.5) were considered based on the Intergovernmental Panel on Climate Change Fifth Assessment Report and the International Energy Agency ("IEA") Sustainable Development Scenario. The results of the assessment indicated that the impact for physical risks is limited, since measures are in place to assess on a regular basis the risk of physical damage of assets. Insurance policies are covering physical damaged by natural catastrophes.

DNSH to protection and restoration of biodiversity and ecosystems

Activity 5.9

The requirements for objective 6 "Biodiversity" according to Appendix D of Regulation (EU) 2021/2139 are ensured due to the legal framework within the EU. For sites outside the EU, the national legal framework was analysed.

RHI Magnesita considers its mining sites as the part of the production process with the highest potential for adverse effects on biodiversity. Therefore, the assessment focuses on mining sites. For all RHI Magnesita's mining sites an environmental impact screening has been conducted. Out of the six mining sites. The mining sites operate within or near IUCN category Ia, II, IV, VI and unclassified (Natura 2000) protected areas. All mining sites fulfil general environmental protection requirements in line with legal requirements. "Material recovery from non-hazardous waste" replaces virgin materials with secondary raw materials; thus, contributes in an effective way to reduce the environmental impact associated with raw material extraction.

Minimum Social Safeguards

To ensure compliance with minimum social safeguards RHI Magnesita established a due diligence process. According to Article 8 (EU) 2020/852, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Right were considered by RHI Magnesita.

In 2023, a Human Rights Officer was appointed. Policies on global gender equality, and anti-discrimination/harassment are available online. The Code of Conduct is available in 11 languages and available on the Company website, intranet, and Compliance Portal. The Anti-Slavery Statement is updated and published annually on the Company's website.

EU Taxonomy continued

Our suppliers shall adhere to the same principles as outlined in our Supplier Code of Conduct, which includes laws related to the protection of human rights. Furthermore, RHI Magnesita has implemented processes to continuously screen business partners in high-risk countries for compliance with fundamental human and labour rights. RHI Magnesita has established an independent whistleblowing hotline and web-based system, which allows both employees and third parties to make reports anonymously. Additionally, other reporting channels are available. All cases reported are investigated by the Internal Audit, Risk and Compliance department in conjunction with other relevant departments. Moreover, business partners (e.g. customers, sales intermediaries and suppliers) and transactions such as mergers or acquisitions are subject to a due diligence process. All sales agents are certified by Ethixbase360 (formerly TRACE International), a leading international organisation specialised in third-party due diligence solutions, which is updated annually and includes a reputational screening that can detect any human rights violations that may have occurred.

With all these measures, RHI Magnesita ensures compliance with the minimum safeguards for itself and its suppliers, and processes are implemented to become aware of suspicious cases of human rights violations, corruption, and bribery and to be able to react accordingly.

EU Taxonomy reporting in the year to 31 December 2023

RHI Magnesita commissioned Deloitte Audit Wirtschaftsprüfungs GmbH for an independent third-party limited assurance engagement on the Taxonomy Regulation (EU) 2020/852) and GRI Standards. For more information, **click here** for more details on the assurance process and conclusions.

Taxonomy disclosure table[1]

Turnover				Substantial contribution criteria					
Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and maritime resources	Circular Economy	Pollution	Biodiversity and ecosystems
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Material recovery from non-hazardous waste	CCM 5.9	€6,058,974	0.2%	Y	N	N/EL	N/EL	N/EL	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned)		€6,058,974	0.2%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which enabling			0.2%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which transitional			0.0%	0.0%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of other low carbon technologies	CCM 3.6	€577,068,237	16.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Sorting and material recovery of non-hazardous waste	CE 2.7	€—	0.0%	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	€—	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€577,068,237	16.2%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total A.1 + A.2		€583,127,211	16.3%						
B. Taxonomy non-eligible activities		€2,988,655,729	83.7%						
Total A+B		**€3,571,792,940**	**100.0%**						

opex				Substantial contribution criteria					
Economic activities	Code(s)	Absolute opex	Proportion of opex	Climate change mitigation	Climate change adaptation	Water and maritime resources	Circular Economy	Pollution	Biodiversity and ecosystems
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Material recovery from non-hazardous waste	CCM 5.9	€1,218,114	0.8%	Y	N	N/EL	N/EL	N/EL	N/EL
Opex of environmentally sustainable activities (Taxonomy-aligned)		€1,218,114	0.8%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which enabling			0.8%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which transitional			0.0%	0.0%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of other low carbon technologies	CCM 3.6	€17,606,412	11.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Sorting and material recovery of non-hazardous waste	CE 2.7	- €	0.0%	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	€498,138	0.3%	N/EL	N/EL	N/EL	N/EL	N/EL	EL
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€18,104,550	11.9%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Total A.1 + A.2		€19,322,664	12.7%						
B. Taxonomy non-eligible activities		€132,526,437	87.3%						
Total A+B		**€151,849,101**	**100.0%**						

capex				Substantial contribution criteria					
Economic activities	Code(s)	Absolute capex	Proportion of capex	Climate change mitigation	Climate change adaptation	Water and maritime resources	Circular Economy	Pollution	Biodiversity and ecosystems
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Material recovery from non-hazardous waste	CCM 5.9	€4,295,970	0.8%	Y	N	N/EL	N/EL	N/EL	N/EL
Capex of environmentally sustainable activities (Taxonomy-aligned)		€4,295,970	0.8%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which enabling			0.8%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
of which transitional			0.0%	0.0%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of other low carbon technologies	CCM 3.6	€5,281,500	1.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Sorting and material recovery of non-hazardous waste	CE 2.7	- €	0.0%	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	- €	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	EL
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€5,281,500	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total A.1 + A.2		€9,577,470	1.9%						
B. Taxonomy non-eligible activities		€495,922,530	98.10%						
Total A+B		**€505,500,000**	**100.0%**						

1. Restatement of information: EU Taxonomy 2022 — the revenue, Opex reported as part of the EU Taxonomy disclosure table from the economic activity CCM 5.9 "Material recovery from non-hazardous waste" as eligible and aligned in 2022 is restated. Originally reported: Revenue 2022 at 1.9% and Opex 2022 at 1.4%; Restated: Revenue at 0.0% and Opex at 0.9%.

   EU Taxonomy 2022 — the revenue, opex and capex reported as part of the EU Taxonomy disclosure table from the economic activity CCM 3.6 "Manufacture of other low carbon technologies" as eligible and aligned in 2022 is restated. Originally reported: Revenue 2022 at 16.8%, Opex 2022 at 12.5% and Capex at 2.7% Restated: Revenue at 0.0%; Opex at 0.0% and Capex at 0.0%.

EU Taxonomy continued

Taxonomy disclosure table continued

	DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Climate change mitigation	Climate change adaptation	Water and maritime resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of turnover year 2023	Taxonomy aligned proportion of turnover year 2022	Category (enabling activity)	Category (transitional activity)
A. Taxonomy-eligible activities											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
Material recovery from non-hazardous waste		Y	Y	Y	Y	Y	Y	0.2%	0.0%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned)		Y	Y	Y	Y	Y	Y	0.2%	0.0%		
of which enabling		Y	Y	Y	Y	Y	Y	100%			
of which transitional											
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Manufacture of other low carbon technologies								0.0%	0.0%	E	
Sorting and material recovery of non-hazardous waste									0.0%		
Conservation, including restoration, of habitats, ecosystems and species									0.0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)									0.0%		
Total A.1 + A.2									0.0%		
B. Taxonomy non-eligible activities											
Total A+B											

	DNSH criteria									
Economic activities	Climate change mitigation	Climate change adaptation	Water and maritime resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of Opex year 2023	Taxonomy aligned proportion of Opex year 2022	Category (enabling activity)	Category (transitional activity)
A. Taxonomy-eligible activities											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
Material recovery from non-hazardous waste		Y	Y	Y	Y	Y	Y	0.8%	0.9%	E	
Opex of environmentally sustainable activities (Taxonomy-aligned)		Y	Y	Y	Y	Y	Y	0.8%	0.9%		
of which enabling		Y	Y	Y	Y	Y	Y	100.0%	100.0%		
of which transitional											
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Manufacture of other low carbon technologies									0.0%	E	
Sorting and material recovery of non-hazardous waste									0.0%		
Conservation, including restoration, of habitats, ecosystems and species									0.0%		
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)									0.0%		
Total A.1 + A.2									0.9%		
B. Taxonomy non-eligible activities											
Total A+B											

	DNSH criteria									
Economic activities	Climate change mitigation	Climate change adaptation	Water and maritime resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of Opex year 2023	Taxonomy aligned proportion of Opex year 2022	Category (enabling activity)	Category (transitional activity)
A. Taxonomy-eligible activities											
A.1 Environmentally sustainable activities (Taxonomy-aligned)											
Material recovery from non-hazardous waste		Y	Y	Y	Y	Y	Y	0.8%	1.5%	E	
Capex of environmentally sustainable activities (Taxonomy-aligned)		Y	Y	Y	Y	Y	Y	0.8%	1.5%		
of which enabling		Y	Y	Y	Y	Y	Y		100.0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Manufacture of other low carbon technologies									0.0%	E	
Sorting and material recovery of non-hazardous waste									0.0%		
Conservation, including restoration, of habitats, ecosystems and species									0.0%		
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)									0.0%		
Total A.1 + A.2									1.5%		
B. Taxonomy non-eligible activities											
Total A+B											

Sustainability

TCFD

Task Force on Climate-Related Financial Disclosures (TCFD)

Introduction

RHI Magnesita is committed to transparency about its climate-related risks and opportunities. In line with this commitment, we support the Task Force on Climate-related Financial Disclosures (TCFD) and the EU Taxonomy. We have made it a priority to identify, evaluate, and manage climate-related risks and opportunities, and we are always striving to improve our process while providing essential information to our stakeholders to make informed decisions.

RHI Magnesita has reported according to the TCFD recommendations since 2019 and has updated its climate-related risk assessment, including the newly acquired sites in China, India, Europe and the USA, and enlarged its disclosure in 2023.

The TCFD recommendations are the world's most commonly accepted standard for disclosing climate-related risks and opportunities. They focus on four key pillars of Governance, Strategy, Risk Management and Metrics and Targets.

Board oversight

The Board of RHI Magnesita guides the development of our strategy and appetite towards risk. It also has oversight of other material matters such as regulatory developments or reputational and financial topics. Responsibility for and oversight of climate-related risks and opportunities has been assigned to the Corporate Sustainability Committee (CSC).

The Chairman of the Committee, who is responsible for overseeing RHI Magnesita's climate strategy, engages directly with RHI Magnesita managers and employees on climate topics as required between the regular Committee meetings. Certain members of the Executive Management Team regularly attend the Committee meetings. The Committee Chairman reports to the Board on climate-related matters on a regular basis. The CSC regularly reviews climate risks and opportunities, strategy and performance, while the Remuneration Committee reviews and approves bonus payment linked to climate. Climate-related progress is discussed at every CSC meeting, with the Chair engaging directly with those driving the CO_2 strategy in between CSC meetings as needed. The Audit & Compliance Committee oversees any material ESG risks, including climate-related risks.

In 2023, the corporate Sustainability Committee (CSC) met five times and addressed the following issues related to climate change:

Table 1. TCFD Recommendations

Pillar of TCFD Recommendations	Description	
Governance	• Describe the Board's oversight of climate related risks and opportunities	Page 99
	• Describe the management's role in assessing and managing climate related risks and opportunities	Page 100
Strategy	• Describe the climate -related risks and opportunities the organisation has identified over the short, medium and long term	Page 100
	• Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	Page 101
	• Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 102
Risk Management	• Describe the organisation's processes for identifying and assessing climate-related risks	Page 102
	• Describe the organisation's processes for managing climate-related risks	Page 102
	• Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Page 102
Metrics and Targets	• Disclose the metrics used by the organisation to assess climate related risks and opportunities, in line with its strategy and risk management process	Page 105
	• Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Page 105
	• Describe the targets used by the organisation to manage climate-related risks, opportunities and performances against targets	Page 105

Climate Governance

- Reviewed progress against 2025 targets including the CO_2 emissions intensity reduction target.
- Received reports on the methodology of the CO_2 roadmap, which is based on three pillars: Carbon avoidance, Carbon Capture Storage & Utilization and Scope 3 emissions reduction, highlighting RHI Magnesita's strategies for reducing carbon emissions and adopting sustainable practices.
- Received reports on the Group's participation in carbon capture technology initiatives and strategic partnerships such as its investment in and co-operation with MCi Carbon, a technology provider specialising in the mineralisation of CO_2 emissions.
- Received reports on the Carbon Border Adjustment Mechanism (CBAM), an important climate protection instrument of the European Union (EU), and its associated potential impacts on RHI Magnesita's operations.

Additionally, the corporate Sustainability Committee (CSC) addressed the following issues related to climate in the supply chain:

- Received an overview of RHI Magnesita supply chain due diligence that includes the country-specific risk assessment tool, EcoVadis supplier assessments, and on-site supplier ESG audits and risk mitigation efforts.
- Reviewed the status quo of data gathering for product carbon footprint (PCF) data and the outlook for 2024.

Management

At management level, in the C-Suite, the CTO reports regularly to both the CEO and Board CSC on a quarterly basis and anytime in-between as necessary. The CTO is also on the Executive Management Team. He directly oversees the development of the Company's CO_2 strategy and its implementation across the organisation. The Global Sustainability Team reports to the CTO and manages and facilitates sustainability across RHI Magnesita.

Driven by our Board and led by our Executive Management Team, we engage widely with stakeholders, investigate risks, and identify opportunities aligned with our sustainability strategy. Our climate governance is outlined in Figure 1.

In 2023 we further integrated carbon considerations into key processes:

- 25% of the Long-Term Incentive Plan (LTIP) payout criteria is linked to the Group's target to reduce CO_2 emissions per tonne against a 2018 baseline year.
- Increase the use of secondary raw material accounts for 10% of the annual bonus for all eligible employees.
- Enhanced monthly monitoring of CO_2 emissions (Scope 1 and 2) was integrated into the Group's enterprise resource planning tool.

In addition to that, we are continuously evolving our approach to engage with suppliers to fully integrate sustainability aspects, including emission transparency, into our procurement process.

Our goal is that by 2025 two-thirds of our suppliers will be rated by EcoVadis. Engagement on the subject of emission transparency is ongoing, particularly with our raw material suppliers, which accounts for approximately. 70% of our Scope 3 emissions. Through meetings, follow up calls, the Group highlights to potential suppliers that reducing CO_2 emissions is a key priority for the Group, which is expected to drive changes in supplier behaviour and energy use in the long term.

Climate strategy

Driving down carbon emissions is a key priority for RHI Magnesita. Besides mapping out our own transition path, we would like to be a reliable ally to our customers as they venture into a carbon-reduced economy.

The Group's emission reduction plans target a 15% reduction in CO_2 emissions intensity for Scope 1, 2 and 3 (raw materials) emissions by 2025, compared to 2018. Our climate strategy is based on:

1) reducing the carbon footprint of our raw materials, including through the increased use of circular raw materials;
2) increasing energy efficiency in our operations;
3 reducing the carbon intensity of our energy sources; and
4) providing innovative solutions to reduce customer emissions.

In 2023, the Group has updated the modelling and analysis of climate-related transitional risks and opportunities that are foreseen to impact the Group over the short-, medium-, and long-term horizons.

Short term (2025)

For short-term risks (between 0-2 years, 2025), Group's first set of sustainability targets are planned within this timeframe. In addition, we are actively monitoring emerging trends and opportunities that may require us to adjust our strategic plans. We are committed to staying agile and adapting our plans as needed to ensure that we remain competitive in the marketplace and continue to meet our sustainability targets, specially our 2025 climate-related ones.

In 2023, total CO_2 emissions (Scope 1, 2 and 3 — raw materials) were 4.6 million tonnes and our emissions intensity has reduced by 12% compared to 2018 base year. This progress is a result of recycling overperformance, but this has been offset by slower progress on switching to alternative fuels which is now uncertain due to capex constraints. Achieving our target is intricately tied to the effectiveness and success of our recycling initiatives, a key lever of our strategic approach.

While mergers and acquisitions (M&A) can bring strategic advantages, the Group anticipates a potential downside in terms of carbon footprint and target achievement. The integration of new entities may disrupt existing sustainability initiatives, causing a temporary setback. Harmonising diverse standards, supply chains, and operational processes poses challenges, affecting the overall environmental performance. To mitigate this impact, the Group is seeking to align sustainability practices and implementing efficient transition strategies to incorporate newly acquired sites while keeping carbon intensity goal.

Medium term (2030)

For Medium term risks (between 2-5 years, 2030), it is the most likely horizon for the regulatory frameworks (such as the EU Emissions Trading System and Carbon Border Adjustment Mechanism) currently over a three-years transition period, and to be expanded to all sectors within EU ETS in the future thus having partial effect on to RHI Magnesita's operations due to the gradual phase out of free allocations. We are anticipating and considering major adjustments to our industrial footprint.

Long term (2050)

For the long-term risks, the Group considered the deadline that has been set by the UN and many policy-making bodies to meet decarbonisation goals, being the year 2050. During 2021 and 2022, we completed a detailed assessment of all possible measures to reduce CO_2 emissions in our operations based on proven technology and available financial resources. Whilst it may be possible to reduce emissions in line with a "well below 2 degrees" scenario, it is our current assessment that it is not possible to set a target that is aligned with a 1.5-degree scenario which is not dependent on the development of as-yet-unknown technologies or significant external financial and infrastructure support.

We are committed to reduce our carbon footprint and we will continue to monitor the variables which support this conclusion and update our transition plan accordingly if the Group's own R&D activities result in the development of new technologies that could deliver a faster reduction in CO_2 emissions that is financially achievable.

Impact of climate-related risks on the Group's strategy

RHI Magnesita defines "substantive financial or strategic impact" as impact which is classified as "high" (score 4) or "critical" (score 5) impact.

Table 2. Climate-related transitional risks and opportunities

Climate drivers	Risk/Opportunity	Category	Impact (see reference table)	RHI Magnesita response and strategy	Main affected Time Horizon	Related metrics and targets
Policy-making & Regulatory pressure	Carbon Pricing	Risk	RHI Magnesita foresees an impact due to the increase in operating costs because of increase in level or scope of carbon pricing	• The Group integrates carbon permit price projections into its financial planning and has a hedging programme in place to fix future exposures • RHI Magnesita supports industry partnerships for the development of carbon capture and usage technologies. These include the K1-MET consortium in the Austrian steel industry and the Industrial Advisory Board of the EU-funded MOF4AIR project, a development of the new Metal Organic Framework for capturing CO_2. The Group also progressed a joint programme with the University of Leoben to research the possibility of re-mineralisation of captured CO_2. • The Group aims to increase the use of secondary raw materials which will reduce CO_2 emissions compared to the mining or purchase of fresh raw material • We will continue to invest in fuel switching, renewable energy and energy efficiency as additional methods to reduce our carbon intensity	Medium-Long Term	We have set a 15% emissions intensity reduction target by 2025 on a 2018 baseline of Scope 1, 2 and 3 raw materials emissions. By the end of 2023, our emissions intensity was 13% lower than the 2018 baseline
Market & Customers	Increased demand for the Group's products arising from the development of or transition to lower-carbon emitting industrial processes by our customers	Opportunity	RHI Magnesita foresees a low financial impact regarding the increased demand from customers for refractory products that help them reduce their emissions is considered low (e.g. EAF)	• We are already providing our customers with refractory products that support low carbon production processes. This includes our steel and cement customers who account for 70% of our business. For example, we provide products supporting EAFs for the steel industry, which is an enabling technology for CO_2 emissions reduction • RHI Magnesita has a higher market share in lower CO_2 emitting applications (such as EAF) and a lower relative market share in high emitting applications (e.g. BOF, Blast Furnace) • We will continue to offer our low energy and carbon services and product offering including process optimisation, recycling services, coating technologies and digital solutions	Short-Medium-Long Term	Sales of refractory products supporting EAFs, associated with the lower carbon production of steel, was 577 million in 2023
Market & Customers	Increased demand for RHI Magnesita products that are produced with lower carbon footprint	Opportunity	Higher revenue due to increased demand for low-carbon (e.g. recycled) refractory products	• In the short term, increasing the share of SRM in our products will help us to reduce our geogenic emissions from raw materials and create attractive low-carbon products • In the longer term, if the Group is successful at developing and operating carbon capture and sequestration or utilisation technologies and switching to renewable energy sources, refractory products could be manufactured with low or potentially zero CO_2 emissions • This is expected to translate into a pricing and/or market share advantage compared to competitor products with high emissions, particularly as customers focus more on their Scope 3 emissions	Short-Medium-Long Term	We have set a target of 15% SRM content in refractory products by 2025. We achieved 12.6% of SRM content in 2023 (2022: 10.5%)

Opportunities		
High	>€875m	
Medium	€175m-€875m	
Low	<€175m	

Risks		
High	>€875m	
Medium	€175m-€875m	
Low	<€175m	

RHI Magnesita defines the impact of a risk, including those related to climate change, on a scale of 1 (minor) to 5 (critical). Each of these five ratings has specific definition and quantifiable indicators based on the potential to compromise the ability of RHI Magnesita in achieving its strategic, operational, financial and compliance goals.

- A score of 1 represents minor impact on our ability to achieve these goals.
- A score of 2 represents low impact in achieving such goals.
- A score of 3 represents moderate impact (for example the potential for one strategic deliverable to be slightly delayed).
- A score of 4 represents high impact on the achievement of our goals, which might result in one objective not being achieved or being significantly delayed.
- Finally, a score of 5 represents a critical impact on RHI Magnesita's ability to deliver more than one goal.

With specific reference to climate-related risks, the following four quantifiable indicators are used by RHI Magnesita to define a substantive strategic or financial impact:

- An impact that would compromise the ability of RHI Magnesita to achieve (or achieve in a timely fashion) one or more objectives defined in the Group's 2025 company strategy, which includes climate-related targets.
- An impact that would compromise our ability to achieve our financial objectives by more than 15% group budgeted EBITA.
- An impact that would compromise our ability to meet climate regulatory requirements applicable to our company resulting in negative international media attention and/or reputational damage to RHI Magnesita.
- An impact that would create a substantial disruption to a) our plants (i.e., the inability to continue operations in more than one of RHI Magnesita key locations across four global regional areas) and b) our ability to fulfil contracts with customers comprising a negative impact of more than 15% group budgeted EBITA for the year and/or c) compromise the safety of our employees.

We have conducted our analyses across three different time horizons. The short-term (2025) sits within our short-term business plan, while the medium (2030) and long-term (2050) time horizons are oriented towards the broader international policy developments, including the Paris Agreement and the EU Green Deal.

Having reviewed the analysis, the Group believes and endorsed by CSC that it is well positioned to mitigate the risks and embrace the opportunities associated with the climate-change related developments across the different scenarios. These could range from disruptive regulatory developments, physical hazards for our operations or new business opportunities, for example, to earn a Green Premium for low/no-CO_2 refractories. The Group believes that through monitoring market developments and enhancing its business adaptability, innovation and planning, RHI Magnesita can maintain a strong level of climate resilience over the short, medium and long- term across different scenarios. We remain committed to supporting our customers' decarbonisation efforts as well as actively managing our own climate-related risks and opportunities.

Climate risks management

The Group has an established risk management approach with the objective of identifying, assessing, mitigating, monitoring and reporting uncertainties and risks that could impact the delivery of RHI Magnesita's strategy. Since the environment and climate change represents both strategic and operational risk to our business, they are considered as RHI Magnesita's principal risks (see our risk management approach on our Annual Report 2023, on pages 45-57). Several mitigation measures are in place to ensure that the risk is appropriately managed and within the Group's risk appetite.

The risk management process at RHI Magnesita combines top-down, bottom-up and subject-specific risk assessments. The top-down risk assessment is performed by the Executive Management Team and reviewed by the Audit Committee, and reporting against these risks is included in Board meetings, Executive Management Team meetings and strategic reviews. The bottom-up risk assessment is based on operational sites that maintain ongoing risk management activity and is linked to the quality management-based governance practices. Subject-specific risk assessments are performed for areas of emerging or important risks such as climate change. These risk assessments are reviewed by the CEO, the Executive Management Team and the Audit Committee.

Climate-related risks are grouped as physical risks and transitional risks and are fully integrated within the RHI Magnesita risk management system.

Physical risks include greater severity of flooding, droughts or other extreme weather events which could disrupt our operations or supply chain.

Transitional risks arise from the uncertainty in the global move towards a more sustainable, low-carbon economy. These risks involve shifts in the regulations, market dynamics, technology and investor expectations related to climate change.

The process of identifying and assessing all Groups risks, including climate-related risks, is as follows.

Starting from the risk universe (comprising all risk categories that could impact businesses in the next ten years), categories which are not applicable to our business are excluded from the risk analysis. Categories of risks identified as applicable to our Group are analysed to identify specific risks that impact (or potentially impact) our business. These are linked to potential root-causes and assessed for their inherent likelihood, impact, and velocity.

For climate-change risks, the following categories are considered: acute and chronic physical risk, legal, current and emerging regulations, technology, market, and reputational risks. Within each category, specific risks impacting direct operations, downstream and upstream, are identified and assessed based on the Company's risk management processes.

Risk impact is evaluated based on a scale of 1 (minor) to 5 (critical). Each rating has a specific definition based on the impact of the risk on RHI Magnesita's strategic, operational, financial and compliance goals.

Risks are also rated according to their inherent likelihood on a scale of 1 (rare) to 5 (very likely) based on their probability or expected frequency.

Once likelihood, impact and velocity of a risk has been assessed, an appropriate response is determined. This ranges from mitigating the risk to transferring or avoiding the risk based on the level of "risk appetite" defined by the Board.

Appropriate initiatives to reduce the level of inherent risk are then identified and implemented. The level of residual likelihood and impact after mitigation is assessed for each risk using the scoring system above (i.e. impact on a scale of 1 "minor" to 5 "critical" and likelihood on a scale of 1 "rare" to 5 "very likely").

The overall level of residual risk is evaluated to ensure that it is aligned with the Company's risk appetite and risk tolerance. Effectiveness of mitigating measures is monitored over time and risks are re-assessed at least on an annual basis and as needed in the case of significant changes in the risk landscape.

Risks

The Group has updated the modelling and analysis of climate related transitional risks and opportunities that are foreseen to impact the Group over the short, medium, and long-term horizons.

RHI Magnesita's main risk is the additional operating expense resulting from carbon pricing developments. The financial impact of this risk has increased due to implementation of CBAM in Europe, which is an EU policy instrument designed to level the playing field for domestic producers subject to carbon pricing by implementing a carbon-based import tariff on goods from countries without equivalent carbon pricing.

Table 3. Climate-related physical risks

Country	Climate Hazards High Risk Exposure	Site	2030-2050 RCP 2.6	RCP 4.5	RCP 6.0	RCP 8.5
Brazil	Heat stress	Brumado	Low risk	High risk	High risk	Red flag
	Sea level rise	Terminal Maritimo Aratu	Red flag	Red flag	Red flag	Red flag
	Soil erosion	Contagem	High risk	High risk		Red flag
		Coronel Frabriciano – Recycling	Red flag	Red flag	Red flag	Red flag
		Fazenda Funchal, clay mine	Red flag	Red flag	Red flag	Red flag
		Retiro Pd Domingo-mine	Red flag	Red flag		Red flag
		Fazenda Serra dos Ferreiras	High risk	High risk		Red flag
	Changing air temperature	Uberaba	Low risk	High risk	High risk	Red flag
	Heat stress	Uberaba	Low risk	High risk	High risk	Red flag
	Soil erosion	Uberaba	High risk	High risk		Red flag
China	Flood	Chizhou	Red flag	Red flag	Red flag	Red flag
	Changing air temperature	Chongqing	Low risk	Medium risk	High risk	Red flag
	Soil erosion	Chongqing	Red flag	Red flag	Red flag	Red flag
		Jinan	Red flag	Red flag		Red flag
Germany	Flood	Niederdollendorf	Red flag	Red flag	Red flag	Red flag
		Urmitz				Red flag
India	Changing air temperature	Venkatapuram	Medium risk	Red flag	Red flag	Red flag
		Rajnandgaon	Low risk	High risk	High risk	Red flag
	Soil erosion	Dalian	High risk	High risk		Red flag
	Drought	Devbhumi (mining)	Red flag	Red flag	Red flag	Red flag
	Changing air temperature	Jamshedpur	Medium risk	Red flag	Red flag	Red flag
	Heat stress	Jamshedpur	No risk	Medium risk	High risk	Red flag
	Soil erosion	Jamshedpur	High risk	High risk		Red flag
	Changing air temperature	Katni	Low risk	High risk	High risk	Red flag
		Bhikampali	High risk	Red flag	Red flag	Red flag
		Cuttack	High risk	Red flag	Red flag	Red flag
		Patrapalli, Mine	Medium risk	High risk	Red flag	Red flag
		Dalmiapuram		Medium risk	Medium risk	Red flag
		Visakhaptnam	Medium risk	Red flag	Red flag	Red flag
		Maharashtra	Medium risk	High risk	High risk	Red flag
	Water stress	Maharashtra		Red flag		Red flag
	Heavy precipitation	Maharashtra				Red flag
	Soil erosion	Maharashtra	Red flag	Red flag		Red flag
Kosovo	Water stress	Decan		Red flag		Red flag
Mexico	Changing air temperature	Tlalnepantla	Low risk	High risk	High risk	Red flag
Switzerland	Water stress	Pfäffikon/Interstop				Red flag
Türkiye	Water stress	Sörmas		Red flag		Red flag
	Water stress	Eskisehir		High risk		Red flag
US	Soil erosion	Pevely	High risk	High risk		Red flag
	Changing air temperature	York	Medium risk	Medium risk	Medium risk	Red flag

Legend	
No risk	(grey)
Low risk	(green)
Medium risk	(yellow)
High risk	(orange)
Red flag	(red)
No data	

CBAM is designed to protect domestic producers from competitive disadvantages resulting from carbon pricing by making imports from countries without equivalent carbon pricing more expensive. This mechanism would help to ensure that domestic producers and consumers are not put at an economic disadvantage by having to bear the cost of carbon pricing, while their international competitors do not. The CBAM is intended to incentivise countries to adopt similar carbon pricing policies, thereby reducing the global emissions of greenhouse gases.

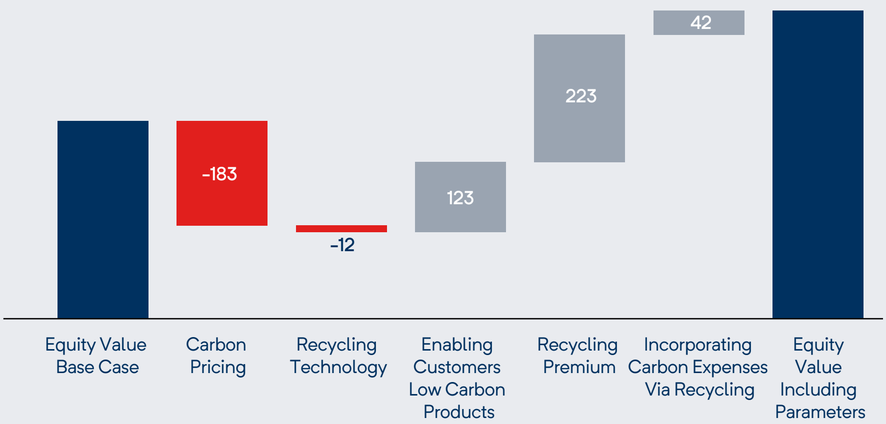
The implementation of the Carbon Border Adjustment Mechanism (CBAM) is expected to have a financial impact on the Group from 2030 onwards as free carbon allowances under EU-ETS are phased-out. This is due to levies on imported materials, which are designed to protect the EU domestic business. This is expected to increase refractory pricing for all suppliers selling into the EU. Additionally, products manufactured in the EU and then exported will incur higher costs, as there are currently no compensation mechanisms for exporters. The financial impacts of the CBAM have been included in the Group's updated TCFD modelling, resulting in impact on equity value ranging from €180 million to €350 million.

Opportunities

Three opportunities were identified: (i) increased demand for products that customers will require for technology transition, e.g. EAF refractories; and (ii) increased demand for low-carbon refractory products containing recycled raw materials; and (iii) increased recycling rate and absorption of carbon expenses via recycling for EU operations.

The steel industry is undergoing a decarbonisation process which is predicted to continue into 2050 and beyond. This megatrend has led to an increased demand for electric arc furnaces (EAF) and electric smelter furnaces. As the pressure to reduce carbon emissions intensifies, RHI Magnesita is well-positioned to benefit from this growing trend. With its vertically integrated model, RHI Magnesita has access to the raw material required for an electric arc furnace from its European mines in Austria, Hochfilzen and Breitenau. This gives RHI Magnesita a competitive edge and makes it the leading refractory partner of choice in the green transition of the steel industry.

2023 Valuation Bridge



Additionally, RHI Magnesita's joint venture with Horn & Co., MIRECO, combines recycling activities in Europe and increases the production, use and offering of secondary raw materials. This results in a significant decrease in CO_2 emissions. MIRECO is well positioned at the forefront of the circular economy, providing services to customers in steel, cement, glass and other process industries (read more on recycling and circular economy on page 72).

The net impact on equity value of these opportunities combined is +€388 million (2022:+123 million; 2021:+€352 million).

Physical-related risks and opportunities

The Group has undertaken a comprehensive update of risk assessments at its production sites across a broad range of physical climate hazards, to cover newly acquired sites. The analysis considered 70 sites, including all production sites, recycling facilities and mining locations.

The assessment considered four distinct climate scenarios—RCP2.6, RCP4.5, RCP6.0, and RCP8.5—taken from the Intergovernmental Panel on Climate Change Fifth Assessment Report. These scenarios project varying greenhouse gas concentration trajectories, indicating potential outcomes such as staying below a 2°C temperature increase, reaching approximately 2°C above the modern climate baseline, a global temperature rise of about 3—4 °C by 2100, and an exceeding 4°C increase in the global average surface temperature by 2100.

The assessment focused on evaluating future exposure of RHI Magnesita sites to climate-related hazards across temperature, wind, water, and solid matter, encompassing a total of 29 categories. Due to data availability, some climate dimensions had risks calculated over different time periods. The estimation of future climate-related risks was rooted in probability, gauging the likelihood, expressed as the relative number of years in the data ensemble, that future climate values would surpass the mean values of the current climate at specified locations.

Results revealed some sites are susceptible to physical climate hazards. The Group will perform a further detailed risk assessment for 32 flagged sites in 2024. This approach ensures that the Group is addressing climate-related risks and improving the resilience of its operations. Separately, a three-year programme dedicated to assessing physical damage risks of any origin is being implemented. This assessment involves site visits by experts to evaluate preparedness for various risks, encompassing structural conditions and geographical exposure to extreme weather events such as storms, hurricanes, and earthquakes. Newly acquired sites are integrated into the three-year programme. Insurance policies provide coverage, encompassing protection for our assets against physical damage and losses, including damage arising from natural catastrophes.

Metrics and targets

The Group's emission reduction plans target a 15% reduction in CO_2 emissions intensity for Scope 1, 2 and 3 (raw materials) emissions by 2025, compared to 2018.

In 2023, total CO_2 emissions (Scope 1, 2 and 3 – raw materials) were 4.6 million tonnes and our emissions intensity has reduced by 12% compared to the baseline year of 2018. This progress is largely a result of recycling performance. There has been slower progress on switching to alternative fuels due to capex constraints, public infrastructure delays and uncertainty in energy markets. The Group is on track to achieve its 2025 CO_2 intensity reduction target, mainly through its successful efforts to increase the use of recycled raw materials.

The Group has increased transparency for its customers by disclosing the carbon footprint of its c.200,000 refractory products in the Customer Portal.

CO_2 emissions calculations follow the principles of ISO 14067 standard and include all Scope 1 and 2 emissions, as well as relevant Scope 3 emissions related to the manufacturing process (known as "cradle-to-gate" greenhouse gases from raw material extraction to production and packaging).

The Group is undertaking a substantial M&A programme which may affect the achievement of its environmental targets. The integration of new entities may disrupt existing sustainability initiatives. Harmonising diverse standards, supply chains, and operational processes poses challenges which may affect overall environmental performance. To mitigate this impact, the Group is seeking to align sustainability practices and implementing efficient transition strategies to incorporate new acquired sites.

Tracking our progress

We use metrics and targets to track our progress in relation to our material climate-related risks and opportunities.

Outlook

We recognise the importance of understanding our risk and opportunity landscape in guiding our climate strategy. In addition to charting our own transition, we want to be a trusted partner to our customers on their journey to net zero. We will further deepen our climate-related initiatives in the coming years to help us to continue to be a sustainability leader within the sector.

Table 4. Metrics and Targets[1]

	Absolute emissions (thousand tonnes of CO_2)					
	2018	2019	2020	2021	2022	2023
Scope 1	2,540	2,151	2,113	2,643	2,347	2,191
of which geogenic emissions	1,305	1,066	1,075	1,277	1,124	1,052
of which fuel-based emissions	1,184	918	873	1,146	1,223	1,138
of which other emissions	50	168	165	220	—	-
Scope 2	240	223	177	147	120	119
Scope 3 (only raw material)	3,389	3,008	2,682	2,901	2,420	2,272
TOTAL	**6,169**	**5,382**	**4,973**	**5,691**	**4,887**	**4,583**
Carbon Intensity (t CO_2/t product)[2]	1.84	1.82	1.86	1.76	1.71	1.62
Biogenic Scope 1 emissions	5	8	10	13	13	17

1. CO_2 emission data are calculated based on GHG Protocol methodology. Historical data have been adjusted to reflect new acquisitions in the baseline and methodology changes following an external verification process that took place in July 2022. All assets acquired in 2023 are considered in the performance data except three minor production sites at Huron, Bussalla and Bochum which are still undergoing integration.
2. Adjustments in line with the Greenhouse Gas protocol and refinement in reporting resulted in energy efficiency figures for 2018–2023.

Our Governance

"How corporations are governed has consequences for our economies and our societies, and ultimately for all of us as individuals"

***Rethinking Good Governance*, Lynn Paine and Joseph Bower**
Harvard Business School

Chairman's introduction to corporate governance

Herbert Cordt
Chairman

In 2023, the Board has been pleased to see the results of management's focus on operational excellence, the establishment of stronger financial performance, and the development of our regional businesses."

Dear Shareholder,

On behalf of the Board, I am pleased to present the corporate governance report for the year ended 31 December 2023, summarising the role of the Board in providing effective leadership to promote the long-term sustainable success of RHI Magnesita. I have taken the opportunity to highlight some of the key points of this section below.

Sustainability, stakeholders, and strategy

Throughout the 2023 Board schedule we continued to devote considerable time to the deliberation of the Company's strategy, particularly to assessing progress against our 2025 strategy, the execution capability required to deliver it and starting to think about the wider time horizon. The Board ensured it heard from a variety and diversity of voices to create a balanced understanding of both external macroeconomic context and internal specialist matters.

RHI Magnesita has had an active period of acquisitions in the last 24 months and the Board's focus has been to steer management to ensure that synergies and benefits are fully leveraged through an effective integration process. To ensure this, a dedicated function has been established to enable local teams to successfully deliver an integrated organisation in order to service our customers to the highest standard. In addition to the acquisition strategy pursued, the Board have encouraged management to improve the operational foundations of the Company to form a strong basis and ensure new assets can be integrated in a consistent and effective fashion to deliver synergies and benefits to our shareholders.

Environmental, social and governance (ESG) and sustainability matters have been a constant seam throughout many of our conversations as a Board and also with stakeholders, given its centrality to our future operations. We listen to feedback from investors and customers on such topics and incorporate their views to form the Company's approach. It continues to be a cornerstone of the annual strategy discussions, with Directors recognising it as both a risk and opportunity for the business, and our wider communities. The Corporate Sustainability Committee (CSC) supports the Board with its deliberations on sustainable initiatives and investments and supports the Remuneration Committee with priorities to be incentivised. Sustainable development continues to be key for our strategic success and management is focusing on building a resilient and responsible business foundation, creating value for all stakeholders, particularly shareholders. We were pleased to be recognised by the Chartered Governance Institute of UK & Ireland for our Sustainability disclosure in our 2022 report.

The judges determined that RHI Magnesita, as the winner of this category, had demonstrated that sustainability is at the heart of our business, showed the Board's commitment to sustainability, and had communicated the relationship between sustainability and strategy. You can read more about our sustainability strategy on pages 58 to 105.

At RHI Magnesita, we recognise the role we play in the lives of our employees, customers, suppliers, shareholders, and the communities in which we operate. We have been extremely saddened that there have been two recent fatalities, one in late 2023 and one in early 2024, in two different locations in Austria. This is clearly not aligned with our safety culture and the Non-Executive Directors spent significant time with the executive management to understand the root cause and the follow up action to continue our progress towards a safe working environment with "Zero Harm – No Injuries". It is clear to all involved that we must see immediate change in this arena. We will continue to address Health & Safety with our management colleagues and challenge ourselves on how we live, promote and realise our desired safety culture. The CSC considered the Company's Health & Safety KPIs at every meeting and these events in detail. The CSC will monitor progress in this area on a regular basis and report back to the Board to provide Directors with the opportunity to ask questions and challenge management. You can read more about the CSC's consideration of this matter on pages 138 to 139.

The Board took every opportunity it could to meet with stakeholders and was delighted to meet customers in Arizona, USA and to meet with employee cultural champions in various locations. Our Executive Directors met frequently with shareholders and our Deputy Chairman & Senior Independent Director (who is also the Chairman of Audit & Compliance Committee) and our Chairman of the CSC and Remuneration Committee met with investors in our annual ESG roadshow. Each interaction was a valuable opportunity to hear the opinions of our stakeholders. You can read more about our stakeholder engagement, and how our understanding of stakeholder expectations feeds into our decision making, on pages 122 to 127.

The Board in 2023

Sigalia Heifetz had communicated her intention to step down at the Annual General Meeting (AGM) 2023 and we initiated the search for a new Independent Non-Executive Director (NED) in February 2023. At the time, we considered that there were two vacancies on the Board, as detailed in our 2022 report, and the Nomination & Governance Committee embarked on the search for new Directors with the help of Egon Zehnder. In our search we were delighted to identify Katarina Lindström as an excellent fit for our Board and management team, both culturally and in terms of the experience and skills she brings. Katarina was nominated by the Board on 30 September 2023 as an observer until such time as she can be formally appointed as a Director by the shareholders at our 2024 AGM.

The search for a second Non-Executive Director (NED) remains ongoing. The requirements of the Board, directed by the Company's strategy and needs of management, have evolved throughout 2023 and whilst the Nomination & Governance Committee saw some excellent candidates in their initial search, it was felt that it would be sensible to consider if the defined role scope was appropriate and fit for future. The Nomination & Governance Committee will continue to keep the positions and skill set of the Board under review.

Full details of our Board and executive succession planning and the recruitment process for NEDs can be found on pages 113 and 137. We continue to review the skills and experience needed on the Board, as well the diversity expectations that are important to us and our key stakeholders and which will underpin our future success. We remain open to feedback from our shareholders on the composition of the Board, as agents of their capital. The Board and Executive Management Team (EMT) biographies are on pages 128 to 133.

Board site visits

In 2023, we held in-person meetings for the majority of our sessions, and the Board were delighted to be able to travel across the global network more widely, engaging with colleagues, observing the culture at different locations, seeing the results of Board decisions and the successes of management, as well as areas for improvement. The main Board visit was to our North America region, visiting the York plant, in Pennsylvania and a customer in Arizona, and certain Directors made individual trips to other locations in the year. You can read more about this on page 113.

Board performance review

The Board performance review for 2022, performed by EY in the first quarter of 2023, confirmed that the Board and its Committees have continued to perform effectively. An action plan was developed by EY as the external provider for the Board to consider. In our Nomination & Governance Committee report, we outline the progress made in 2023 on these actions. Details can be found on pages 118, 119 and 135. Our performance reviews take place in the first quarter of the year and so our consideration of the Board's performance in 2023 is in the process of concluding at the time of reporting. We will report fully on the output next year.

Non-Executive Director fees

The Nomination & Governance Committee considered the time spent and the scope of NED roles in an increasingly complex and higher risk environment, both externally in regard to corporate governance, macro-economic and geopolitical matters, and internally with our growing operations. You can read more about this review and our findings on page 134.

As Chairman, with responsibility for setting NED fees in alignment with our Remuneration Policy, I considered the factors raised and the increased workload, which is expected to be sustained, particularly of the Deputy Chairman & SID, whose input and guidance I value highly and has guided us well in recent years in his role as my deputy. Considering benchmarks and aspirations in our relevant regions, and the factors particular to our Company, I will propose to shareholders the increases as laid out on page 170 which we hope you are supportive of the reasoning for and I remain available to you, should you wish to discuss.

Governance

The report of our compliance in respect of each of the UK Corporate Governance Code 2018 (the "UKCGC") and the Dutch Corporate Governance Code 2022 (the "DCGC"), and together ("the Codes") can be found on page 110. The Nomination & Governance Committee considered the new DCGC, receiving reports of the actions taken by management to increase and evidence RHI Magnesita's compliance with the DCGC. We are pleased we will maintain the same high standard of conformity.

As in our 2022 report, we have reported against the UK Listing Rules diversity targets on page 136. We responded to the Financial Reporting Council's (FRC) consultation on the new UKCGC in September 2023. The updated UKCGC will begin to apply to us from 1 January 2025. We will be assessing our compliance and will report to you on progress in our future reporting.

Our Remuneration Committee has been engaging with shareholders on the new Remuneration Policy to be proposed to the AGM in 2024. Over 80% of our shareholders were consulted and we are pleased to have their broad support for the new Policy which will be voted upon in May 2024. We were pleased to increase our compliance with the UKCGC with this new Policy, and more details can be found on pages 151 to 160.

In recent years, we have enjoyed the ability to hold our AGM virtually, seeing it as an opportunity for an efficient and cost-effective way of engaging with as many shareholders as possible, given the disparate locations of shareholders and Directors. We have seen good levels of representation at these virtual and hybrid AGMs and our Investor Relations team work tirelessly throughout the year to ensure there are also plenty of other opportunities for shareholders to engage with the Company. At our AGM in 2023, we proposed a change to the Articles of Association to give the Company flexibility should the Dutch law enabling virtual AGMs be implemented in the future. In 2024, we will facilitate a hybrid AGM again, enabling virtual attendance for our shareholders and Directors.

As well as all Directors seeking re-election at our 2024 AGM, Katarina Lindström will seek election as an Independent Non-Executive Director. We all look forward to engaging with our shareholders at that event.

Herbert Cordt
Chairman of the Board of Directors

Corporate governance report

Compliance with the Dutch Corporate Governance Code 2022 (DCGC) and the UK Corporate Governance Code 2018 (UKCGC)

The Board has applied the principles of, complies with and intends to continue to comply with the provisions of both the DCGC and the UKCGC, save in respect of the exceptions outlined below accompanied by our explanations.

The Company does not comply with Provisions 9, 19 and 24, and reports partial compliance with Provisions 15, 40 and 41 of the UKCGC. Through our new Remuneration Policy, we are pleased to now be able to report full compliance with Provision 36 on post-termination shareholdings. The Company does not comply with best practice provision 2.2.2. of the DCGC but is comfortable it is in compliance with the remainder of the DCGC.

You can find the DCGC at www.mccg.nl and the UKCGC at www.frc.org.uk.

Deviations from the UK Corporate Governance Code in 2023

Provision 9 and 19

Provision 9 states that the Chairman of the Board should be independent on appointment. The Chairman was not considered independent on appointment, having served for more than nine years (including time on the Board of RHI AG prior to the merger with Magnesita) by the time he became Chairman. The Chairman's length of service also means the Company is not compliant with Provision 19. The Board continues to see the value that Herbert Cordt brings to the Company, being most notably continuity of corporate memory, which contextualises, and drives focus on, operational performance improvements through detailed organisational and business knowledge.

Provision 15

Given the size of the Board and schedule of meetings, the Board has delegated authority to the Nomination & Governance Committee to approve the additional external appointments of its Directors. The Nomination & Governance Committee considers proposed appointments, with the support of the Company Secretary, to assess for conflicts of interest and overboarding. The Board is comfortable this provides oversight and governance, whilst providing a flexible and responsive approach for our Directors.

Provision 24

Provision 24 envisages that all members of an Audit Committee will be independent non-executive directors. Wolfgang Ruttenstorfer is not deemed to be independent under the criteria outlined in the UKCGC, as a result of his time on the Board, which includes his role on the RHI AG Supervisory Board from 2012. However, the Board considers that Wolfgang is independent in character and judgement and that it continues to benefit greatly from his financial experience, the continuity he provides, his challenge to management using experience from the past, his detailed consideration of business cases, and ingrained understanding of the refractory business. He contributes diligently and intelligently to the Audit & Compliance Committee, and as such, Wolfgang will continue to be a member of the Committee.

Provisions 40 and 41

Since the introduction of the current UKCGC in 2018, the Company has taken steps in order to be able to report compliance with the principles and provisions relating to remuneration. Following the publication of FRC guidance in 2021 titled, "Improving the quality of 'comply or explain' reporting", we report partial compliance with Provisions 40 and 41, giving explanation in the following paragraphs.

The Company benefits from employee representation on the Board, and the Board annually approves executive remuneration on the recommendation of the Remuneration Committee. This provides a mechanism for our Employee Representative Directors (ERDs) to understand and engage on behalf of the workforce regarding the alignment of executive remuneration with wider Company pay policy and to provide feedback. As part of their induction, they met with the Chairman of the Remuneration Committee, which gave background to executive remuneration and outlined the key matters the Board are required to decide upon in respect of remuneration.

Our remuneration policies and practices, including our approach to salary increases and annual bonus structure, are aligned throughout the business. Given this alignment, and the extant mechanism for engagement with the ERDs, the Board is comfortable with the existing approach and does not consider it necessary to provide any additional forms of engagement with the workforce to explain how executive remuneration aligns with wider Company pay policy. The Remuneration Committee will continue to keep this under review.

Deviations from the Dutch Corporate Governance Code in 2023

Best practice provision 2.2.2 of the DCGC recommends that, on a one-tier board, a Non-Executive Director should be appointed for a period of four years. The appointment of the NEDs (other than ERDs) has been made on the basis of nominations for three-year terms, subject to performance and annual re-election at the AGM, which is consistent with UK listed company practice. The Board feels that it does not compromise the spirit of the DCGC provision.

Corporate governance declaration

In complying with the requirements of the DCGC, the Company publishes this corporate governance statement including information relating to its compliance with the DCGC, including a further explanation of the Company's Board Diversity Policy and the way in which it is implemented in practice.

The information required to be included in this statement (which also fulfils UK reporting requirements) can be found in the following sections and pages of this Annual Report and are deemed to be included and repeated in this statement:

- the information concerning compliance with the DCGC can be found on page 110;
- the information concerning the main features of the Company's internal risk management and control systems relating to the financial reporting process can be found on pages 46 to 49;
- the information regarding the functioning of the General Meeting and its main authorities, and the rights of the Company's shareholders and holders of depositary interests in respect of shares in the Company and how they can be exercised can be found on pages 111 to 113, 117, and 250;
- the information regarding the composition and functioning of the Board and its Committees can be found on pages 112 to 171;
- the Board Diversity Policy with regard to the composition of the Board and its Committees, can be found on page 135; and
- the information concerning the disclosure of the following items, where they exist, may be found on pages 110 to 127:
  - participations in the Company for which a disclosure obligation exists;
  - special control rights attached to shares and the name of the person entitled to such rights;
  - any limitation of voting rights, deadlines for exercising voting rights and the issue of depository interests for shares with the co-operation of the Company;
  - the regulations in respect of the appointment and dismissal of Executive Directors and NEDs and amendments to the Articles of Association;
  - the powers of the Board, in particular to issue shares and to acquire own shares by the Company; and
  - the number of shares without voting rights and the number of shares that do not give any, or only a limited, right to share in the profits or reserves of the Company, with an indication of the powers which they confer.

Listing Rules information

Certain information is required to be published by the Listing Rules (LR 9.8.4 R and LR 9.8.4C R) and this information can be found in the Annual Report as set out in the table overleaf:

	Item	Location in this Annual Report
1.	Interest capitalised	Page 204
2.	Publication of unaudited financial information	N/A
3.	Details of long-term incentive schemes	Pages 147 to 171
4.	Waiver of emoluments by a Director	Page 150
5.	Waiver of future emoluments by a Director	N/A
6.	Non pre-emptive issues of equity for cash	N/A
7.	Item (6) in relation to major subsidiary undertakings	Page 42
8.	Parent participation in a placing by a listed subsidiary	Page 42
9.	Contracts of significance	N/A
10.	Provision of services by a controlling shareholder	Refer to Note 43
11.	Shareholder waiver of dividends	N/A
12.	Shareholder waiver of future dividends	N/A
13.	Agreements with controlling shareholders	Refer to Note 43

Information on capital structure and rights of shareholders

The Company has one class of shares, being ordinary shares. On 31 December 2023, the issued capital of the Company comprised 49,477,705 ordinary shares. Each ordinary share (other than the ordinary shares held by the Company) carries one vote. Depositary interests in respect of the Company's shares have been issued by the Company with the Company's co-operation, which can be settled electronically through, and held in the system of, CREST. The depositary interest holders hold the beneficial ownership in the shares instead of legal title. Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (also known as Euroclear Nederland) holds the legal title to the underlying shares.

Shares may be issued pursuant to a resolution of the General Meeting or of the Board, if and insofar as, the Board has been designated for that purpose by a resolution of the General Meeting. Such designation shall be as set out in the Company's Articles of Association. The Company shall notify each issuance of shares in the relevant calendar quarter to the Dutch Trade Register, stating the number of shares issued.

There are no restrictions on voting and profit rights and no holders of any securities with special control rights. There is no restriction in force by the Company on the transfer of shares or depositary receipts issued for shares and there is no agreement in so far as the Company is aware of, which would give rise to the same such restrictions or restrictions on voting rights.

Shareholders who individually or collectively represent at least 3% of the issued capital are entitled to propose items for the agenda, within the boundaries of the law. Every shareholder is entitled to attend a General Meeting. Subject to certain exceptions provided by Dutch law and/or the Articles of Association, resolutions of the General Meeting of shareholders are passed by an absolute majority of votes cast and do not require a quorum. General Meetings are convened by public notice via the company's website, and registered shareholders are notified by letter or electronic communication at least 42 days prior to the day of the relevant meeting. Shareholders who wish to exercise the rights attached to their shares in respect of a shareholders' meeting are required to register for such meeting. Shareholders may attend a meeting in person, vote by proxy (via an independent third party) or grant a power of attorney to a third party to attend the meeting and vote on their behalf.

Pursuant to Dutch law, the record date for the exercise of voting rights and rights relating to shareholders' meetings is set at the 28th day prior to the day of the relevant meeting. Shareholders registered on such date are entitled to attend the meeting and to exercise the other shareholder rights (at the relevant meeting), despite any subsequent sale of their shares after the record date.

Major shareholdings

The Dutch Financial Supervision Act requires institutions and individuals holding a (potential) capital and/or voting interest of 3% or more in the Company, to disclose such interest to the Dutch Authority for the Financial Markets (AFM).

Shareholders only have to update their filings if their capital and/or voting interest crosses the 3% or a subsequent 5% threshold.

The AFM processes these disclosures in its publicly available register, which can be found at www.afm.nl. In providing the table of shareholdings below, the Company has included the total interests registered at the AFM on 26 February 2024, or where the Company has been made aware of more up-to-date information through a direct notification by the shareholder, it has used this information. The total percentage of issued share capital in the table is calculated excluding treasury shares held by the Company.

These stated interests may differ from the current interests of the relevant shareholders as these interests are based on the number of shares owned at the time of the notification and are not adjusted for any purchases or sales since that date.

In May 2023, Ignite Luxembourg Holdings S.à r.l. (a wholly owned subsidiary of a number of limited partnerships which are indirectly managed by Rhône Holdings VI L.L.C. Rhône Holdings VI L.L.C. indirectly manages a series of parallel investment and co-investment vehicles, ultimately controlled by Rhône Capital L.L.C.) ("Rhône Capital") embarked on a Partial Offer for Shares and as a result of this process became a major shareholder of the Company on 13 December 2023, holding just under 20% of the Company's shares.

Shareholder[7]	Number of shares	Total % of issued and outstanding capital[1]
MSP Stiftung	13,333,340	28.29%
Rhône Capital L.L.C[6]	9,399,144	19.94%
Fidelity Management & Research Company LLC	2,722,409	5.78%
E. Prinzessin zu Sayn-Wittgenstein-Berleburg[2]	2,088,461	4.43%
K.A. Winterstein[3]	2,088,461	4.43%
FEWI Beteiligungsgesellschaft mbH[4]	1,891,292	4.01%
GLG Partners LP[5]	1,788,605	3.80%

1. These percentages have been calculated using the number of shares notified by the relevant shareholder to the AFM or the Company and the current issued and outstanding share capital of the Company (and therefore excluding treasury shares). It is noted that for purposes of the Dutch Financial Supervision Act, the calculation must be made on the basis of the issued share capital, and therefore including treasury shares, and therefore the AFM's register will refer to other percentages.
2. According to the AFM register, the shares are held indirectly via Chestnut Beteiligungsgesellschaft mbH (Chestnut) Ms. E. Prinzessin zu Sayn-Wittgenstein-Berleburg, is a related party to the Company as the spouse of Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg who sits on the Board of Directors. Ms. E. Sayn-Wittgenstein made an agreement with Mr. K. A. Winterstein which allows Chestnut to exercise the voting rights of Silver Beteiligungsgesellschaft mbH (Silver) in the Company. Ms. Sayn-Wittgenstein and Mr. K.A. Winterstein share a family relationship.
3. According to the AFM register, the shares are held indirectly via Silver. The Company has been informed that Mr. Winterstein and Ms. Sayn-Wittgenstein made an agreement which allows Chestnut to exercise the voting rights of Silver in the Company. Ms. Sayn-Wittgenstein and Mr. Winterstein share a family relationship.
4. The Company has been informed that FEWI Beteiligungsgesellschaft mbH (FEWI) is owned by Ms. Sayn-Wittgenstein and Mr Winterstein in equal proportions.
5. GLG Partners LP have notified voting rights of 1,487,887 held directly and 300,718 held via a swap agreement.
6. Rhône Capital took legal ownership of the shares on 13 December 2023.
7. The Company currently holds 2,346,506 (4.74%) of its own shares in Treasury as a result of the buybacks undertaken during the period 2019 to 2021. Shares held in Treasury cannot be voted.

Corporate governance report continued

Transactions with majority shareholders

There have been no transactions between the Company and MSP Stiftung, or between the Company and Rhône Capital within the meaning of best practice provision 2.7.5 of the DCGC. Since there are no other legal or natural persons who hold at least 10% of the shares in the capital of the Company, no declaration in accordance with best practice provision 2.7.5 of the DCGC has to be published.

Share authorities

Share authorities for the Board of Directors to issue and to repurchase shares are generally requested at each AGM. You can find the resolutions under the AGM section of **our website**.

The Company last undertook share buybacks during the course of 2021 under the authority given by shareholders at the AGM. In 2023, no such share buybacks have been undertaken and the authority received under the 2023 AGM remains at 10%, less the amount of shares held by the Company and its subsidiaries in Treasury.

As at 31 December 2023, the Company held a total of 2,347,367 ordinary shares in Treasury, which represented 4.74% of the issued share capital (including treasury shares). The Company continues to assess the treatment of these treasury shares and they may be used to satisfy awards made under the terms of the Company's Long-Term Incentive Plan (LTIP) or cancelled, subject to shareholder approval, in due course. This number is reduced through the satisfaction of the 2020 LTIP award in 2023, and will shortly be further reduced with the 2021 award vesting. You can find more details about this in the Remuneration Report on page 165.

The Board kept the capital allocation of the Company, including the potential for share buybacks, under review in 2023, considering the medium-term liquidity, leverage profile, outlook and going concern of the Company. The Board will continue to evaluate the potential for additional share buyback programmes and/or tender offers to further enhance shareholder returns, after taking into account market conditions and the Group's wider capital allocation priorities.

Prime listing in Vienna

In December 2022 the Company upgraded its secondary listing on the Vienna Stock Exchange (Wiener Börse) to the prime market. This has increased the Company's visibility and accessibility to its Austrian investor base. This does not affect the Company's Premium Listing on the London Stock Exchange, which remains our primary listing venue.

As the Company already declares compliance with a Corporate Governance Code in an EU Member State, the DCGC, it is not a requirement to report compliance with the Austrian Corporate Governance Code. The Company's compliance with the ongoing obligations of the prime market of the Wiener Börse can be found on the Corporate Governance section of the **Company's website** and within this report.

Outline of anti-takeover measures

No anti-takeover measures have been implemented. The Company acquired a secondary listing in 2019 on the Wiener Börse to extend regulatory protections to its shareholders, which could have been lost as a result of the UK's exit from the EU. Austria has become the Company's sole host member state and the Netherlands continues to be the Company's home member state.

The main effect of this is that the Company notifies disclosures, such as share dealing, to each of the three authorities in the UK, the Netherlands and Austria. The Company complies with the relevant corporate and listing regulations across all three jurisdictions. The Company's governance structure continues to be primarily derived from its primary listing status in the UK, although there are minor areas in which regulations in other jurisdictions take precedence.

Board powers, responsibilities and representation

The Board is collectively responsible for the leadership and management of the Company and its business. Its role is to establish the strategy, purpose and values to ensure the Group's long-term and sustainable success. The Board assesses the strategic risks it is willing to take in pursuit of this strategy, ensures sufficient resources, and measures the performance of the management team against agreed objectives, aligned with the strategy. The Board ensures that appropriate controls and systems are in place to manage risk and considers the Company culture and practices, reviewing alignment with the purpose, values and strategy.

The Board Rules and Matters Reserved to the Board, which are available on the **Company's website**, set out those matters that are reserved for the Board to consider, including, among other items, overall responsibility for strategy and management, major acquisitions and investments, structure and capital, financial reporting and controls, and corporate governance. The Board Rules were refreshed in 2023 to ensure compliance with the DCGC. You can read more about the matters considered by the Board in 2023 on pages 119 to 120.

The Board has delegated certain responsibilities to Committees of the Board, which are outlined in the respective Committee Terms of Reference, available on the **Company's website**, and summarised in their individual reports on pages 134 to 171. The Committee Chairmen provide reports to the following Board meeting on the matters discussed and resolved upon in the Committee meetings.

Each Board Committee has considered the required matters from the respective Terms of Reference in 2023 and has met the requisite number of times. The composition of the Committees, the number of meetings, attendance at those meetings and key items discussed can be found in each Committee Report on pages 134 to 171.

Pursuant to the Articles of Association, the Board may, if it elects to do so, assign duties and powers to individual Directors and/or committees that are composed of two or more Directors, with the day-to-day management of the Company entrusted to the Executive Directors. Both Executive Directors and NEDs must perform such duties as are assigned to them pursuant to the Articles of Association and the Board Rules or a resolution of the Board. Each Director has a duty towards the Company to properly perform the duties assigned to them. Tasks that have not been specifically allocated to a specific Director fall within the power of the Board as a whole. The Directors share responsibility for all decisions and acts of the Board, and for the acts of each individual member of the Board, regardless of the allocation of tasks. Furthermore, each Director has a duty to act in the corporate interests of the Company and its business.

Corporate governance structure

Under Dutch law, corporate interest extends to the interests of all stakeholders of the Company, such as shareholders, creditors, employees and other stakeholders. You can read more about stakeholder engagement on pages 122 to 127.

The Board as a whole is entitled to represent the Company. Additionally, (i) the CEO and the Chairman, (ii) the Senior Independent Director (SID) and Deputy Chairman[1] and the Chairman and (iii) two Executive Directors, acting jointly, are also authorised to represent the Company. Pursuant to the Articles of Association, the Board may appoint officers who are authorised to represent the Company within the limits of the specific powers delegated to them. You can find our Articles of Association and the role profiles of the above roles on **our website**.

The Board has delegated responsibility for day-to-day management of the Company to the CEO and the EMT. There is a clear separation of responsibilities between the Board and the EMT, and the main responsibilities of the EMT are to assist the Board with its oversight of strategy, which involves making strategic recommendations to the Board, being accountable for implementing the Board's decisions, and being responsible for directing and overseeing the Company's operations, investments, resources, and delivering the Company's purpose and value to stakeholders.

EMT and delegation of authority

The Board has documented the matters reserved for its approval, including approvals of major expenditure, investments, and key policies. This provides as much clarity as possible to the Board, and the organisation as a whole, to enable effective delegation of authority. The EMT then work within this delegation of authority, as approved by the Board, and set out parameters for the rest of the organisation to work within.

The EMT comprises senior managers reporting to the CEO who are accountable for the key functions in the business. The CFO and CEO sit on the EMT. There are meetings held, on a minimum of a monthly basis, to discuss key business performance indicators, to drive operational performance and to agree strategic initiatives to be proposed to the Board. The EMT members attend each Board meeting, giving reports on both standing items and ad-hoc initiatives, per the approved forward agenda planner. Individual EMT members are responsible for the reporting to the Board Committees and leading the organisation in meeting objectives as set out by the Executive Directors and NEDs of the Board. As part of this, they meet and discuss matters one on one with the Chairmen of the Board Committees.

1. A dual role held by one individual, John Ramsay.

Board appointment

Pursuant to the Articles of Association, the Directors, other than the ERDs, are appointed by the General Meeting by a majority of votes cast, irrespective of the represented capital. The Board makes nominations to the General Meeting for such appointments. A resolution to appoint a Director other than in accordance with a nomination by the Board may be adopted by the General Meeting by an absolute majority of votes cast representing more than one-third of the Company's issued capital.

NEDs (other than ERDs) will be nominated for a term of three years, subject to satisfactory performance and annual reappointment by the General Meeting. ERDs are appointed for a term of not more than four years. The term of office for each Director (other than ERDs) will end on the day of the AGM in the year following appointment. Pursuant to the Articles of Association, Directors may be reappointed for an unlimited number of terms, but the Board's consideration of NEDs (other than ERDs) for reappointment for a third term would always take into account overall Board independence and stakeholder views, as well as relevant Corporate Governance Codes and associated guidance.

The General Meeting has the power to suspend or remove a Director at any time, by means of a resolution for suspension or removal as outlined in the Articles of Association. The General Meeting is authorised to resolve to amend the Articles of Association, on the proposal of the Board.

Conflicts of interest

Dutch law provides that a director may not participate in the discussions and decision-making by the Board if such director has a direct or indirect personal interest conflicting with the interests of the Company or the business connected with it.

Pursuant to the Articles of Association and the Board Rules, the Board has adopted procedures under which each Director is required to declare the nature and extent of any personal conflict of interest to the other Directors. At the beginning of each Board meeting, the Directors are reminded to consider the business of the meeting and declare any potential conflicts with their own personal interests. There are no transactions under best practice provision 2.7.4 DCGC to be reported.

Board site visits

The agreed Board pattern is that one Board session per annum, typically over a week in April, is held at a location other than the Vienna headquarters. In April 2023, the Board travelled to the North America region. Starting in York, Pennsylvania they visited the plant of c. 350 employees, meeting colleagues with focus on quality control, production and maintenance. The visit ended in Arizona at a customer plant where the Board received a full and detailed tour and met customers to hear their priorities and plans.

At the sites, Board members met employees involved in a variety of different tasks from mining, Health & Safety, plant management, lean process management, quality assessment, supply chain management, production, capex investments as well as works council representatives. They also met cultural champions and had the opportunity to observe working practices, with a focus on Health & Safety. Topics with management included customer and employee focus areas, capex investments, market share and progress against KPIs. Feedback on the overall trip was very positive and the experience was felt to be extremely valuable for the Board and the colleagues whom they met.

Other site visits by certain Directors took place throughout 2023 and reports were provided to the rest of the Board at the following Board meetings to share learnings and perspectives from the experiences:

- One NED joined the Executive Directors on their trip to China and Japan, meeting customers in the steel industry and potential future partners. They had the opportunity to observe a townhall and see a recently completed fully automated plant.
- Two NEDs visited Interstop operations in Switzerland meeting colleagues from the flow control business unit and sales and production teams to understand more about automation, robotics and digitalisation and the role of this trend in the industrialisation of the developed technologies and how it is planned to contribute to flow control innovations. They also discussed Health & Safety and quality control focus.
- The Chairman joined the CEO and other EMT members on a week-long trip to Brazil. He heard from colleagues there on the region's current position, the projected inflation and growth of SAM countries; main political-economic impacts; steel, cement and industrial production; the current market share; and competitors' behaviours. He addressed staff in the new SAM headquarters in a townhall and was delighted to meet two major customers of the region. He also addressed senior colleagues at the annual leadership conference in Austria.

- One NED, who has been coaching and guiding our Supply Chain team, visited the Rotterdam office, the Netherlands. They heard updates and input from third parties on the sustainable changes which had been wrought in the teams and how such progress would be monitored and maintained.
- A NED with specific experience in digital initiatives took time to directly discuss with management their work in the digital space designed to improve employee and customer experiences, suggesting useful perspectives and routes for progress. Others also shared their experience with Enterprise Resource Planning (ERP) implementation projects directly with management to assist in bringing the benefit of broader experience.
- The CSC visited Breitenau, Austria as part of its planned schedule and considered Health & Safety, including a response to an Lost Time Injury at the plant, the use of secondary raw materials (SRM), customers served, processes and ways of working, as well as understanding the culture of the workforce there.

In April 2024, the Board's intention is to visit the India, West Asia and Africa region, with a particular focus on the recently acquired assets.

Culture and purpose

Cultural values support the Company purpose, underpinning the Company's engagement with stakeholders, demonstrating the Company's place within our wider environment and society. You can read more about how the Board incorporates stakeholder viewpoints into its decision-making process on pages 122 to 127.

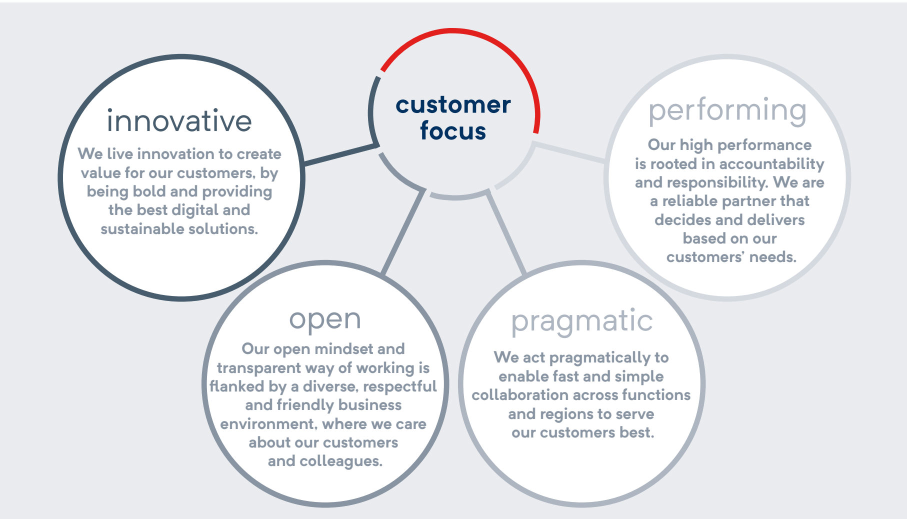
In 2023, the Board took all available opportunities to engage with colleagues in the business in order to observe and understand the culture within the Company. Some examples are given above in the description of the Board site visits.

Culture has remained an integral element of NED discussions, and the Board and its Committees use many sources to assess culture. Given that culture can arguably best be described as "the way we do things around here", it is difficult to use quantitative metrics that accurately communicate the culture to the Board.

Nonetheless, inputs used by the Directors to measure culture include whistleblowing reports, Code of Conduct compliance reports, reports from the Internal Audit and Compliance teams, talent assessment and succession planning, Health & Safety reports, responses to Internal Audit reports and the corresponding outstanding actions, and workforce remuneration. Directors engage directly with management at EMT and below, throughout the meeting cycle and also beyond, which enables their assessment of management culture, being that which sets the tone from the top of the organisation, in more intangible ways. When receiving presentations in meetings, the Board uses these opportunities to seek input from management, asking direct questions, particularly of those at the level below EMT, focusing on how a team operated or a region approached problems to broaden their understanding.

Observations of the relationship and interaction between the EMT and their reports can also assist with the perception and understanding of cultural tone from the top. You can read more about reporting on culture in the strategic report by management on pages 26 to 27.

The Matters Reserved to the Board include monitoring Group culture and workforce policies and practices to ensure these are aligned with the purpose, values and strategy of the Group, and seeking assurance that management has taken corrective action where this is not the case. In 2023, the Directors have discussed with management what corrective action has been proposed to improve culture in response to reports from compliance investigations and to improve health & safety culture following serious incidents and the fatalities (which are reported in our H&S statistics on page 79). This has included revised processes and communication flows, direct engagement with individual regional leaders to communicate expectations and open and transparent communication from EMT members with the global senior leadership team to prompt reflection and consideration of individuals' actions and their contribution to the corporate culture. These items continue to be reported on and the Directors will use the tools described in this section to assess and monitor progress and outcomes. Policies reserved for Board approval include the Code of Conduct and the Whistleblowing Policy, being foundational tools through which to deliver the desired culture.



As the Board considered the various operational difficulties and changes in the year, management were prompted to consider how culture contributed to root causes of issues and the solutions. In 2023 this was particularly relevant for Health & Safety. The CSC specifically considers behaviour and culture as key tools in Health & Safety campaigns. On business-critical projects, the EMT ensured the Board had face time with colleagues working directly on key matters who could communicate and demonstrate the culture of the Company. The Board met cultural champions as they went to different locations across the Group and in January 2023 had an extended, informal session with Culture Champions based in Austria where they heard about the role, the centrally coordinated champion global programme and the journey to a strong and consistent culture, all the more important as the Company continues to grow through acquisitions.

Culture continues to be a central part of performance evaluations for employees and the Company's internal communications are underpinned by our cultural values. Given the multiple global locations of operations, local culture is also discussed by the Board when considering the impact and likely success of initiatives, particularly when planning the integration of newly acquired businesses. The Internal Audit reports to the Audit & Compliance Committee demonstrate that organisational culture is a key factor in achieving good audit results and, where there are improvements to be made, culture is a focus to enable successful implementation. Culture is considered in discussions to identify trends and challenges facing the business.

The consideration of culture at Board level has provided context to performance in teams such as supply chain management, finance and sales, as well as on the ground in our plants and operations. The Board has considered the culture of different teams, and discussed with management how that culture has contributed to decision making and performance levels of the business.

The Board continues to consider how best to effectively measure and assess culture at Board level. The key cultural themes (page 114) determine the actions of the Company and specifically feed into performance reviews across the Group, succession planning and risk management.

Whistleblowing

Potential concerns about ethical misconduct or any compliance matters can be reported by all stakeholders (both internal and external) to an independently operated, confidential, and anonymous whistleblowing hotline, available in areas where the Company operates as well as other locations, in several languages. Contact details are communicated throughout the business and are available externally on the **Company's website**. In addition to the hotline, whistleblowing reports can also be submitted via other channels, such as to a dedicated email address. All reports are assessed by the Internal Audit, Risk & Compliance team and then addressed on a case-by-case basis.

The Audit & Compliance Committee and Board reviews this process and the reports arising from it, ensuring there are arrangements in place for the appropriate and independent investigation of these cases and that follow-up actions to address the root causes are completed.

Board workforce engagement

RHI Magnesita's governance structure has, from the beginning, included ERDs. This was a requirement from the merger between RHI AG and Magnesita in 2017 and reflects the approach in continental Europe, particularly the DACH region. The ERDs, currently Michael Schwarz, Karin Garcia, and Martin Kowatsch, have been appointed by their respective works councils in line with the Company's Articles of Association, and, with experience of the frontline of operations, seek to directly represent the views of the workforce at the highest level of the Company. Discussions on conduct and culture with the works councils tend to focus on the role to be played in Health & Safety improvements, as well as the implementation of corporate change.

The Board welcomes the different viewpoints they provide, bringing increased opportunity for challenge of the executive management, and holding them to account from a different perspective, being that of the workforce who are on the ground. The ERDs can attest to the impact of the executives' actions within the business and contribute to the Board accordingly. Not only do the ERDs have the ability to challenge management, but they can also contribute to the NEDs' view of management and understanding of the Company culture, strengthening the independence the NEDs have, through providing a broader knowledge of the Company.

The information and discussions at Board meetings helps the ERDs' support of the workforce and provides a mutually beneficial link between colleagues and the Board. Specific details are included in the Board stakeholder engagement report on pages 122 to 127.

The effectiveness of this approach to workforce engagement is considered from time to time by the Directors.

Board composition

The Board is composed of 14 Directors, which includes two Executive Directors, three ERDs and nine NEDs. At the 2024 AGM, Katarina Lindström will be proposed for election as an Independent NED, bringing the Board to a total of 15 Directors.

In their Partial Offer document in May 2023 intending to reach 29.9% share of the Company, Rhône Capital indicated their intention to seek Board representation. The Board looks forward to an open and constructive dialogue with them and welcomes the fresh perspective they will no doubt contribute as major shareholders. At the date of publication the Board has received no proposal from them for the appointment of shareholder representative directors.

At the date of this Annual Report, the Board is composed as follows:

Name	Position	Gender	Nationality	Year of birth	Date of appointment	Expiry/ reappointment date
Herbert Cordt	Chairman[1,3]	Male	Austrian	1947	20 June 2017	2024 AGM
John Ramsay	Deputy Chairman and Senior Independent Director[2,3]	Male	British	1957	6 October 2017	2024 AGM
Stefan Borgas	Executive Director (CEO)[4,5]	Male	German	1964	20 June 2017	2024 AGM
Ian Botha	Executive Director (CFO)[4,5]	Male	British/South African	1971	6 June 2019	2024 AGM
Janet Ashdown	Independent Non-Executive Director[2,3]	Female	British	1959	6 June 2019	2025 AGM
David Schlaff	Non-Independent Non-Executive Director[4,5]	Male	Austrian	1978	6 October 2017	2024 AGM
Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg	Non-Independent Non-Executive Director[4,5]	Male	German	1965	6 October 2017	2024 AGM
Jann Brown	Independent Non-Executive Director[2,3]	Female	British	1955	10 June 2021	2024 AGM
Karl Sevelda	Independent Non-Executive Director[2,3]	Male	Austrian	1950	6 October 2017	2024 AGM
Marie-Hélène Ametsreiter	Independent Non-Executive Director[2,3]	Female	Austrian	1970	10 June 2021	2024 AGM
Wolfgang Ruttenstorfer	Non-Independent Non-Executive Director[6]	Male	Austrian	1950	20 June 2017	2024 AGM
Katarina Lindström	Board Nominated Independent Non-Executive Director[7]	Female	Swedish	1965	—	—
Karin Garcia	Employee Representative Director[4,5]	Female	Spanish	1970	9 December 2021	9 December 2025
Martin Kowatsch	Employee Representative Director[4,5]	Male	Austrian	1972	14 December 2021	14 December 2025
Michael Schwarz	Employee Representative Director[4,5]	Male	German	1966	8 December 2017	9 December 2025

1. Herbert Cordt is not deemed to be independent on appointment under the criteria of the UKCGC on the grounds of his length of service (including time served on the Supervisory Board of RHI AG).
2. Independent within the meaning of the UKCGC.
3. Independent within the meaning of the DCGC.
4. Non-Independent within the meaning of the UKCGC.
5. Non-Independent within the meaning of the DCGC.
6. Wolfgang Ruttenstorfer is considered Independent under the DCGC and Non-Independent under the criteria of the UKCGC.
7. Katarina Lindström is proposed for appointment by shareholders at the 2024 AGM.

Corporate governance report continued

The size of the Board continues to be a challenge, as seen in findings of the Board performance reviews. However, this is mitigated by the careful behaviour of Directors in meetings, the dedicated work of the Committees, who then feed their pre-work on matters into the Board meetings, and the familiarity of the Board with the nuances of being a dual-listed Company with obligations in three jurisdictions.

Independence

When assessing independence under the UKCGC, the Board has included time served by that Director on the board of RHI AG prior to the merger with Magnesita in 2017. On this basis, Wolfgang Ruttenstorfer exceeds nine years of service. He meets no other criteria in Provision 10 of the UKCGC and the Board continues to be comfortable that he provides strong, independent challenge to management, particularly on financial business cases, balance sheet management and risk assessments.

Given their longstanding service and also their connections to major shareholders, David Schlaff and Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg are also not considered as Independent Non-Executive Directors.

Additionally, per previous reports, as European corporate law requires the Company to allow for a significant portion of the Board to be ERDs, the Board feels it is appropriate to follow the process of calculating independence as it is undertaken in the relevant jurisdiction. Which is to say that only Directors who can be appointed by shareholders are counted in the calculation and ERDs are excluded from the denominator.

Accordingly, including Katarina Lindström who will be proposed for election at the 2024 AGM, the Board has six out of 11 eligible Directors, who are deemed independent (as set out in the table on the previous page), thereby constituting a Board that is composed of at least half NEDs (excluding the Chairman) considered by the Board to be independent for the purposes of the UKCGC. Without Katarina, the Board is at exactly 50% independence under the criteria of the UKCGC. Under the criteria of the DCGC, the current Board can be considered as 58% independent.

The Board has considered the independence of the NEDs, including any potential conflicts of interest. Each of these Directors has also confirmed that there is no reason why they should not continue to be considered independent. In the opinion of the Board, the DCGC independence requirements referred to in the best practice provisions 2.1.7 to 2.1.9 have been fulfilled. You can find the details of which Directors are deemed to be independent or non-independent in the table on page 115.

Skills and experience

The Nomination & Governance Committee seeks to ensure the right balance of skills, knowledge and experience on the Board, taking account of the business model, long-term strategy and the sectors and geographic locations in which the Group operates.

The Board is structured so that the following experience and capabilities are adequately represented across the Board:

- knowledge and understanding of the business and products of the Company and its subsidiaries, the markets and geographies in which the Company and its subsidiaries operate, in particular the trends and future developments of these markets and geographies;
- an international background and geopolitical exposure;
- broad Board experience, including knowledge of corporate governance issues at main Board level as appropriate for the Company with reference to its size and international spread of activities;
- understanding of HSE, corporate social responsibility and sustainability matters, particularly decarbonisation and other areas of focus as per the Company's commitment to the UN Sustainable Development Goals (SDGs);
- practical experience in, and relating to, financing and accounting and/or experience in relation to IFRS, as well as in the areas of risk management and internal controls;
- understanding of the markets where the Company is active, in particular emerging markets;
- expertise in science, technology and innovation, as well as practical experience in operations, manufacturing and logistics;
- experience and understanding of human resources and remuneration-related matters; and
- personal qualities such as impartiality, integrity, tolerance of other points of view, ability to challenge constructively and act critically and independently.

The Nomination & Governance Committee considers that all of these aspects are well represented across the Board, whilst continuing to keep Board composition under review. The Board is committed to encouraging diversity to deliver long-term sustainable success for the Company and will continue to pursue its programme in this regard.

You can read about Board diversity in the Nomination & Governance Committee report on pages 135 and 136.

Individual roles

Roles of Chairman, Deputy Chairman and SID and CEO

The roles of Chairman, Deputy Chairman and SID, and CEO have been formally recorded by the Board. All of these documents can be found on the **Company's website**. The composition of the Board has been structured such that no one individual can dominate the decision-making processes of the Board.

Non-Executive roles

The Employee Representative, Non-Independent and Independent NEDs engage with the business of the Board from different perspectives, enabling multifaceted scrutiny to be applied to the Board's decision-making, ensuring that the viewpoints of the Company's key stakeholders are represented. All Directors are required to exercise their independent judgement and act in the best interests of the Company, taking into account the interests of its stakeholders, in their decision making.

Non-Independent Non-Executive Director roles

Herbert Cordt, Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg, David Schlaff and Wolfgang Ruttenstorfer are not considered independent under the UKCGC, for a combination of reasons including length of service (including time served with RHI AG prior to the merger in 2017 with Magnesita) and connections to significant shareholdings of the Company. However, because of that experience, they contribute strongly to the Board's culture and personality, adding valuable insight gained through experience of the markets in which the Group operates and corporate memory. They can constructively challenge the Executive Directors and scrutinise the performance of management in meeting their objectives with the benefit of historical experience of the operations and industry of the business. Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg and David Schlaff can provide an investor perspective to the management team and challenge them accordingly. The detail of all the Directors' independence and the detail of compliance with the criteria of each Code can be found above and on page 115.

The Chairman's other significant commitments are set out in the following table:

Name of company	Function
CORDT & PARTNER Management- und Finanzierungs consulting GesmbH.	Managing Partner
Watermill Group Boston	Advisory Board member
Georgetown University's School of Foreign Service for its MSFS Program	Advisory Board member
Quality Metalcraft/ Experi-Metal, Inc.	Advisory Board member
Cooper & Turner Group	Advisory Board member

Time commitment

On appointment, and each subsequent year, NEDs are asked to assess if they have sufficient time to devote to the Company's affairs. The Nomination & Governance Committee considers any additional external commitments, and the Board is advised of any changes. In 2023 the Board considered the sustained increased time required by the Company from the NEDs and the Nomination & Governance Committee agreed that the time stated in the letters of appointment should be adjusted. You can read more about the review by the Nomination & Governance Committee and their conclusions on page 134.

The Board is satisfied that, having considered the demands of the external appointments of each NED and the time requirements from the Company, all NEDs standing for re-election at the upcoming AGM are contributing effectively to the operation of the Board. Whilst the NEDs are re-elected each year at the AGM, their letters of appointment state a term of three years.

Executive Directors

In accordance with Dutch law, an Executive Director may not be allocated the tasks of: (i) serving as Chairman; (ii) participating in the adoption of resolutions (including any deliberations in respect of such resolutions) related to the remuneration of Executive Directors or instructing an auditor to audit the Company's annual accounts if the General Meeting fails to do so; or (iii) nominating Directors for appointment.

The role of an Executive Director is, amongst other things, to bring commercial and internal perspectives to the boardroom. The Executive Directors, being the CEO and CFO, are responsible for the leadership and management of the Company according to the strategic direction set by the Board.

Company Secretary

Sally Caswell was appointed by the Board as Company Secretary in January 2020. All Directors have access to the advice and services of the Company Secretary, whose responsibilities include ensuring that Board procedures are followed, assisting the Chairman in relation to corporate governance matters and, in conjunction with the General Counsel, ensuring the compliance of the Company with legal and regulatory requirements.

Board and Committee structure

The Company has a one-tier board structure, with a Board consisting of both Executive Directors and NEDs (collectively the "Directors" or the "Board"). As at the date of this Annual Report, the provisions of Dutch law that are commonly referred to as the "large company regime" (structuurregime) do not apply to the Company.

The Board has four Board Committees to ensure a strong governance framework for decision making and assessment of performance against the Company's strategy: the Audit & Compliance Committee, the Remuneration Committee, the Corporate Sustainability Committee, and the Nomination & Governance Committee. Each Committee receives support from the Company Secretary. The Terms of Reference of these Committees can be found on **our website** and the reports of each Committee, including membership and attendance at meetings in 2023, can be found on pages 134 to 171.

Information and support for Directors

There is an established procedure for Directors to seek independent professional advice in the furtherance of their duties if they consider this necessary.

The Company maintains Directors' and Officers' liability insurance, which provides appropriate cover for legal action brought against its Directors. In line with Dutch best practice and corporate law, at each AGM there is a resolution to release the Directors from liability for the exercise of their respective duties during the financial year.

In order to build and increase the NEDs' appreciation and understanding of the Group's people, businesses, and markets, senior managers are regularly invited to make presentations at Board meetings. The strategy meeting involved multiple break-out sessions to provide detail on certain areas of business focus such as digital transformation, simplification of products, improving excellence in operations and the M&A outlook and capacity.

Training and discussion sessions were held with the Directors throughout 2023 on topics such as macroeconomic and geopolitical factors, and how they would impact on the business and markets. They received several focused briefings from specialists in matters such as the EU's digital strategy, decarbonisation in steel, the cost of capital and associated trends, and factors to consider for sustainability in business.

Additional information sessions took place with certain Directors as desired, e.g. on detailed areas relating to the digital transformation work. Directors also maintain their own individual training schedule based on their known needs and interests.

Induction

Upon joining the Board, new Directors are offered a comprehensive and tailored induction programme covering the value chain, with visits to key sites and meetings with senior managers and other colleagues or advisers as required. New members to Committees are provided with the opportunity for a full and detailed induction, even if they are existing members of the Board.

In advance of her formal appointment as a NED at the 2024 AGM, Katarina followed an induction programme which covered the Company's strategy, the details of the products it makes and where, key market factors, the details of the Operations department, supply chain processes, recent M&A and strategic considerations, finance, and balance sheet management. She was fully briefed by each EMT member about their area, the priorities and challenges and key team members. She also met with the Company Secretary to discuss duties of a Director of a dual-listed company, the Company's corporate make-up, listing requirements in London and Vienna, disclosure requirements and corporate governance matters pertinent to the Company. She also covered Board processes and procedures, with reference to the Matters Reserved and Board Rules.

Katarina also met with the Chairmen of the Board Committees to discuss the Committee functions, recent topics and ongoing discussions and key areas of focus.

Board attendance

Seven Board meetings were planned for the year (2022: seven). An additional five ad-hoc meetings were required in the year on topics such as discussion and approval of M&A opportunities and activities, the Partial Offer for shares by Rhône Capital announced in May 2023, and on matters that received insufficient time in the previous meetings to reach a decision. These ad-hoc meetings took place in a hybrid or entirely virtual setting and were naturally shorter meetings, given their focused agendas.

Where meetings are called on short notice, it is not always possible for them to be at a time suitable for all Directors to attend. As per Dutch law and the Board Rules, Directors can nominate, in writing, a proxy and prior to the meeting the Director will have the opportunity to provide any comments to their proxy or the Chairman and they will receive a briefing following the meeting on key points discussed and any votes taken.

The table below shows the number of scheduled meetings attended and the maximum number of scheduled meetings that the Directors were eligible to attend.

Board attendance 2023	Total attended	Total meetings[1]
Herbert Cordt	12	12
John Ramsay	12	12
Stefan Borgas	12	12
Ian Botha	12	12
Janet Ashdown	12	12
David Schlaff	12	12
Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg	12	12
Jann Brown	12	12
Karl Sevelda	12	12
Marie-Hélène Ametsreiter	12	12
Sigalia Heifetz[2]	3	6
Katarina Lindström[3]	1	1
Wolfgang Ruttenstorfer	12	12
Karin Garcia	12	12
Martin Kowatsch	12	12
Michael Schwarz	12	12

1. In the year, four Board sub-committees were held to approve matters specifically delegated by the Board in accordance with Article 17.5 of the Company's Articles of Association. These are not included in the table above.
2. Sigalia Heifetz did not stand for re-election at the 2023 AGM.
3. Katarina Lindström joined on 30 September 2023 and until her appointment at the 2024 AGM will attend Board meetings as a Board Nominated Independent Non-Executive Director.

Only in exceptional circumstances would Directors not attend Board and Committee meetings. Whilst the attendance level of our NEDs is very high, the Nomination & Governance Committee is cognisant of feedback that the time stated in the letter of appointment of 25 to 30 days per annum is no longer sufficient to meet the Company's requirements. This will be addressed in 2024 accordingly. All of our NEDs are comfortable they have the availability to meet this revised time commitment to fulfil their duties and the Nomination & Governance Committee considered the time required of NEDs as part of its regular programme.

Board operation

The Board meets regularly throughout the year at Board and Committee sessions, which are usually spread over two days, in person in Vienna. Board meetings can also be convened as deemed necessary by the Chairman or the SID and Deputy Chairman.

In the meetings, the Chairman takes care to ensure that each Director has opportunity to comment and be heard, whilst enabling an orderly flow and healthy discussion.

At the end of each Board meeting, the NEDs generally meet, without the Executive Directors and management, to enable an open and frank exchange of views and assessment of performance. Additionally, in 2023, the SID held a meeting with the other NEDs (not including the Chairman) to discuss the Chairman's performance, in conjunction with the Board review process. Further details on the Board review are available on page 135. The Chairman and other NEDs hold regular informal, individual, meetings with the Executive Directors and other senior managers in the business, providing the opportunity to raise questions and cover points of interest, which contributes to the development of both the NEDs and the management.

Board papers are circulated in advance of meetings, using a secure web-based portal, to allow Directors sufficient time to consider the content prior to the meeting. The Chairman is assisted in this responsibility by the Company Secretary and CEO. The management team continues to take feedback from the Board via the review process on how papers and presentations can be improved to assist the flow of the meeting as well as direct feedback either in the meeting or in an informal way outside of meetings. An information room within the portal provides access to useful information, including corporate governance reference materials, analyst reports, and Company finance, treasury, and strategy information.

The Board takes the views of its key stakeholder groups into account when challenging management, and in its discussions and decision making. Inputs to this process include the Company's Net Promoter Score, the ERDs' views, regular Investor Relations reports, analyst coverage and views of the two Non-Independent NEDs who represent shareholders.

The Board recognises the importance of balancing stakeholder views, whilst acting in the best interests of the Company. In the event of a decision which has a potentially negative impact on a specific stakeholder group, efforts are made to mitigate these. As an example, in the event of an organisational restructure, which does not benefit certain employees, a detailed communications strategy is designed to explain the decision and employees are treated in a respectful and generous manner. This aligns with the Company values to be open in decision making and accountable for actions taken.

Board performance review

As reported in the Chairman's letter, the findings of the 2022 Board review were that the Board continued to operate effectively and that there was positive progress and improvement from prior years. The Board engaged EY to conduct interviews for the Board review of 2022 which found areas to focus on included, meeting effectiveness, feedback loops on NED-only sessions and engendering greater business stability and focus on organisational execution.

The quality of Board papers were felt to have improved and certain individuals on the Board such as the Chairman and SID were again commended for their hard work in ensuring cohesion and good standards of governance More detail on actions from the 2022 review and progress can be found on page 135.

The 2023 review is ongoing at the time of publication and will be reported on in full in our 2024 Annual Report; the initial indications are the Board can be comfortable that it is operating effectively. It has been conducted through questionnaires to Directors and EMT issued by the Company Secretary in Q1 2024. The scope of the review will focus on:

- Chairman, Board and Board Committees performance
- Relationships between the executive and the Board, as well as between key roles on the Board
- Individual self-assessment of performance
- Support for Directors
- Assessment of governance
- Strategic review and proposed areas of focus for the year ahead.

Key areas of Board focus and activity in 2023

Amongst other matters, the Board focused on the following areas in the year:

Group strategy and long-term sustainable value creation/preservation

- Conducted an annual two-day strategy meeting session with members of the EMT and senior management team to assess the current strategy and ensure it was fit for purpose. As part of these discussions, the Board considered the global outlook and macroeconomic trends, developments in key markets in each region, structural trends, technical innovation, sustainable product initiatives, review of the business model, and the competitive environment.
- Management presented its annual strategic review, with qualitative and quantitative data, on how the strategy was being implemented. The Non-Executive Directors provided challenge to management about the direction and emphasis of the strategy and suggested areas for focus and refinement based on their experience from being executives themselves and their experience from their other appointments. The Board reviewed data on the achievement of the 2025 strategic goals; the CSC reviews and assesses the sustainability strategic goals at each meeting and the Remuneration Committee considers how to incentivise behaviours to reach the strategic outcomes. You can read more about how the NEDs ensure the incentives are aligned with the Strategic pillars on page 155.
- Participated in a risk management workshop, discussing risks aligned with the strategic opportunities, how the Group was benchmarked against its peers, and agreeing changes to risk appetite.
- Received reports throughout the year outlining potential business development opportunities as they arose, including strategic M&A.
- Approved acquisitions, with reference to the Company's strategic intent and the balance sheet capacity. The Board focused on the synergies to be leveraged, which will support a sustainable business model, the success factors for integration, and any risks to be mitigated. Furthermore, the impact on the Company's sustainability strategy was considered with each potential acquisition.
- Considered geopolitical and macroeconomic trends and factors, particularly those impacting employees, costs of production, delivery to customers and the implementation of the strategy.
- Discussed the Company's raw materials strategy, the strategy for provision of products and services to customers.

People, succession and leadership

- Board composition, diversity, and the skills and experience desired to guide and challenge the EMT. Resolved to approve the nomination for appointment of Katarina Lindström.
- Considered the capability and capacity of various EMT and senior management members, as well as the talent pipeline, and EMT succession plans.
- Considered the 2022 Board performance review and the actions relating to the review, including progress against the actions identified in the year. Agreed the scope and approach of the 2023 Board review.
- Reviewed and approved the bonus for 2022 performance and the remuneration of the Chairman, Executive Directors and EMT.
- Approved the LTIP 2020 award vesting, the conditions of the LTIP 2023 and its grant to participants, the new LTIP Rules to be proposed to shareholders for approval, and the Bonus 2023 targets.
- Heard management's proposals for organisational restructure and cost savings, giving feedback and advice on the communication approach to ensure fairness and transparency to employees. Following revisions based on the feedback, approved the organisational restructure.
- Discussed resourcing levels, employee engagement, morale and well-being, particularly in the context of various significant internal projects.
- Received presentations on organisational diversity and agreed the focus areas for improvement to drive greater gender diversity.
- In approving acquisitions, considered the talent profile of new assets and the approach in integration to retaining and motivating those talents to ensure synergies would be achieved, recognising the importance of people in reaching the strategic aims.
- Considered various deep dive reports from Regional Presidents on the current position of their regions and the priorities for employees there.

Financial performance

- Approved the annual budget for 2023.
- Reviewed and approved the Group's full-year 2022 and half-year 2023 results together with the 2022 Annual Report, including ensuring that it was fair, balanced and understandable, and confirming that the Group was a going concern. As part of this, the Board considered the external auditor's reports and the key matters raised.
- Approved the quarterly trading updates on recommendation from the Audit & Compliance Committee.
- Received regular financial updates covering revenue, gearing, working capital, margins, costs, performance year-to-date and outlook on a monthly basis.
- Reviewed the Group's debt, capital, and funding arrangements, particularly in respect of ensuring the ability to take advantage of any opportunities as they arise, such as acquisitions that were considered at various points in 2023.
- Approved entry into various financing instruments and loans to raise the Group's liquidity.
- Approved the launch of the QIP in India and the Company's participation in it via its subsidiaries.
- Reviewed liquidity, cash flow and scenario planning, particularly with reference to macro factors such as inflation and labour costs.
- Considered analysis of capital allocation and payment of dividends, including the approval of the interim dividend at H1 2023, and how to drive more value for shareholders from the asset base.
- Considered disclosures to the market and noted the work of the Disclosure Committee to continually monitor matters at hand.
- Received updates on the Company's tax position and matters at hand with local authorities in various locations.

Markets and sales

- Received updates at each meeting on sales performance, market share and progress against sales initiatives, particularly with reference to customers.
- Considered strategic pricing and costs of production with the context of inflation.
- Discussed with management the strategic market and the sizing of market shares across the regions.

Operational performance

- Received updates at each meeting on operational performance, reported against regular and consistent KPIs, including any impacts to customers, and current Health & Safety levels.
- Received briefings on operational excellence projects, including project management processes, business cases for payback, timescales, and any barriers to completion.
- Considered reviews of completed projects, which included lessons learned by management for use in future projects and planning.
- Considered individual plant performance as appropriate and, with reference to the Company's strategy, noted capacity at certain plants and the consequent actions required.
- Received reports on the end-to-end value chain and customer segmentation.
- Appraised the principal risks, mitigating actions and controls around operational performance.
- Approved further capex for construction at the Brumado plant along with associated compensatory actions.
- Approved entry into certain contracts as required under the Delegation of Authority.
- Considered extensively the management's approach to a new ERP system and shared experiences of such change projects.

Technical innovation and sustainability

- Received updates on the development of low-carbon products and market developments in carbon capture and storage.
- Received reports on sustainable recycling and digital initiatives designed to meet customer expectations and develop the Company's offering.
- Considered future strategy, partnerships with external parties, and processes to encourage innovation.

Legal and compliance matters

- Received regular updates on whistleblowing, including an annual review of the process.
- Received updates on the Group's compliance and cyber security programmes.
- Considered compliance reports, and also received a benchmarking report on the number of compliance cases compared with peers.
- Considered and approved the revised Board Rules, Board Profile and Delegation of Authority.

Stakeholder engagement and governance

- Approved the Notice and business of the AGM, including the appointment of the external auditor.
- Approved the Board response to Rhône Capital's proposed Partial Offer.
- Received input from the ERDs with their views on various proposals and initiatives presented by management.
- Considered the Company culture as an ongoing matter and its influence across a variety of topics.
- Received reports on investor engagement, including verbatim feedback and the discussions held as part of the annual roadshow.
- Approved the annual statement for the Modern Slavery Act and California Transparency in Supply Chains Act.
- Received reports on customer satisfaction levels, including Net Promoter Scores and feedback from customers.
- Reviewed and agreed the proposed Remuneration Policy consultation.
- Received a report from the Remuneration Committee on the workforce remuneration and operation of various bonus schemes in the organisation designed to incentivise good behaviours.
- Received regular updates on corporate governance and other matters from the Company Secretary, including on the operation of the Share Dealing Policy.

See Stakeholder Report for more details
Pages 122 to 127

Statement of Directors' responsibilities

The Directors are responsible for preparing the Company's Annual Report. The Company's Annual Report comprises, among others, the Strategic Report, the Governance Report, and the Consolidated Financial Statements. The Directors are responsible for preparing the Annual Report for each financial year in accordance with applicable law and regulations, including in accordance with IFRS as adopted by the EU and the provisions of Book 9 of Part 2 of the Dutch Civil Code. The Directors must not approve the Annual Report unless they are satisfied that it gives a true and fair view of the state of affairs of the Company and its consolidated Group companies, and of the profit or loss of the Group for that period. In preparing the Annual Report, the Directors are required to:

a) select suitable accounting policies and then apply them consistently;

b) make judgements and accounting estimates that are reasonable and prudent;

c) state whether applicable IFRS as adopted by the EU and the relevant provisions of the Dutch Civil Code have been followed, subject to any material departures disclosed and explained in the Annual Report; and

d) prepare the Annual Report on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and the Group, and enable them to ensure that the Annual Report complies with applicable law and, as regards the Consolidated Financial Statements, the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed on page 249 confirm that, to the best of their knowledge:

- the Company's financial statements and the Consolidated Financial Statements, which have been prepared in accordance with IFRS as adopted by the EU and the relevant provisions of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Annual Report gives a true and fair view on the situation on the balance sheet date, the development and performance of the business and the position of the Company and its consolidated Group companies and includes a description of the principal risks and uncertainties that they face; and having taken all matters considered by the Board and brought to the attention of the Board during the financial year into account, the Directors consider that the Annual Report, taken as a whole is fair, balanced and understandable. The Directors believe that the disclosures set out in the Annual Report provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

After conducting a review of management's analysis, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for the period of at least twelve months from the date of approval of the financial statements. For this reason, the Directors consider it appropriate to adopt the going concern basis in preparing the Annual Report. Directors are also required to provide a broader assessment of viability over a longer period which can be found on pages 50 to 51 (the "Viability statement") of the integrated report and accounts. The Consolidated Financial Statements on pages 174 to 249 were approved and signed by the Board on 28 February 2024. There are no special events that should be taken into account for these Consolidated Financial Statements.

Stakeholder engagement report

By maintaining an effective and regular dialogue with stakeholders, the Group not only enriches its own understanding and perspectives, but also stimulates public debate on contemporary societal demands and concerns."

RHI Magnesita's Global Stakeholder Dialogue Policy.

Shareholders

Why they are important

As providers of capital and owners of the business, our shareholders play a central role in the Company's growth and development. By fostering and maintaining their support, we are able to implement our strategy and objectives.

How the Company engages

The Company issues consistent, fair, balanced and understandable information to the stock exchanges on which it is listed to ensure efficient and fair functioning of financial markets. Care is taken to ensure messaging is consistent and publications are compliant with the Market Abuse Regime, UK Listing Rules, Austrian Stock Exchange Act, and Corporate Governance Codes and guidance.

The Company is listed on the respective premium and prime segments of the London and Vienna Stock Exchanges, with London as its primary listing location.

The Investor Relations department maintains an ongoing dialogue with shareholders and analysts which is fed back to senior management.

Regular engagement with our shareholders is facilitated via one-on-one meetings, investor presentations and webcasts, the AGM, industry conferences and events, capital markets days and site visits.

How the Board engages

The Executive Directors meet regularly with investors and analysts (both in person and via digital channels).

The Investor Relations team regularly provides analyst coverage of the market and shareholder sentiment to the Board. This includes shareholder feedback, often verbatim, and comparison of the Company's performance against its peers. The Company's brokers also provided valuable and pertinent perspectives from their wider experience base.

The relevant Board Committee Chairmen and SID participated in the annual Board/shareholder roadshow. This year it focused on the proposed Remuneration Policy as well as covering ESG matters. Over 80% of the shareholder base were consulted on the proposed Remuneration Policy and offered the chance to give their perspectives. The Board received a detailed report on the responses and the Company Secretary and Chairman of Remuneration Committee ensured that all feedback was acknowledged and considered.

The Chairman and Deputy Chairman and SID also engaged with significant shareholders, notably Rhône Capital during the course of the Partial Offer process.

The Board benefits from long-term shareholder representative Directors, who share their perspective and priorities to guide management and reflect the shareholder experience, whilst also taking care to recognise minority shareholder interests and priorities.

Priority topics raised by stakeholders

- Partial Offer by Rhône Capital
- Remuneration Policy
- Company strategy and implementation, particularly regarding M&A
- Operational and financial performance including cash flow, pricing, market position, and trading outlook
- Capital structure and liquidity, particularly working capital and gearing
- Capital allocation
- Sustainability agenda and activities, specifically science-based targets, gender diversity at both the Board and organisational levels, climate strategy and associated capex investment, and human rights
- Incentives linked to reduction of CO_2 emissions and other ESG matters.

Outcomes

Shareholder perspectives were fundamental considerations in Board discussions on a wide range of topics including the response to the Partial Offer by Rhône Capital, capital allocation decisions, gearing and leverage, remuneration, sustainability governance and ESG strategy. It was particularly important to the Board that shareholders were made aware of the risks as well as opportunities in a balanced fashion in the response to the Partial Offer. The Board also took care to ensure that business performance was understood and that existing shareholders were provided with sufficient information when making their decisions.

The proposed Remuneration Policy and the operation of it for 2024 was guided by shareholder interests and the market expectations to align interests of the Executive Directors with shareholders and ensure a motivating incentive programme for senior management to deliver the desired business performance. The Policy also ensures progress in the sustainability agenda is maintained in line with general investor expectations.

Feedback about the Group's acquisition strategy from shareholders informs the strategy and planning for the future in terms of liquidity and business capacity. A number of acquisitions were made in 2022 and 2023 and the priorities of shareholders will continue to be a driving factor in the future acquisition approach.

Two dividends, final and interim, were paid in 2023, in line with the dividend policy and shareholder expectations.

Management have been guided by shareholder priorities on gearing and therefore have focused on working capital and inventory accordingly.

A Global Gender Equality Policy was adopted in 2023 to build a stronger culture for gender diversity in the workplace. The annual Leadership Conference also had specific breakout sessions, with the mainly male attendees, on how to improve and sustain gender diversity.

Debt holders and lenders

Why they are important
Our lenders and debt holders are an important source of the financial liquidity that the Group requires to operate. They are integral to the long-term sustainable success and growth initiatives of the business.

How the Company engages
The Group CFO and Group Treasurer execute strategies approved by the Board by regularly engaging with debt holders and lenders to secure favourable terms, mitigate risks and ensure sustainable and solid relationships.

How the Board engages
The Treasury department maintains an ongoing, transparent dialogue with its debt holders and lenders, and reports regularly to the Audit & Compliance Committee and Board.

Regular engagement with these stakeholders is facilitated via one-on-one and Group meetings and presentations.

The Board has a clearly defined approval and delegation of authorities matrix for the contracting of debt instruments, and actively contributes and engages in discussions with the CFO and Group Treasurer.

Priority topics raised by stakeholders
- Company strategy and implementation
- Operational and financial performance and outlook
- Capital structure and liquidity
- Sustainability initiatives
- Risk management

Outcomes
In 2023, the Treasury department engaged with RHI Magnesita's debt holders to raise further liquidity, comprising a €170 million ESG-linked Schuldschein ("German Bond") and a €200 million OeKB-backed term loan (which was partially used to refinance a €70 million OeKB-backed term loan and has its final maturity in March 2029). The team also refinanced a €115 million bilateral term loan, extending its maturity to 2026 and increasing the notional to €150 million.

All these new debt facilities are ESG-linked and have been financed at competitive rates to support the Group's capital allocation strategy and preserve financial liquidity.

Customers and innovation partners

Why they are important
Our customers are at the heart of our business model. They are fundamental to the sustainable future of the Group. We collaborate with external partners such as accelerators, start-ups, open innovation platforms, companies and institutions to foster innovation and drive developments in R&D.

How the Company engages
The Company connects with partners from the private and public sector, innovators and academia to exchange ideas and build trust. Our R&D teams, amongst others, collaborate and engage with innovation partners on an ongoing basis. Our specialists are invited to present at expert symposiums and technical conferences, typically focusing on sustainability innovations and refractory technology.

The business is well represented at trade fairs across different industries, such as steel and cement, and geographies across the world.

We work closely with our customers to ensure we are aware of their needs through day-to-day contact fact-finding, technical consulting, installation and operations supervision and site visits.

The Company runs Customer Satisfaction surveys and the Company's Net Promoter Score is measured regularly. It is used as a key metric for customer-facing teams, to ensure focus on providing a positive customer experience in every interaction.

How the Board engages
Customers continue to be at the heart of the Company's values and culture, and as such form a central part of every Board decision. Directors meets customers wherever possible and as part of the Board site visit in April, the Board was delighted to have the chance to visit one of CMC Steel's steel mini mills in Arizona, USA, and see first-hand how RHI Magnesita works side by side to support and deliver their results. The Chairman took the opportunity to meet with key South American customers on his visit to Brazil, finding their perspective helpful and informative of priorities and the overall regional market.

The Executive Directors meet regularly with customers to discuss joint strategies, at industry congresses, seminars and webinars, and at technology events and fairs.

The CSC hears from management on their work with innovation partners on the development of the Company's sustainability strategy, and feedback to the Board.

Priority topics raised by stakeholders
- Response to climate change
- Health & Safety
- Service levels and lead times
- Price increases in response to widespread inflationary costs

Outcomes
Increased investment in production sites to strengthen supply and quality of products for customers and restructured teams and processes to deliver better customer service. The Company's Net Promoter Score showed a continued upward trend in 2023, with increased participation, showing the benefits of focus on areas such as customer service and technical support.

Reports from customer relationship teams informed the Board's decisions around product pricing to manage inflationary pressure, as well as the strategy for developing the service offering and product portfolio, particularly with regard to sustainable and tailored products. The Group is increasingly the partner of choice in the green transition of steel and cement in Europe.

Management's work to improve operational processes will ultimately result in improved customer outcomes with a more efficient organisation. The regional structure continued to be embedded to deliver strong customer experience and alignment between local teams.

The esteemed scientific trade journal, Bulletin, shares the latest research on refractory innovations. Bulletin is available for download on the **Company website** and demonstrates the Company's continued development and coordination with innovation partners.

Partnerships were established with MCi Carbon and Compact Membrane Systems to embark on pilot schemes to develop technology to eventually bring benefits in carbon capture and utilisation (CCU).

Communities

Why they are important
Wherever we operate, our business depends on maintaining the trust of local communities. In return for this social licence to operate, we must conduct our business ethically and responsibly. We must also strive towards sustainability, not only in our own operations but also to support socioeconomic development and environmental protection.

How the Company engages
As a member of the UN Global Compact, we support the UN SDGs and implement the Global Compact principles (anti-corruption, human rights, labour rights and environment). These commitments drive our engagement with policymakers, non-governmental organisations (NGOs), and others at a national and international level.

In 2023, our CEO attended the UNIDO General Conference as the only business delegate amongst 200 diplomats to discuss industrial decarbonisation, hydrogen supply and carbon pricing.

At a local level, each operation engages with local communities and other stakeholders to understand their concerns and how we can support them. In South America inclusivity and diversity events in 2023 were held, focusing on those with disabilities and those related to employees in our Contagem plant.

In 2023, we specifically focused on education, youth development and environmental protection across the communities in which we operate.

How the Board engages
The CSC considered, and reported back to the Board, on community engagement, including charitable fundraising for local communities and received updates from management on projects in communities in India and Brazil.

The CSC gave feedback on where Directors felt focus should be directed and noted the relevant legal requirements.

Priority topics raised by stakeholders
- Health and wellbeing
- Climate change
- Education, youth development and employment programmes
- Protecting existing programmes and partners

Outcomes
The employee volunteering programme, established in 2022, continued in 2023 through which we are partnering with six non-profit organisations.

We increased our spend on community programmes and had greater engagement with NGOs.

We made further progress on our decarbonisation plan to help improve the world we live in for future generations and were pleased to see an increase in our use of SRM to 12.6% in 2023.

Celebration of international cultures in our headquarters, sharing food and music from different countries to recognise and celebrate that there are employees from over 60 nationalities across the Group.

RHI Magnesita was the main partner at the 2023 St. Gallen Symposium, taking part in cross-generational dialogue, where young minds meet experienced professionals from over 100 countries in the fields of business, politics, and academia, helping to shape discussion on diversity and the workforce of the next generation.

The India region received recognition as one of India's: 'Best organisations for Women' from The Economic Times. A new vocational training project was also embarked upon.

Employees

Why they are important

Attracting, retaining and developing talent is central to the success of the Company. People & Culture is a key pillar in our corporate strategy, recognising it as a crucial tool in delivering the strategic goals. We aim to cultivate an engaged, innovative and collaborative workforce, with a strong focus on diversity.

How the Company engages

Communication channels include townhall meetings, conferences for different functions and seniority levels, social media, and in 2023, a new corporate communications mobile application (Workvivo) was launched which allowed colleagues from all levels and locations to be connected and to hear consistently from senior leaders, as well as express themselves, and highlight their own concerns and achievements.

Colleagues throughout the Company, who are designated as Culture Champions, engage with the workforce on an ongoing basis to embed our culture and values.

Regional leadership teams hold townhalls to address regional specific issues, e.g., local supply chain issues, employee health and wellbeing, and site changes.

How the Board engages

Three ERDs sit on the Board, feeding in on a range of workforce issues such as remuneration, feedback on executives, the operational footprint, and Health & Safety.

The Board meets with plant employees and management, as well as holding direct conversations with senior management on detailed topics outside of Board meetings. They also had a dedicated session with Culture Champions in the Vienna Headquarters in early 2023. More details can be found on page 114.

Local and global townhalls and Q&A sessions are run both virtually and in person, at both regular intervals and when there are specific communications to be delivered, such as the full and half year financial results. On the Board's visit to the York plant, all Directors attended the townhall and the Chairman of the Board addressed colleagues, alongside the CEO. As detailed on page 113 other Directors have attended townhalls as part of their visits to certain locations.

The CSC considers employee safety KPIs at each meeting, including a root cause analysis of any major accidents. The Board also receives a report of Health & Safety statistics from the CEO at each meeting. The CSC, as well as the broader Board, focused on the fatalities, lessons learned, as well as hearing about the business's response and the support for affected colleagues at the plants. Guidance and encouragement were given by Board members to improve processes taken from their own experiences elsewhere.

In late 2023 a mentoring programme for female talent in the organisation was initiated and supported by female Board Directors who shared their own experiences and advice for a establishing a good mentoring relationship. This will develop further in 2024.

Priority topics raised by stakeholders

- Technical knowledge and product training
- Operational performance improvement programmes including process and controls improvement
- Production halts and plant closures
- Health and Safety
- Business restructuring and job security, within the wider macroeconomic backdrop (specific to certain regions)
- Responding to green steel transformation and delivering environment related solutions.
- Salary/wage growth, especially with reference to inflation
- Recruitment, talent development and retention
- Work/life balance
- Regional investment and the impact of new assets and additional colleagues.
- Leadership behaviours and communication, with cultural role modelling, and leading by example
- Change resilience and employee wellbeing

Outcomes

In 2023 the Company participated in the "SheGoesDigital" initiative in Austria, under the patronage of Austria's First Lady, Doris Schmidauer, serving as a bridge between companies and women interested in exploring the digital opportunities, including apprentices, returners, and those aged 50+. The Company has made a conscious effort to refocus its brand to prospective employees with the intention of attracting more female talent.

The global trainee programme, across different regions and functions, continues to be a valuable support to the business in establishing a solid pipeline of talent. In 2023 there were 1,500 applications for the programme; the intake was c. 60% female.

A Learning Academy was launched in 2023 to develop and enhance colleagues' knowledge about the business but also give wider instruction on key business tools. This tool has increased the understanding of technical matters, important processes and KPIs, giving colleagues tools and support to make daily work easier and connecting them more with their colleagues across the globe.

A global Employee Engagement team was set up in Q4 2022 and is continuing to implement digital tools to develop management skills and the Company culture, which should lead to improved retention.

New or improved regional headquarters have been established in Tampa, USA and in Contagem, Brazil, investing in the local operations, providing employees with a better workplace environment which includes breastfeeding facilities and gender-neutral toilets.

Workvivo provides tips and recommendations for health and wellbeing, and hosts sessions to boost wellbeing and improve work/life balance. In certain locations there are employee assistance programmes providing free therapy, counselling and coaching sessions to support colleagues.

Overall average remuneration increased, taking into account inflation, and collective and union agreements. A strata approach to pay increases was taken to support lower paid employees and in various locations there were engaged and detailed discussions between trade unions and works councils and management in a structured and transparent manner to deliver a fair outcome for employees.

The CSC encouraged management to improve Health & Safety performance and gave thorough challenge of the performance reported. The CSC especially encouraged focus on the reporting of Health & Safety in newly acquired plants and regions perceived as being high-risk to ensure colleagues are aware of the H&S culture and to improve their own safety performance levels. Overall Health & Safety performance generally improved, with certain sites in Germany and China reaching historic lows in Lost Time Injury rates. You can read more about Health & Safety performance on pages 79 to 80.

Post-acquisition, integration of new assets is undertaken, led by the regions and supported by a global department, to support and retain employees following completion of M&A transactions. The global function ensures consistency of approach and delivers a coordinated and comprehensive overview to the executive management and senior leaders, whilst ensuring the new assets are supported effectively by the corporate functions. The lead of integrations by the regional teams enables a tailored and detailed integration which will be sustainable and effective.

Stakeholder engagement report continued

Governments and authorities

Why they are important
Governments and authorities set the regulatory framework within which we operate. They also set out national and international strategies wherein RHI Magnesita plays a part. There is vital interplay between industry and political stakeholders and this relationship is the linchpin that propels us towards a cleaner, more sustainable future.

How the Company engages
We engage on multiple levels with regional authorities. We list a few examples here.

In India we have ongoing dialogue with key government agencies such as Invest India, the nodal investment facilitation agency of the Government of India, and Industrial Promotion & Investment Corporation of Odisha.

In Europe, we engage with the European Commission, through intense discussion with relevant Director Generals and Members of European Parliament. Our numerous roles in EU associations showcase our commitment to influencing policies related to CO_2 costs (EU-ETS), process emissions, the CBAM,carbon capture, utilisation and storage (CCUS), Critical Raw Materials, and green energy sources. In Austria we were pleased to meet with and host Government and Federal ministers, including Markus Brunner and Leonore Gewessler, to discuss topics of sustainable transformation of industries and decarbonisation in Europe. Representatives from Austria's Green Party were also welcomed to Breitenau, Austria, to discuss enhanced energy efficiency and fuel switches.

In North America, RHI Magnesita welcomed Pennsylvania state legislators and local economic council members to the York plant and quarry and discussed the Company's commitment to the local community and ways in which our focus on a circular economy align with state priorities regarding alternative energy and emissions reductions.

The Company engages promptly and transparently as required with regulators and governance bodies across the world, including anti-trust authorities, SEBI (India), AFM and SER (the Netherlands), FMA (Austria) and the FCA and FRC (UK).

You can find a list of our industry associations on page 87 which help us to communicate our viewpoints as part of a wider industry to global authorities.

How the Board engages
The Board considers responses to authorities such as the FRC (UK) and encourages management to research and consider the consultations which are issued.

The Board approves the Code of Conduct which has a zero-tolerance approach to any illegality.

Wolfgang Ruttenstorfer attended the 2023 AFM seminar for Audit Committees and you can read more about this on page 141.

Priority topics raised by stakeholders
- Local investment
- Compliance with new governance and regulatory frameworks
- Alternative energies, sustainability, climate change, and decarbonisation

Outcomes
The Board approved an averse risk appetite to non-compliance with laws and regulations. They endorsed management's approach to public affairs and political engagement, and guided attention to the new assets, asking management to ensure Group standards were implemented and maintained.

The Company has provided information on request to governments and agencies, actively engaging in open dialogue.

All relationships with Russian sanctioned customers have been terminated and newly acquired assets are promptly assessed to ensure their relationships are also compliant with the Group Sanctions Policy.

By actively engaging in regional discussions and initiatives with political bodies and governmental agencies, we address unique challenges and contribute to environmentally responsible industrial practices on a global scale. Transparent communication and open information sharing progresses our goal of securing a sustainable infrastructure for a clean and efficient industry to secure refractory production in Europe. In India the Group has communicated its dedication to aligning business objectives with national policies and has leveraged opportunities to show the important role the Company plays in a fast-growing economy.

Suppliers

Why they are important

Strong relationships with our suppliers are vital for the effective running of our operations. We rely on our suppliers to deliver services and materials, and we recognise that the availability of these goods impacts how we operate as a Company.

How the Company engages

The Company evaluates its suppliers through:

- a sustainability risk matrix that assesses suppliers according to country risk; and
- a goal-based framework to evaluate the majority of RHI Magnesita's purchase spend by supplier under its sustainability criteria, until 2025.

All suppliers are requested to sign the Supplier Code of Conduct, and a Sustainable Procurement Guideline and Supplier Audit Guidelines are implemented consistently across our operations.

A risk-based approach is taken with external parties undertaking audits on behalf of the Company in higher risk areas and internally conducted on-site supplier audits have been completed across all five of the Group's regions.

The Company has focused on building some longer-term partnerships with certain strategic suppliers to establish more stable and reliable supply chains.

The Company operates fair payment terms for suppliers, whilst leveraging benefits for its own financial health.

In 2023, the Procurement team concluded its initiative to digitalise and bring efficiencies to its relationship with suppliers through the implementation of SAP Ariba.

How the Board engages

The CSC received reports from management on supplier audits and engagement and considered progress on the Company's sustainable procurement initiatives.

The Board receives regular updates on the business's work to future-proof our supply chain and the work undertaken to adapt our processes to an increasingly volatile environment. In 2023, the Board approved contracts in South America with certain suppliers, considering risk mitigation and any key-man dependencies, in line with its delegation of authority framework.

In 2023, the Board considered and approved the Modern Slavery Act Statement for publication. The statement can be found on the **Company's website**.

Priority topics raised by stakeholders

- Inventory levels
- Shipment delays
- Climate action
- Safety
- Raw materials
- Sustainable procurement

Outcomes

The efforts to improve tactical and strategic supply chain management continued in 2023 and the next steps will be to upgrade the systems and tools for use in the teams' work driving efficiencies and improving supplier and employee experience. The Group engaged in a partnership with o9 Solutions to deliver an advanced and automated integrated business planning process. In Europe we initiated a new railway line in partnership with MSC Mediterranean Shipping Company to further ensure the supply of refractory products to international customers quickly, reliably, and sustainably.

Greater numbers of suppliers are signed up to the Supplier Code of Conduct and are increasingly more aware of the Company's expectations on product carbon footprint data and about the on-site audit process. This has led to greater adoption across associated industries and, it is hoped, will have driven improvements in ESG matters.

Tools used led to increased supply chain transparency which then resulted in a blacklisting, following discovery of practices which were not aligned with RHI Magnesita's Code of Conduct.

The insights from on-site audits in 2023 have led to improvements in quality, transparency and supplier relationships.

Board of Directors

Herbert Cordt N

Chairman

Herbert was Chairman of the Supervisory Board of RHI AG from 2010 until 2017, as well as Vice-Chairman from 2007 to 2010. He is Managing Partner at CORDT & PARTNER GmbH, his international boutique corporate finance consultancy, which advises clients on corporate finance matters. In the course of his career he has held a variety of senior executive and managing director positions in telecommunications and financial institutions in European firms, providing a wide range of business acumen and international experience. He has also served as a non-executive director on the boards of a number of industrial companies.

Herbert obtained a Doctorate in Law from the University of Vienna, graduated from the Diplomatic Academy of Vienna and received a Master's of Science degree in Foreign Service from Georgetown University Washington D.C.

Current external appointments: Watermill Group Boston (Advisor), Cooper & Turner Group (Advisory Board Member), Quality Metalcraft/ Experi-Metal, Inc. (Advisory Board Member), CORDT & PARTNER Management- und Finanzierungsconsulting GesmbH (Managing Partner)and Georgetown University's School of Foreign Service for its MSFS Program (Advisory Board Member).

John Ramsay A N

Senior Independent Director and Deputy Chairman

John has held senior financial executive roles across the world, including serving as Chief Financial Officer of Syngenta AG, as well as being their Interim CEO for a period. John started with Syngenta AG as Group Financial Controller in 2000 and prior to that was Finance Head of Asia Pacific for Zeneca Agrochemicals. Earlier in his career he was a Financial Controller of ICI Malaysia and regional controller for Latin America. He started his career working in audit and tax at KPMG and his knowledge in accounting and finance provides valuable practical experience.

John is a Chartered Accountant and also holds an Honours Degree in Accounting.

Current external appointments: DSM-Firmenich AG (Supervisory Board Member), Croda International plc (Non-Executive Director, Chair of Audit) and Babcock International plc (Non-Executive Director, Chair of Audit).

Stefan Borgas

Chief Executive Officer

Stefan's career has focused on business transformations. He was CEO at RHI AG from December 2016 until October 2017, when he became CEO of RHI Magnesita, following the merger.

Prior to that, he was president and CEO at Israel Chemicals Ltd and between 2004 and 2012, he was CEO at Lonza Group. In his early career, he worked at BASF Group, where he held various management positions.

Stefan has a business administration degree from the University Saarbrücken and an MBA from the University of St. Gallen-HSG.

Current external appointments: Afyren SAS (Chairman) and borgas advisory GmbH (owner).

Ian Botha

Chief Financial Officer

Ian enjoyed a highly successful career with FTSE listed Anglo American plc in the related mining and metals industry for over 20 years. Whilst there, he held a variety of international executive roles including as Group Financial Controller and divisional Chief Financial Officer, and most recently as Finance Director of listed Anglo American Platinum. Ian has significant experience in finance and accounting, investor relations, strategy, M&A and governance, as well as excellent business acumen and a track record in financial and performance improvements.

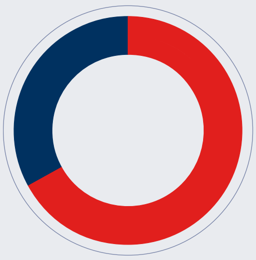
Ian holds a Bachelor's degree in Commerce from the University of Cape Town and is a Chartered Accountant.

Current external appointments: none.

Board Committee member

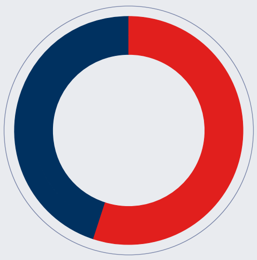
- N Nomination & Governance Committee
- A Audit & Compliance Committee
- S Corporate Sustainability Committee
- R Remuneration Committee
- Chairman of Committee

Board gender diversity[1]



Male	67%
Female	33%

Board independence[1]



Independent	55%
Not independent	45%

1. As calculated by reference to the UK Corporate Governance Code, at the date of this report, including Directors nominated for appointment at the 2024 AGM. Does not include Employee Representative Directors.

Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg S

Non-Independent
Non-Executive Director

Stanislaus was a member of the Supervisory Board of RHI AG from 2001. He has been a Supervisory Board member on several "Stadtwerke" (municipality owned utilities) as well as undertaking senior executive roles, including CEO and CFO, in the energy industry. He has deployed industrial knowledge combined with financial detail throughout his career, and was an Investment Banking Director at Deutsche Bank AG. Over the past five years he has focused on private equity work in a German mid-cap environment and also engages in a broad range of asset management activities in a family office environment.

Stanislaus holds a Sloan Fellows Master's in Business Administration from MIT Sloan School of Management and studied Business Administration and Economics at Université de Fribourg. He is a Chartered Financial Analyst (CFA).

Current external appointments: STUV Holding GmbH (CEO), STUV Beteiligungs GmbH (CEO)

David Schlaff

Non-Independent
Non-Executive Director

David was a member of the Supervisory Board at RHI AG from 2010 until 2017. Currently Chief Investment Officer and joint Managing Director at M-Tel, he has key management and supervisory experience in international financial and manufacturing institutions. He has undertaken roles at LH Financial Services Corporation and Forstmann-Leff Associates Inc, and he has held advisory and supervisory board positions at Latrobe Specialty Steel Company and A/S Ventspils Nafta.

David holds a Bachelor's degree in Business Administration from the Interdisciplinary Center Herzliya in Israel.

Current external appointments: M-Tel Holding GmbH (Chief Investment Officer and Joint Managing Director).

Wolfgang Ruttenstorfer A

Non-Independent
Non-Executive Director

Wolfgang was a member of the Supervisory Board of RHI AG from 2012 to 2017, where he acted as the Interim CEO for six months, following the sickness-related absence of the CEO. He started his professional career in oil and gas at OMV, where he became CEO and then Chairman of the Management Board. He has held numerous supervisory board roles, including as Chairman, in industries such as telecommunications, real estate, healthcare and insurance. Wolfgang also served as Secretary of State in the Austrian Federal Ministry of Finance. His varied career brings a wide range of strategic and business management experience.

Wolfgang graduated from the Vienna University of Economics and Business.

Current external appointments: Erne Group GmbH (Supervisory Board member).

Janet Ashdown S R

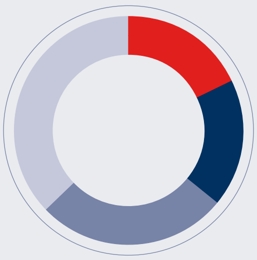
Independent
Non-Executive Director

Janet has had a distinguished career working for BP plc for over 30 years, holding a number of international executive positions throughout the value chain. Until the end of 2012, Janet was CEO of Harvest Energy Ltd and throughout her career has provided leadership through change. Janet also has a wide range of board and committee experience as a non-executive director, including the UK Nuclear Decommissioning Authority, a public body where she chairs the Safety and Sustainability Committee. Her experience in the energy sector has provided her with significant skills in general management, particularly in environmental and sustainability matters.

Janet holds a BSc in Energy Engineering from Swansea University.

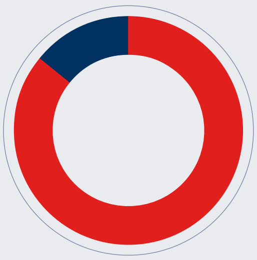
Current external appointments: Nuclear Decommissioning Authority UK (Senior Independent Director and Chair of Safety and Sustainability), Victrex plc (Non-Executive Director, Chair of Remuneration) and Stolt-Nielsen Limited (Non-Executive Director).

Directors by length of tenure



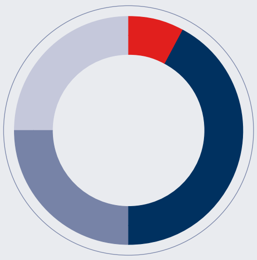
0–3	18%
3–5	18%
5–9	27%
9+	37%

Directors by ethnicity



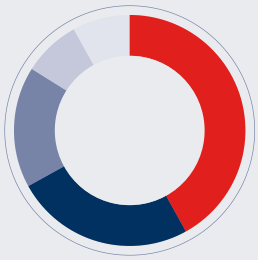
White	86%
Prefer not to say	14%

Directors by age



40–49	8%
50–59	42%
60–69	25%
70–80	25%

Directors by nationality



Austrian	42%
British	25%
German	17%
Swedish	8%
South African / British	8%

As described in the Corporate Governance report, these statistics do not include the Employee Representative Directors.

Board of Directors continued

Janice "Jann" Brown A R

Independent Non-Executive Director

Jann started her career with KPMG, where she qualified as a Chartered Accountant and a Chartered Tax Adviser, moving into industry in 1998 and since then has worked in a number of roles, both executive and non-executive, primarily in the energy sector but also in engineering services, manufacturing and investment management. As a result of these roles, Jann has extensive international business experience, particularly in India and the Middle East. Her listed company board experience, both as an executive and a non-executive, brings an awareness of the importance of governance, culture and strong ethics. She is an experienced financial professional and is a Past President of the Institute of Chartered Accountants of Scotland.

Jann is a Chartered Accountant, and also holds an Honours Degree in History from Edinburgh University.

Current external appointments:
Pharos Energy plc (Managing Director), and ICAS Foundation (Trustee and board member).

Karl Sevelda R N

Independent Non-Executive Director

Karl progressed to CEO of Raiffeisen Bank International AG after being Deputy CEO and undertaking management roles in the Raiffeisen Bank group where he was responsible for corporate customers and corporate trade and export finance worldwide. Prior to this he held several senior management positions in Creditanstalt-Bankverein where he focused on corporate and export finance. Additionally, he has held the position of Secretary to the Federal Minister for Trade and Industry of Austria.

Karl holds a Master's and Doctorate Degree from Vienna University of Economics and Business.

Current external appointments:
SIGNA Prime Selection AG (Supervisory Board member), SIGNA Development Selection AG (Supervisory Board member), Liechtensteinische Landesbank AG (Non-Executive Director), and Custos Privatstiftung (Chairman).

Marie-Hélène Ametsreiter S

Independent Non-Executive Director

Marie-Hélène has been a General Partner with Speedinvest, a leading European Venture Capital firm, since 2014. As the lead partner of the Industrial Tech team, she drives seed stage investments in start-ups supporting the digitisation of Europe's industrial sector, including manufacturing, logistics, construction and climate technology. Before Speedinvest, Marie-Hélène was responsible for the Corporate Sustainability Program at OMV, a leading Austrian oil and gas producer, and prior to that was CEO of the Croatian mobile telecom operator Vipnet. She has extensive skills and experience in sustainability, digitisation and automation.

Marie-Hélène graduated in Business Administration from the Vienna University of Economics and studied at the University of California.

Current external appointments:
Greyparrot.ai Ltd (Non-Executive Director), AMODO, Inc. (Non-Executive Director) and Speedinvest Deutschland GmbH (Managing Director).

Anna Katarina Lindström

Board Nominated Independent Non-Executive Director

Katarina has her foundation in Operations and, over her extensive international career, has led the transformation of operations and the value-chain at executive and board level, always structuring organisations in a lean and efficient manner. She relishes pragmatic and pro-active problem solving with focus on continuous improvements both structurally and incrementally. She has had a long international career at Volvo Group with positions in Sweden and Japan as well as in Munters AB in Sweden and Hempel A/S in Denmark.

Katarina holds an M.Sc. in Material Science from Royal Institute of Technology in Sweden.

Current external appointments:
Hempel A/S (Executive Vice President and COO), Gränges AB (Board Member) and the Swedish Royal Engineering Academy (Elected member).

Board Committee member

- N Nomination & Governance Committee
- A Audit & Compliance Committee
- S Corporate Sustainability Committee
- R Remuneration Committee
- Chairman of Committee

Karin Garcia

Employee Representative Director

Karin studied at the University of Oviedo and finished her degree in computer science in 1994, specialising in systems support. She started with the Group at RHI in 1997, first working in the commercial execution team and then transferring to the IT on-site support in Oviedo as a Regional Site Service Coordinator where she continues to work as a Senior Site Coordinator.

Karin has been appointed as an Employee Representative Director by the Spanish Works Council.

Current external appointments: none.

Martin Kowatsch

Employee Representative Director

Martin has been with the Company since 1987. He is Chairman of the Group Works Council, as well as the Chairman of the Works Council at the Digital Plant Flagship in Radenthein. He is a trained industrial electrician, and has completed a one-year Chamber of Labour/trade union training. He successfully completed a Master's degree programme in Education and Group Dynamics.

Martin received his doctorate in history (focusing on educational development) from the Alpen-Adria-Universität Klagenfurt.

Current external appointments: none.

Michael Schwarz

Employee Representative Director

Michael has been with the Group since 1983 and is a member of the Works Council at RHI Magnesita Deutschland AG.

Michael has been appointed as an Employee Representative Director by the German Works Council.

Current external appointments: none.

Sigalia Heifetz

Independent Non-Executive Director

Appointment date: 6 June 2019
Resignation date: 24 May 2023

Executive Management Team

The EMT combines broad experience and complementary skill sets to deliver the Group's strategic priorities."

Stefan Borgas
Chief Executive Officer

Ian Botha
Chief Financial Officer

Gustavo Franco
Chief Customer Officer

Gustavo joined Magnesita in 2001, after graduating from the Federal Center for Technological Education of Minas Gerais and since then has developed his career in the refractory industry. During the first years of his career, he progressed through various technical and sales managerial roles in South and North America, and became part of the Executive Committee in 2014 as Global Sales VP.

In 2017 he led the go to market integration of RHI and Magnesita and in 2018 he completed the Senior Executive Programme with the London Business School.

Gustavo was appointed Chief Sales Officer in 2019 and since 2023 the Regional Presidents, responsible for the regional P&Ls, have reported to him in his role as Chief Customer Officer.

For full biographies, see **Page 128**

Rajah Jayendran

Chief Technology Officer

Rajah has held various senior operational and strategic development roles at multinational companies such as Thyssen-Krupp Uhde GmbH, Bayer MaterialScience AG, Lonza AG, and ChemChina-Bluestar Group Co, working in China, Singapore and Switzerland. He has valuable experience in the industry in Asia. He also has experience in renewable solutions and operational performance management. In 2018, Rajah became a key team member at RHI Magnesita, holding the position of Senior Vice President Operations Europe, CIS & Türkiye until, in October 2021, he joined the EMT as Chief Operations Officer (COO), before his role became Chief Technical Officer. Rajah brings a detailed knowledge of the Company's global operations and expertise in production efficiencies.

Rajah graduated in engineering from TU — Ruhr-Universität Bochum.

Simone Oremovic

Executive Vice President, People, Projects, Global Supply Chain & IMO

Simone joined RHI Magnesita in an executive capacity in November 2017, and her role covers People & Culture, Global Supply Chain and Integration Management Office, as well as the Global Project Group.

Simone has 25 years of experience in various global industries and is a certified Six Sigma Master Black Belt. She started her career at General Electric where her main focus was on leadership and talent management, as well as Human Resources process.

She has held leading Human Resources roles in Telekom Austria Group, IBM Austria and Baxter AG.

Simone has a degree from the European Business School (Paris) and from the Economic University of Vienna.

Ticiana Kobel

Executive Vice President, Legal & Digital Transformation

Ticiana has extensive legal experience in a wide range of global businesses, such as SR Technics Group and Bühler Group, leading legal departments in manufacturing, aviation, technology, the service sector and engineering industries. In these roles. She was in charge of crucial projects pertaining to varied matters, such as complex strategic procurement, spin-offs, sales and acquisitions, IT matters, and corporate governance issues, and assisted with the design and implementation of compliance functions, mergers and acquisitions, and partnerships.

Ticiana has a law degree with an emphasis in corporate law from the Federal University of Minas Gerais and an LLM in International Economic Law and European Law at the University of Geneva.

Nomination & Governance Committee report

Herbert Cordt
Chairman of the Committee

Committee members and meeting attendance

Member	Attendance in 2023	Member since
Herbert Cordt (Chairman)	4/4	October 2017
John Ramsay	4/4	October 2020
Karl Sevelda	4/4	June 2021

Committee purpose, roles and responsibilities

The Committee's purpose is to oversee the Company's corporate governance arrangements and ensure that the Company has the competencies and depth of skills within the Board and senior executives to meet the demands of a global business and to support the development of the Group's strategy, whilst paying particular attention to independence and diversity. The Company Secretary acts as Secretary to the Committee.

Roles and responsibilities:

- Review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and its Committees, recommending any changes to the Board.
- Consider succession planning for Directors and the senior executives.
- Lead the process for recruitment of any new Directors, including the Chairman, and their recommendation to shareholders.
- Assess annually the time commitment required from NEDs, including the approval of any additional external appointments on behalf of the Board.
- Review the results of the Board effectiveness review relating to composition of the Board or the effectiveness of any individual Director.
- Consider annually the Company's compliance with the UK and Dutch Corporate Governance Codes, review key Company documents related to corporate governance and consider changes as they occur in the Company's compliance with corporate governance standards.

More detail on the duties of the Committee can be found in its Terms of Reference on the corporate governance section of our website.

Activities in 2023

The Committee met four times in 2023, covering the roles and responsibilities set out above and in particular, the Committee considered the following matters:

Governance

The Company reports against two corporate governance codes, in the Netherlands and the UK, and there are an increasing number of matters for consideration in respect of corporate governance, such as those arising from the new Dutch Corporate Governance Code 2022, and the ongoing matters from UK Government's Corporate Governance & Audit reforms and UK Listing Rules changes. The Committee received a detailed report from the Company Secretary on the Company's compliance with the DCGC, being its first year of application, and the actions taken to ensure RHI Magnesita could evidence compliance. As the new DCGC is embedded the Committee may revisit aspects as it deems necessary to improve disclosure where possible.

In early 2024, the Committee received a briefing from the Company Secretary on the updated UK Corporate Governance Code, which will begin applying to the Company from 2025, and, in the same way as with the DCGC, the Committee will oversee the Company's actions to apply the updated UKGC and evidence compliance.

NED role scope and time commitment review

The Committee considered, as it does annually, the time required from the NEDs to fulfil their duties satisfactorily. This review covers meetings, required preparation time and any additional time Directors spent outside of meetings in discussion with management, as well as Directors' self-assessment of their time spent as part of the year-end processes. Part of this review includes the external appointments held by Directors and the Committee was comfortable that none of the Directors or Board nominated Directors are compromised by their other commitments in the time they can dedicate to the Company.

For 2023, the Committee undertook an in-depth assessment of the scope and time required of the NEDs on the Board of RHI Magnesita and as part of that the Committee considered several factors which are felt to have increased the scope and time over a sustained period. These factors include the ongoing volatility in the macro-economic environment, the increased time required from the Board to consider M&A opportunities in the year, and then arising from this substantial M&A programme, the additional complexity of Company operations, risk assessment and customer offering which comes with an increased operational footprint requiring careful oversight.

NEDs are asked annually to confirm the time they have spent on RHI Magnesita business and their feedback was that the time requested of them in recent years, including 2023, exceeded that anticipated by their letters of appointment. This is further borne out by the meetings scheduled in addition to the planned Board timetable (see page 118).

The Committee also took into consideration the substantial growth, expansion and complexity of the business since its admission to the London Stock Exchange in 2017, followed by the admission to the Vienna Stock Exchange in 2019 and the growing corporate governance and legal requirements in the wider governance landscape across these jurisdictions. This has particularly been the case in topics of Audit and Sustainability reporting, involving a changing and complex suite of regulations and expectations across different stakeholder groups and jurisdictions.

Furthermore, additional time was required to support shareholders in their assessment of the Partial Offer by Rhône Capital, and now to engage constructively with Rhône Capital as a new significant shareholder. This has led to a significant increase of time required from both the Chairman and Deputy Chairman & SID.

The responsibility for setting NED fees sits with the Chairman, as outlined in the Remuneration Report (page 149), and he took this review of time and scope into consideration when setting the fees for 2024, as well as considering the wider conversation on the role of Non-Executive Directors becoming more complex in recent years, with the UK Investment Association supporting increased NED fees that reflect the increased time commitment and complexity of their roles, accompanied by proper explanation.

In reflection of the above, the Committee has instructed the Company Secretary to review the letters of appointment for NEDs to increase the time to a maximum of 45 days per annum.

Board performance review

The Committee takes responsibility for the preparation of the annual Board performance reviews. In 2022, EY assisted the Board with its performance review through interviews with each Director, including those who had recently left, and the Board considered the findings in April 2023. EY also provides internal audit and tax compliance and advice services to the Company. The Board were satisfied that the services were provided from EY teams which were independent from each other as well as being in different geographies. EY does not have any other connections with the Company or any individual director.

The findings were that the Board is cohesive, works effectively, with good relationships, open and robust discussions, and members feel comfortable voicing their views and providing challenge. The Company's governance structure was felt to be working well and the consensus was that the Board composition provides balance and challenge. The 2022 review reported that all Directors felt Board Committees supported the Board in discharging its duties. The strong performance of the Committees was commented on, particularly that they provided the possibility for longer, deeper debates and challenge, arising from the smaller membership and focused remit.

After a few years of low-hanging fruit in terms of improvements which could be made, the Board found that the identified areas for improvement were more complex. Actions to improve such areas are therefore expected to manifest over a longer period. The Board agreed actions for focus in 2023, with a view to further improving its effectiveness. In the table below is an update on progress against themes from prior years, alongside new areas identified in the 2022 review.

For the 2023 review, the Board will complete a questionnaire which covers Board dynamics, performance of the Board and its Committees, overall support of the Directors, self-assessment of their individual performance, and strategic focus areas. The EMT will be asked to complete their assessment of the Board and its performance also. The findings and conclusions will be considered by the Board when it meets in April 2024.

Board diversity

The Committee and the Board have dedicated time in the annual schedule to discussing diversity, both at Board level and within the organisation. Board female representation slipped to 29% but with Katarina's proposed appointment by shareholders at the 2024 AGM this would increase to 33%. As the Committee continues to assess the needs of the Board and the expectation of shareholders, the diversity profile of the Board will be a primary factor in selecting candidates.

The Board Diversity Policy (available here on **our website**) outlines an aspiration of 45% female representation within the Board, which continues to be the aim. The policy also takes account of diversity represented through an individual's background and ethnicity. It outlines an aspiration of 45% female representation within the Board, which continues to be the aim. The policy also takes account of diversity represented through an individual's background and ethnicity. It is being implemented through ensuring female representation on any shortlists for the open positions, and engagement with the executive search firms used to ensure diverse candidates are found. Ethnicity as a further key consideration, providing the required experience and skills can be also identified in the candidates.

Of the collective Board Committee member positions, 42% are held by women and two of the Committees have a female Chairman, in part as a result of the Board's focus on the importance and benefits of gender diversity in recent years. Committee composition is considered carefully by the Committee and extant Company commitments, experience and skills are considered when making changes.

Organisational diversity

After successive decreases in gender diversity within senior management (being EMT and their direct reports) in 2021 and 2022, the Board has been pleased to see an uptick this year to 28% after its encouragement and re-emphasis on the topic to management. The CSC considered organisational diversity as part of its scope and heard from People & Culture leaders on the action plan to reach the strategic goal of 33% by 2025, including how the regions would take steps to drive diversity in a way which suits and takes account of the regional culture. These actions can be found in more detail on pages 138 to 139. We were pleased to see one of our major subsidiaries recognised as one of India's "Best organisations for Women" from India's *The Economic Times*.

The responsible leader for diversity in the People & Culture department outlined the initiatives being taken by the organisation to promote diversity, particularly gender, in recruitment processes and networking support for existing female leaders. Information on the gender diversity of the EMT and its direct reports is on page 28. Female Board members have offered their assistance with mentoring of female leaders and this Group wide mentoring programme started in January 2024. In preparation, they joined kick off sessions with the mentors in late 2023 to describe their experiences of mentoring, the benefits it brings and ensuring colleagues understood the focus and support that the Board gives to such an initiative to develop diversity. You can read about further steps taken by the Group to improve diversity in senior management and the organisation as a whole on pages 27 and 82.

Board Review improvement area	Progress made and further actions
Stakeholder oversight	ERDs were encouraged and expressly invited to speak directly on topics to give the employee voice at the Board table. As well as speaking in Board meetings, there are suitably frequent informal interactions as a group that the NEDs and ERDs can discuss topics which then help shape discussion around the Board table. The Directors are appreciative of the wide range of site visits and the opportunity to see the stakeholder experience across different regions. The intention is that these site visits will continue to take place, ensuring that the Directors have a broad understanding of regions and management will aim to ensure that the broader workforce meet and interact with the Board.
Delivery of the 2025 strategy	Progress continues with pace to execute and deliver projects which improve the foundational basis of the Company's operations. The Directors continued to recommend that management's priorities be to execute the core business functions to the highest standards in order to be able to progress the strategic vision for the Company which focuses on customers, driving shareholder value and various sustainability focus areas such as decarbonisation.
Board papers/meeting organisation	Improvements are observed over recent years, but feedback is still that papers could be more considerate of risks and be more concise. Interim materials to be provided in between meetings as appropriate to try and streamline meeting business. Board members to provide specific feedback on papers, e.g. where they found a paper to be of high quality and to provide observed and timely feedback to presenters where they felt there could be improvements. Meeting structure should be considered, including breaks, use of NED only sessions and the level of detail considered on business matters.
Board skills/composition	The Board has had focused sessions led by external experts in a particular field on strategic topics related to the Board discussion such as steel decarbonisation and macroeconomic briefings. Directors continue to pursue their own structured learning and useful resources such as webinars and articles are circulated by the Company Secretary to keep members up to date on governance or technical matters. Greater Board diversity should continue to be sought.

Nomination & Governance Committee report continued

Reporting on diversity

In 2022, the UK Financial Conduct Authority introduced new Listing Rules relating to diversity (LR 9.8.6R(9) to (11)). The Company's position against these items is set out within this report (right).

The Company agreed on a reference date of 31 October to align with reporting to the FTSE Women Leaders Review, which it reported to in November 2023. The Company's reported data (right) shows the position as at 31 October 2023 which remained unchanged as at 31 December 2023. The two male Executive Directors are included under the Board reporting.

As discussed in the Corporate governance report, the ERDs are appointed by the workforce, with no input by the Board or shareholders, who are not able to influence in terms of appointment. Therefore, the Board's view is that it is inappropriate to include the ERDs in any calculation of Board diversity, unless required by law. The Board were pleased that the Works Council in Spain chose to nominate Ms. Karin Garcia to the Board in December 2021.

The Company reported the data it holds on its ethnic diversity to the UK's Parker Review in late 2023 and also reported to the Sociaal-Economische Raad in the Netherlands, as required by Dutch law, on the gender diversity of its senior management and Board, the future targets and the methods through which the Company expected to reach these targets. As at 31 December 2023, there was 28% female leadership, in a population of 53, of which 15 were women and 38 were men.

The Committee and the Board will continue to support the Company's approach in facilitating people development, ensuring that talent, regardless of age, gender and background, enjoys career progression within the Group. Diversity of nationality, culture and ethnicity are all important factors to engender diversity of thought. The Committee believes that the diversity of nationalities and culture represented amongst the Board, EMT and senior management provides a diverse and global perspective. More details on the Group's diversity and inclusion work can be found on pages 27 and 82.

Listing Rule target	Company's position	Comment
At least 40% of the board are women.	29% (Target not yet met)	Our aspiration is to achieve 45% female representation, recognising that it requires a careful and measured approach to accommodate Board attrition, whilst maintaining the existing profile of desired skills and experience. After a peak of 38% in 2022, the Committee has been focusing on the benefits of diversity in selecting candidates to fill vacancies. On the expected composition at the 2024 AGM, the Board should be at 33% women and we will continue to be mindful of the 45% target when considering further appointments.
At least one of the senior board positions (Chair, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO)) is a woman.	0 (Target not yet met)	This is an area that would require sudden and significant change and cannot be immediately implemented without disruption to the organisation. The intention is to take this into consideration as part of succession planning.
At least one member of the board is from a minority ethnic background (which is defined by reference to categories recommended by the UK Office for National Statistics).	0 (Target not yet met)	The Board continues to take ethnic diversity into account when considering appointments, as per its Diversity Policy, whilst noting it will continue to consider diversity of the Board and the Company as a whole, based on our global footprint and operations, in a way which is best aligned with our growth agenda. Being an international company, we naturally reflect many different nationalities in the Board and senior management. This is a valuable input to ensure different cultures are represented within decision makers, warding against groupthink. The Company has reported to the UK Government's Parker Review in 2023.

Table 1: Reporting table on sex/gender representation

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	10	71%	4	2	50%
Women	4	29%	0	2	50%
Not specified/prefer not to say					

Table 2: Reporting table on ethnicity representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority -white groups)	12	86%	4	3	75%
Mixed/Multiple Ethnic Groups					
Asian/Asian British				1	25%
Black/African/Caribbean/ Black British					
Other ethnic groups, including Arab					
Not specified/Prefer not to say	2	14%			

Notes on data collection and the tables:

1. Data collection of the Board and the EMT was undertaken in 2022. The Board and EMT were provided with the categories above and asked to advise how they identified. The personal data has been collected once and it will be up to the individuals to advise of any changes. There have been no additions to the Board and EMT since the data was collected.
2. Katarina Lindström was not included in these figures as under Dutch law she can only be appointed as a director by shareholders at the 2024 AGM.
3. The two Executive Directors are included in the Board figures and not in the executive management column.

Succession planning

EMT succession planning

The Committee monitors the development of the EMT to ensure that there is a diverse supply of senior executives and potential future Executive Directors with appropriate skills and experience. Individual Committees play their role in this, for example the Audit & Compliance Committee receives a report on the Global Finance talent profile, and informal interaction between Directors and senior management can also help form inputs to the People & Culture team to enable development focus areas.

The Committee considers the skills and experience of individuals at different levels in the organisation with an indication of their expected time to develop to the next level, and requirements in order to achieve that progression, such as experience of a different business function or additional training. Furthermore, it considered how succession planning would be treated in different scenarios (e.g., in an immediate scenario or in an orderly fashion) which has been discussed as a Board. Diversity is considered as a vital part of succession planning, and management are encouraged to incorporate tools and measures to further generate and encourage diversity in the pipeline of the organisation.

In the 2022 report the Committee reported on changes to the EMT as result of the regionalisation and the SG&A cost reduction programme. The Board has continued to monitor regionalisation and feels the organisation has benefited from fresh perspectives and reinvigorated approaches, being closer to customers and other stakeholders, leveraging local reputation and knowledge whilst encouraging responsibility for the regional P&L.

Board succession planning and composition

In its last report to shareholders, the Committee advised that it was leading a search for two new Independent NEDs. Egon Zehnder was engaged to assist in a comprehensive search, providing candidates, with a diversity of skills and experience, based in a wide range of locations, to suit the Company's needs and focus areas with reference to the Board Diversity Policy and the Board Profile, both available on the Company's website. Egon Zehnder is signatory to the Voluntary Code of Conduct for Executive Search Firms and has confirmed it has no other connection to the Company or individual Directors.

A range of profiles of a significant number of candidates were considered for the vacancies, and a shortlist was created. This shortlist of candidates was then interviewed by the Committee and the members shared feedback which covered the skill set and experience of the candidates, their personal style and cultural fit with both the Company and the Board itself, considering how they would influence and contribute to the workings of the Board, as well as how they would provide input to management and the development of the strategy. Certain of the candidates met other Directors, and detailed references were obtained before the finalisation of the Board's nomination to shareholders.

We were delighted to attract someone of the calibre and experience profile of Katarina Lindström, who has joined the Board as an observer from 30 September 2023 and has already made a strong impression and contribution to the work of management, providing specific and incisive operational guidance. The Committee is focused on ensuring a full and detailed, open search for the right persons for the roles who meet the business' needs and does not want to conclude any second appointment with undue haste.

The Committee considers succession planning for key roles such as the CEO and CFO on an ongoing basis, both on the basis of immediate and orderly succession. The development of internal candidates for these roles is considered by the Committee and the Board, along with the wider assessment of talent and resources to enable consideration of succession planning in the organisation. Mapping of the skills and experience needed for the roles is used to consider the profile of candidates, their level of readiness and areas for progression. This is discussed with the EVP of People & Culture to ensure the individuals receive support and development accordingly.

On an ongoing basis, the Committee considers the tenure of Directors with reference to the retirement and resignation profile, which can be found on the Company website. In thinking about future recruitment to the Board, the Committee continues to monitor Directors' skills and experiences, as well as diversity, to engender constructive debate and a varied mix of ideas. The Board profile is published on the Company website and was updated in 2023 to reflect the desired expertise in a more tangible way and with the skills sought and expected to be represented on the Board.

In 2023, there have been no changes to Board Committee composition and the Committee, in conjunction with the Committee Chairmen, continues to keep the composition of the Committees under review.

The membership of Board Committees can be found on pages 128 to 131.

Herbert Cordt
Chairman of the Board of Directors

Corporate Sustainability Committee report

Janet Ashdown
Chairman of the Committee

Committee members and meeting attendance

Member	Attendance in 2023[1]	Member since
Janet Ashdown (Chairman)	6/6	June 2019
Marie-Hélène Ametsreiter[2]	5/6	June 2021
Stanislaus Prinz zu Sayn-Wittgenstein	6/6	November 2022

1. The annual joint Committee of the Corporate Sustainability Committee and Audit & Compliance Committee was held in early 2023 and another in November 2023.
2. Where a Director is unable to attend a meeting he/she receives papers in advance and has the opportunity to provide comments to the Committee Chairman. Marie-Hélène was unable to join one meeting due to illness.

Committee purpose, role, and responsibilities

The Committee supports and advises the Board, aiming to ensure the long-term sustainability of the business and its positive impact on communities where the Group operates. The Committee promotes a culture of sustainability within the Company, believing it leads to better performance and sustained success. It oversees risk management related to ESG topics including but not limited to Health & Safety, environment, and socioeconomic development on behalf of the Board, striving to minimise the Company's negative impacts on people and the environment and to deliver benefits for its various stakeholders.

The Committee Chairman reports to the Board, as a separate agenda item, on the activity of the Committee and matters of particular relevance. The Board has access to the Committee's papers and receives copies of the meeting minutes.

In addition to the members of the Committee, the CTO, the Head of Investor Relations & Sustainability, the Head of Internal Audit, Risk & Compliance and specialists in Sustainability matters attend the Committee meetings and the Company Secretary acts as Secretary to the Committee. Board Directors who are not members of the Committee are invited to attend at their discretion. The Committee and executive management together play a key role in steering organisational initiatives towards sustainable practices. In this interactive partnership, the CTO assumes a central role, with ownership of the ESG agenda. The CTO has responsibility for the implementation and execution of the Company's sustainability strategy.

More details on the Committee's scope and role can be found in the Terms of Reference for the CSC in the corporate governance section of our website.

Activities in 2023

The CSC met six times in 2023 (including joint Committee meetings with the Audit and Compliance Committee). In addition to performing the duties listed above, the Committee:

Health & Safety

- Received reports on the new organisation, strategy and roadmap for Health & Safety.
- Monitored RHI Magnesita's Health & Safety KPIs against the prior year, 2025 targets and benchmarking.
- Monitored performance at operational sites of both employees and contractors, including a site visit in Breitenau, Austria.
- Reviewed the incident reporting process, followed by recommendations for improvement and setting a high priority on engaging the entire workforce in Health & Safety, including newly acquired sites and leading and striving for continual improvement in Health & Safety performance.
- Reviewed safety KPIs at each meeting, including root cause analysis of any serious occurrence. The CSC discussed with executive management Health & Safety processes, lessons learned, actions to reduce the potential for work-related injuries and ways to improve Health & Safety culture.
- Reviewed in detail the circumstances leading up to the fatal accident which occurred at the Veitsch plant in Austria in November 2023, and the subsequent actions which are being taken in response to this incident. The Committee recommended changes to incident reporting and investigation and a review of operational procedures. Other measures discussed included additional training, behavioural role modelling and the need to share learnings across the global network.
- Reviewed initial root cause analysis of the fatal accident which occurred at the Breitenau mine in Austria in February 2024. Consideration of this incident and follow up measures was ongoing as at the date of this document.

Governance

- Reviewed the terms of reference to address changes to the DCGC in 2022.
- Considered the Committee's performance in its annual review.
- Interacted regularly with the CTO, Head of Sustainability, and other members of senior management outside of formal meetings to engage on matters arising, steer and guide activity and ensure relevant topics were considered.

Sustainability Risks

- Reviewed RHI Magnesita's sustainability risk assessment for 2023.
- The likelihood rating of Health & Safety risks has increased due to the accidents in November 2023 and February 2024. Health & Safety risk is now outside the risk appetite.
- Climate and environment risks remain focus areas, and the risk appetite was reduced during the year, i.e. the Group has raised its expectations in this area.

- In comparison to 2022, sustainability risks increased overall due to the rise in Health & Safety risk level and the acquisitions in 2022 and 2023 which require integration into the Group's recycling and environment management approaches.

Conducting a yearly sustainability risk assessment enables the Group to identify, evaluate, and address potential risks associated with environmental, social, and economic factors. Through this assessment, RHI Magnesita can proactively mitigate risks, enhance resilience, and align with sustainability goals. This safeguards the environment and communities but also contributes to long-term business viability, fostering a positive reputation and well-managed relationships with stakeholders.

Climate Change

- Reviewed progress against 2025 targets including the CO_2 emissions intensity reduction target of 15%.
- Received reports on the methodology of the CO_2 roadmap, which is based on three pillars: Carbon avoidance, Carbon capture storage and utilisation and Scope III emissions reduction, highlighting RHI Magnesita's strategies for reducing carbon emissions and adopting sustainable practices.
- Received reports on the Group's participation in carbon capture technology initiatives and strategic partnerships such as its investment in and co-operation with MCi Carbon, a technology provider specialising in the mineralisation of CO_2 emissions.
- Received reports on the CBAM, an important climate protection instrument of the EU, and its associated potential impacts on RHI Magnesita's operations.

Recycling

- Reviewed progress on the increased use of SRM, including the status of recycling rates and partnerships in various regions.
- Received reports on the strategy, roadmap and capex needs to achieve the new 2025 recycling target of 15% due to early achievement of the original 10% target in 2022.
- Received reports on the challenges related to the ending of the system of internal CO_2 subsidies and the need to consider product mix adjustments as well as innovative processing techniques to enhance quality and recovery, which will be crucial for achieving the new target of 15% by 2025.

Communities

- Received reports on RHI Magnesita's community investment spending in different regions and respective CSR (corporate social responsibility) planning to reinforce RHI Magnesita's presence and partnerships in the areas where it operates.
- Approved a new community investment pillar, Health & Medical Care, to align Group community strategy with the practical reality of local spending priorities.

Diversity

- Received an overview of RHI Magnesita's initiatives to reach the goal of 33% women in leadership positions by 2025.
- Reviewed the status of gender diversity within the Group, actions and progress since 2021, encompassing both gender and broader diversity and the strategic plans for 2023 and beyond to further promote diversity within the Group.

Sustainable Procurement

- Received an overview of RHI Magnesita supply chain due diligence that includes the country-specific risk assessment tool, EcoVadis supplier assessments, and on-site supplier ESG audits and risk mitigation efforts.
- Reviewed the status quo of data gathering for product carbon footprint data and the outlook for 2024.
- Reviewed, endorsed and recommended for the Board's approval, the Modern Slavery and California Transparency in Supply Chains Act Statement.

Sustainability data

- Received a comprehensive sustainability reporting gap analysis and implementation plan for upcoming legal obligations and various reporting frameworks such as the Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy Environmental Delegated Act, the DCGC and the UKCGC.

Group Policies

- Reviewed and approved the Global Stakeholder Dialogue Policy

External ESG ratings

The Committee acknowledged RHI Magnesita's leading ESG ratings provided by independent analysts.

- CDP — A-
- EcoVadis — Gold (96th percentile)
- MSCI — AA
- Sustainalytics — medium risk exposure

Janet Ashdown
Chairman of the Committee

Audit & Compliance Committee report

John Ramsay
Chairman of the Committee

Committee members and meeting attendance

Member	Attendance in 2023[1]	Member since
John Ramsay (Chairman)	6/6	October 2017
Jann Brown	6/6	June 2021
Wolfgang Ruttenstorfer	5/6	October 2017

1. The annual joint Committee of the Corporate Sustainability Committee and Audit & Compliance Committee was held in early 2023 and another in November 2023.
2. Where a Director is unable to attend a meeting he/she receives papers in advance and has the opportunity to provide comments to the Committee Chairman. Wolfgang Ruttenstorfer was unable to attend one meeting, due to an unavoidable commitment.

Committee purpose, roles and responsibilities

The Committee monitors the effectiveness of the Group's corporate reporting, systems of internal control and risk management and the integrity and quality of the Group's external and internal audit processes.

The Committee's key responsibilities include but are not limited to:

Financial reporting

- reviewing the potential impact on the consolidated financial statements of the implementation of the Company's strategy, climate change and energy transition work;
- advising the Board on whether, taken as a whole, the reported financial information is fair, balanced, and understandable and provides the information necessary for shareholders to assess RHI Magnesita's position and performance, business model and strategy; and
- reviewing and discussing with management the appropriateness of judgements involving estimates, the application of accounting principles and associated disclosure requirements.

Risk management and internal control

- advising the Board on the Group's overall risk appetite, tolerance, current risk exposures and future risk mitigation strategy; and
- evaluating and advising the Board on the effectiveness of the system of risk management and internal control.

Internal audit

- monitoring the functioning and quality of the Internal Audit;
- reviewing and approving the annual Internal Audit work plan and taking note of the findings and considerations of the Internal Audits;
- supervising compliance with recommendations and observations of the internal auditors; and
- assessing annually Internal Audit's performance and effectiveness.

Compliance and governance

- overseeing compliance with applicable legal and regulatory requirements, including monitoring ethics and compliance risks;
- monitoring the changes in different jurisdictions as they applied to the scope of the Committee, with particular attention paid to the UK Audit reform programme and the changes arising from the DCGC 2022; and
- reviewing the adequacy and effectiveness of the Group's Compliance function.

External audit

- considering the annual external audit plan, approving related remuneration, including fees for audit and non-audit services;
- assessing the performance, qualifications, effectiveness and independence of the external auditor and the audit process, including assessing the quality of the audit;
- supervising compliance with recommendations and observations of the external auditors; and
- recommending the appointment of the external auditor to the Board for annual approval at the AGM.

Financial management

- advising the Board on the appropriateness of management Capital Allocation Policy; and
- reviewing, on behalf of the Board, Treasury debt and Funding proposals from management.

Committee governance

Committee meetings normally take place the day before the Board meetings. The Committee Chairman reports to the Board, as a separate agenda item, on the activity of the Committee and matters of particular relevance. The Board has access to the Committee's papers and receives copies of the meeting minutes.

In addition to the members of the Committee, the CFO, the Head of Financial Reporting, the Head of Internal Audit, Risk & Compliance and the external auditor attend the Committee meetings and the Company Secretary acts as Secretary to the Committee. Board Directors who are not members of the Audit & Compliance Committee are invited to attend at their discretion; the Company Chairman and the CEO typically attend each meeting and other Company executives are invited to attend for specific agenda items. The Committee has had private sessions without the presence of management throughout the year with the external auditor and Chief Audit Executive to discuss views on management and responses to issues raised in the meetings. The Committee Chairman has had regular private discussions with the external auditor, the CFO, the Head of Financial Reporting and the Chief Audit Executive (being the Head of Internal Audit, Risk & Compliance) during the year.

Wolfgang Ruttenstorfer, a member of the Committee, is not independent under Provision 24 of the UKCGC in view of his long service. He is, however, independent under the DCGC. The Committee's Terms of Reference clarify that a member must be independent under either Code and the Directors remain comfortable that Wolfgang remains independent in his approach and actions as a Director and member of the Committee.

Further explanation of the position under Provision 24 of the UKCGC can be found on page 110.

Activities during the year

Contact with regulators

In November 2023, Wolfgang Ruttenstorfer attended an in-person seminar run by the Authority of Financials Market (AFM) on Dutch Companies' Audit Committees to discuss two important topics that are relevant for Audit Committees: new regulation in the form of the CSRD and the European Sustainability Reporting Standards and the role of the Audit Committee in relation to fraud risk factors. Wolfgang provided the Committee with a summary of key considerations discussed at the seminar and how the Committee should prepare to deal with these topics.

Financial reporting

Financial disclosures

The Committee reviewed the half-year and annual financial statements and challenged management particularly in relation to:

a) Integrity of the Group's financial reporting process

b) Compliance with the relevant legal and financial reporting standards

c) Application of significant judgements and estimates

d) Clarity of disclosures

As part of its review, the Committee received and challenged regular updates from management and the external auditor in relation to accounting judgements and estimates, including those relating to recoverability of asset carrying values, provisions and uncertain tax treatments. Furthermore, the Committee received an update as to how management have complied with the European Single Electronic Format (ESEF) requirements in 2023.

Alternative performance measures

RHI Magnesita uses APMs to provide greater insights into its financial and operating results and provide readers with a more understandable and comparable view on underlying performance. The Committee regularly considers the APMs used in RHI Magnesita's reporting, the reconciliations to IFRS financial statements and explanations for changes from the previous quarter. The Committee reviews the overall presentation of APMs with management to ensure they are not given undue prominence in relation to IFRS financial measures. The Committee approves adjusting items proposed by management including any changes to methodology.

Fair, balanced and understandable

The Group's Annual Report should be fair, balanced, understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The Committee and the Board are satisfied that the 2023 Annual Report meets this requirement, with appropriate weight having been applied to both positive and negative developments throughout the year.

To arrive at this conclusion, the Committee critically assessed drafts of the 2023 Annual Report, including the financial statements, and sought assurances from management that the process undertaken was appropriate to ensure that the relevant requirements were met. This process included: review structural changes to the financial statements in 2023 to make them clear, concise and focusing on enhancing the disclosure on key accounting judgement and estimates, verifying the consistency of the narrative disclosures as well as reviewing the adequacy and appropriateness of the disclosures on the assurance received for non-financial reporting and reviewing the independent assurances received on the accuracy of the information. Further actions included comparing the contents of the 2023 Annual Report to ensure it is consistent with the information shared with the Board and with disclosures to shareholders during the year to support the Committee's assessment of the Group's position and performance; ensuring that consistent materiality thresholds are applied for favourable and unfavourable items; and receiving assurance from management.

Compliance

Compliance programme

The Committee reviewed and challenged the annual Compliance programme as presented by management. The Committee sought to ensure that the Compliance programme remained effective and fit for purpose, as well as challenging management to ensure that adequate resources, capabilities and training are applied to the Compliance Programme. The Committee placed particular emphasis in 2023 on challenging the integration of acquired entities into the Group's compliance framework. The Committee discussed investigations of cases involving alleged ethics and compliance breaches. The Committee discussed management's findings in such cases to satisfy itself that a rigorous process had been followed, and that appropriate disciplinary action had been taken where necessary and management had embedded learnings into RHI Magnesita's systems and controls. Furthermore, the Committee reviewed and approved the anti-corruption policy and updates to the Code of Conduct.

Whistleblowing programme

The whistleblowing programme, which is monitored by the Committee and overseen by the Board of Directors, is designed to enable employees, customers, suppliers, managers, or other stakeholders to raise concerns on a confidential basis where conduct is deemed to be in violation of our Code of Conduct or contrary to our values.

The Committee discussed with management the whistleblower reports received in 2023 and the significant increase in reported cases. The Committee made enquiries of management in relation to the reports received on the whistleblowing programme in order to conclude its effectiveness during 2023. The Committee enquired into the root causes for the increase in reported cases, noting the significant proportion being individual grievances by employees against their line manager. For the cases with broader relevance the Committee sought clarity on the root causes, the links to Group culture and the measures taken by management to address the root causes.

Audit & Compliance Committee report continued

Examples of how accounting judgements and estimates were considered and addressed

Significant financial judgements and areas of estimation	How the Committee addressed these judgements and areas of estimation
Assessment of the fair value consideration in a business combination	The Committee was presented with management's assessment of the fair valuation of a purchase commitment to buy the non-controlling interest in Jinan New Emei business combination. The calculation involves estimation of the future performance of the acquire business as well as estimating the timing when the commitment will be exercised. The Committee enquired about and challenged management's growth assumption rate, seeking understanding on whether or not management applied conservatism in their estimations. Conclusion: The Committee was satisfied with management's estimation and concurred with the liability estimated.
Carrying value of property, plant and equipment (PP&E)	The Committee reviewed the assessment prepared by management on certain assets. In particular, management presented a detailed overview of the assessment in relation to the impairment and impairment reversal indicators. The Committee enquired on the judgements made and the sensitivities to the Group weighted average cost of capital. Conclusion: The Committee concurred with management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.
Impact on inflationary pressures on the viability and going concern of the Group	The Group continues to experience inflationary pressures in supply chains and energy, exacerbated since the Ukraine/Russia conflict. and to a lesser extent due to the Red Sea shipping lane restrictions in late 2023. A detailed cash flow analysis was prepared by management and provided to the Committee, including a number of sensitivity scenarios. The Committee then reviewed and challenged the assumptions and judgements in the underlying going concern and viability statement forecast cash flows. As in prior years, management undertook a reverse stress test as part of their analysis. The Committee discussed with management the risks, sensitivities and mitigations identified to ensure the Company can continue as a viable, going concern. Conclusion: The Committee concluded that the judgements and the stress-testing scenarios and assumptions are appropriate and adequate.
Goodwill	Management provided the Committee with an update on the goodwill impairment review that it is performed annually. Management makes use of various estimates and assumptions in determining the cash flow forecasts used in the impairment testing for goodwill, including terminal value, inflation, and discount rates. In addition, management provided detailed assessment of the negative goodwill recognised as part of the P-D Refractories acquisition and the impairment assessment of the assets, including the rationale for the transaction, judgements and estimates taken in relation to the fair value reassessment of the initial book value of the assets acquired to arrive to the negative goodwill calculation. The Committee critically assessed the calculation and challenged the inputs used by management. Conclusion: The Committee concurred with management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.
Customer relationships	Management identifies and recognises customer relationships as part of the business combinations. The estimation and measurement of these intangible assets involves judgement which usually involves assessing the historical sales and the attrition of these customers over a period of time. Conclusion: The Committee challenged the rationale for the different periods of amortisation of the customer relationship and agreed with the conclusions reached by management.
The impact of climate change on the Group's financial reporting and financial statements	The Committee was briefed on key regulatory requirements including the FRC and EU disclosure requirements and their implications for RHI Magnesita's external disclosures. The Committee reviewed the new Note 4 of the financial statements summarising the key climate risks impacts on the Financial Statements as well as the new impairment sensitivity disclosures using carbon price outlooks based on different external climate change scenarios. The Committee challenged PwC as to whether the impact of climate change has been a key audit matter for their audit. PwC continues to disclose in their audit opinion the extent of the procedures carried out in relation to climate change, and they have incorporated the climate change risks and considerations for the valuation of Goodwill and Intangible Assets in their key audit matter. Conclusion: The Committee, recognising the evolving nature of climate change risks and responses, concluded that climate change has been appropriately considered by management and agreed with the disclosure made by management. The relevant disclosures are set out in Note 4 of the financial statements.

Risk management

How risk management was assessed

The Internal Audit, Risk & Compliance team provides key assurance to the Committee on the Group's governance, risk management and internal control. Throughout the year, the Committee discussed the reports on risk management and challenged management on whether risks had been sufficiently considered and reflected. Management took onboard the comments and adjusted assessments as necessary.

The Committee also received reports with an overview of the effectiveness of the programme to manage ethics and compliance risks in the Group's business activities, regulatory developments, and compliance activities. The Committee also discussed investigations of cases where ethics and compliance concerns were highlighted. The Committee discussed management's findings in such cases to satisfy itself that a rigorous process had been followed, that appropriate disciplinary action had been taken, where necessary, and management had embedded learnings into RHI Magnesita's systems and controls.

Internal control

In order to monitor the effectiveness of the procedures for internal control over financial reporting, compliance and operational matters, the Committee reviews reports on risks and controls, including the annual assessment of the system of risk management and internal control. This annual assessment includes the Committee's review of outcomes from the Group management representation letter process. The Group management representation letter process involves each EMT member and Regional President and their direct reports conducting a structured internal assessment of compliance with internal controls, legal and ethical requirements.

The Committee discussed a number of areas where further strengthening of internal control can be achieved. These are noted on pages 48 and 49 of the Annual Report.

Internal audit

Reviewing the results of Internal Audit work and the 2024 plan

The Committee reviewed the effectiveness and resources of the Internal Audit department and concluded that the Internal Audit function is effective and has adequate resources. The Committee gave particular focus to the assessment of the independence of Internal Audit within the combined departmental model of Internal Audit, Risk & Compliance. The Committee recognised the range of findings from Internal Audit work which demonstrated the required level of Internal Audit independence and the overall high quality of the audit work performed. The Committee satisfied itself that the 2023 internal audit plan was on track and discussed areas where control improvement opportunities were identified, particularly enquiring into the root causes and the embedding of internal control improvements. The Committee also reviewed progress in completion of agreed management actions.

In April 2023, the role of the Chief Audit Executive passed back to the previous incumbent, having been outsourced to EY for 15 months. The Committee reviewed the effectiveness of this transition and handover and concluded it to be effective.

The Committee reviewed the proposed 2024 Internal Audit plan. The Committee raised a series of challenges to the plan, focusing on any impact to Internal Audit quality and independence and, after receiving appropriate assurances and supplementary information, the Committee approved the proposed approach. The Committee approved the 2024 Internal Audit plan, having discussed the scope of work and its relationship to the Group's risks.

External audit

PricewaterhouseCoopers Accountants N.V. (PwC) have been the External Auditor since 2017 when RHI Magnesita N.V was incorporated in the Netherlands following the merger. Prior to the merger, in 2016, PricewaterhouseCoopers Österreich were appointed auditors following a competitive tender process.

How the Committee assessed audit risk and audit effectiveness

PricewaterhouseCoopers Accountants N.V. (PwC) set out its audit plan for 2023, identifying significant audit risks to be addressed during the course of the audit. These included:

- significant assumptions used to estimate the impairment of goodwill are not reasonable;
- assumptions used to estimate the fair value of consideration transferred in a business combination are not appropriate/reasonable;
- significant assumptions used in the valuation of tax contingencies in various jurisdictions are not reasonable;
- management override of controls; and
- fraud in revenue recognition.

The Committee reviewed and discussed the external audit plan and evaluated whether the planned materiality levels and proposed resources to execute the audit plan were consistent with the scope of the audit. The Committee received updates throughout the year on the audit process, including how the external auditor had challenged the Group's assumptions on the significant audit risks.

As part of its oversight of the external auditor, the Committee annually assesses the performance and effectiveness of the external auditor and the audit process. This includes assessing the fulfilment of the agreed audit plan and variations from it, how the auditor handled key judgements, and the auditor's response to the Committee questions. The external auditor was asked to explain the risks present to audit quality and how they took action to mitigate these risks. Risk to audit quality, such as audit quality governance in PwC, audit team resourcing, continuity and coaching were disccused and explained.

In 2023, given the increased M&A activity, the Committee directed the external auditor to enhance their testing on the purchase price allocations (PPAs) performed by management given the number of PPAs performed during the year and the judgments and estimation involved in the calculation. You can refer to pages 251 to 259 for the audit procedures PwC have performed to audit the PPAs.

After each year end, colleagues having contact with the auditor are asked to give feedback on the audit process. This helps to improve the effectiveness of both management and the external auditor. The Committee receives a summary of suggested areas for improvement to financial reporting processes or internal controls, management's response to those recommendations and progress made against prior year recommendations.

In the course of the Committee meetings throughout the year, the Committee is able to observe relationships between management and the external auditor and can gain a sense of the working environment and culture of the teams. The Committee considers the approach and mind-set of the external audit team through observing how they challenge aspects of the Group's internal controls, and how they respond to queries and feedback from the Committee, Directors and management themselves. The Committee also considers, as part of its review of the management letter, and the discussions both in meetings and around topics outside of formal meeting engagement, the depth of knowledge of the external auditors and their understanding of the business of RHI Magnesita, as well as the read across and broader knowledge they can bring from their depth and breadth of experience with industrial manufacturing companies.

The Committee observed challenge by the external auditor of management on matters relating to tax, shared service centre processes, segregation of duties, goodwill and whistleblowing cases. In each case the challenge was considered, and a resolution on the approach was found which, the Committee feels, improved the standard of reporting to the Company's stakeholders and will be taken forward to improve management's processes. The actions suggested by the external auditor are tracked by the Internal Audit function and progressed with encouragement from the EMT.

Audit & Compliance Committee report continued

How the Committee assessed the audit fees

The Committee reviews the fee structure, resourcing, and terms of engagement for the external auditor once a year; in addition, it reviews the non-audit services that the auditor provides to the Group half-yearly. As part of this review, the Committee considers the size of the Group, the number and location of subsidiaries, the complexity of the businesses being audited with respect to products, customers and regulation, and their own experience of auditor fees at different companies where they are appointed.

How the auditor independence and objectivity were assessed

The Committee considers the reappointment of the external auditor each year before making any recommendation to the Board. The Committee assesses the independence and objectivity of the external auditor on an ongoing basis, taking into account various aspects such as the assurances provided by the external auditor and the level of non-audit fees, input from the management on their perception of the working relationship, private meetings with the external auditor, as well as regular check ins between the Chairman of the Committee and the lead audit partner.

Furthermore, the external auditor is required to rotate the lead partner every five years and other senior staff every five to seven years. The lead partner, Antoine Westerman, was appointed to the audit in 2022.

The Committee reviews, annually, updates to the Company's auditor independence policy in respect of the provision of services by the external auditor for necessary changes in response to changes in related standards and regulatory requirements. A report is provided annually to give an overview of compliance with this policy.

During 2023, non-audit work mainly related to the interim review of the Consolidated Financial Statements at 30 June 2023 amounting to €0.5 million (2022: €0.2 million).

Recommendation to reappoint

In consideration of all the above, the Committee agreed to recommend the reappointment of the external auditor to the Board for inclusion as an item at the 2024 AGM. Mandatory firm rotation is expected after 2026 and management will run a tender process with sufficient time to ensure an orderly transition.

Other matters:

Integration in India

During the year management integrated two new businesses in India into the Group, which doubled the number of employees in the region. The Committee sought understanding of the integration activities, the timing and the challenges faced by management and sought assurances on the management of the risks regarding associated with data transfer, ERP integration and plans to transition to the shared service organisations of certain activities. They received reports from regional and specialist colleagues on the IT and Finance systems integration, as well as the wider cultural integration.

Tax

Management provided the Committee with a general update of the tax position of the group and more specifically on (i) the impact of, and the steps management is implementing to comply with the OECD 'Pillar 2' regulations that are applicable as of 2024, and (ii) the status of the discussions with the Brazilian tax authorities to obtain certain tax benefits.

Information security risks

The Committee continued to focus on information security risks, particularly as specified in the DCGC. Cyber and information security risk is included as one of the Group's principal risks on pages 52 to 57. Multiple presentations were given to inform the Committee of the emerging risks and outline the internal controls. The Committee gave specific attention to the overview and changes in the security controls. The Committee was also informed of the first Cyber Crisis Exercise performed by the EMT during the year, as well as the activities conducted as part of the Cybersecurity month to increase awareness of the topic amongst the employees.

Treasury

The Committee was presented with an overview of the Group's capital structure and liquidity planning, as well as the Group's risk management and hedging strategies for interest rates, foreign exchange, and commodities exposures. The Committee reviewed the results and the proposed strategies and agreed that the current Treasury Policy remains appropriate and with suitable delegation of authority levels. The Committee noted that there are some areas that have experienced volatile currencies, such as Argentina, and asked management to provide a report on the status and the mitigating actions implemented to address such volatility.

Regulatory developments

The Committee received updates throughout the year on the DCGC and developments in the UK regulatory environment.

The Committee revised its terms of reference to ensure the Company met the standards required by the DCGC. It also anticipated the changes in the UK governance sphere by making the scope of the Committee more explicit with respect to non-financial data and outlined the interaction with the CSC. Management updated the Committee on the progress and timeline to address the expected internal control requirements in the UK. The Committee reviewed its remit and operation for consistency with the guidance published by the FRC "Minimum Standards for Audit Committees".

The Committee also considered the FRC's Audit Committee Standard Consultation relating to the external audit, published on 8 November 2022, and provided a response. The Committee has considered and incorporated its application to the scope and work of the Committee accordingly. The Committee is aware of and reviewing the updated UK Corporate Governance Code 2024.

Disclosure Committee

The Disclosure Committee, chaired by the CFO, ensures compliance with the EU Market Abuse Regime. It shares the minutes and matters considered with the Committee on an ongoing basis to provide transparency of matters considered by the management to keep the Company compliant with its disclosure requirements.

Committee effectiveness

As part of the overall Board effectiveness review of 2022, it was noted that the Committee performed strongly, through substantial discussions, debates and challenges. It had worked well and effectively, supporting the Board in its oversight with a focused remit. As outlined on page 135, the 2023 review is ongoing at the time of publication of this report and will be reported on in full next year.

Site visit during the year

In April 2023, the Directors of the Board conducted a week-long visit to sites in the USA, and a Committee meeting took place in the course of the trip. Key areas of discussion during the site visit included regional P&L oversight, revenue ambitions for North America region, the structure of the regional finance team and the initiatives they were focusing on such as pricing, margin and cost management. The Committee benefitted from meeting the Regional President, the Regional CFO and key members of their team, as well as stakeholders from the wider employee population and customers of the Group. More details on the Board site visit are provided on page 113.

Joint Committee meetings

As in prior years, the Committee joined with the CSC to consider matters of mutual interest (the "Joint Committee"). The Joint Committee was provided with an update on the Internal Audit report on sustainability key measures, the ESG regulatory update covering the key requirements of the CSRD, the new EU Taxonomy requirements and the potential UK Corporate Governance regime requirements in relation to internal controls over non-financial information and assurance.

The Joint Committee was also updated on the status and actions of the areas covered by the AFM in a letter received during the year. In the letter the AFM summarised their review of 27 listed companies to assess compliance with the CSRD.

Finally, the Joint Committee approved management's recommendation to appoint Deloitte Austria to perform the limited assurance review of the Group's non-financial data in 2023.

Non-financial reporting

The Committee started developing process and understanding the impact of non-financial reporting disclosures in the Annual Report and Accounts. For the sustainability disclosures, the Committee received support from the CSC on the adequacy of these, as well as the external assurance received from Deloitte Austria.

John Ramsay
Chairman, Audit & Compliance Committee

The primary role of the Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the Group's audit, the effectiveness of the risk management processes and system of internal control, the integrity of the financial reporting as well as consideration of compliance and ethics matters."

John Ramsay
Chairman of the Committee

Remuneration Committee report

Janet Ashdown
Chairman of the Committee

Our remuneration is designed to reward performance in line with the delivery of RHI Magnesita's strategy, making sure that business performance is translated into the remuneration of our Executive Directors".

Committee members and meeting attendance

Member	Attendance in 2023	Member since
Janet Ashdown (Chairman)	6/6	October 2020
Karl Sevelda	6/6	October 2017
Jann Brown	6/6	December 2022

Current Committee membership and operation

Janet Ashdown is the Chairman of the Committee. Jann Brown and Karl Sevelda are the members of the Committee. All Committee members are Independent NEDs within the meaning of the UK and Dutch Corporate Governance Codes. The Company Secretary is the secretary to the Committee. Other individuals, such as the Chairman of the Board, the CEO, the CFO, the EVP People, Projects, Global Supply Chain and IMO (who is responsible for Human Resources), and external professional advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary, whilst ensuring no individual is involved in discussions regarding their own remuneration. The Committee meets at least three times a year and at such other times as the Chairman of the Committee shall require or as the Board may direct.

Committee purpose, roles and responsibilities

The Committee's purpose is to develop a reward package for Executive Directors and senior managers that supports the delivery of our vision and strategy as a Group, and to ensure the rewards are performance based, encourage long-term shareholder value creation, and take account of the remuneration of the whole workforce. In addition, the Committee also reviews and sets the fee for the Chairman of the Board. Please click **here** to see the Terms of Reference.

Activities in 2023

The Committee met six times in 2023 and its activities included:

- Committee effectiveness review and actions agreed.
- Reviewing and revising our Remuneration Policy for 2024-27, including consulting with our shareholders about our proposals.
- Considering the outturn of incentives being the 2022 and 2023 bonus and the performance against targets of in-flight Long Term Incentive Plan (LTIPs).
- Reviewing and determining the 2023 bonus and LTIP performance conditions and targets.
- Reviewing the remuneration of the Executive Directors, Executive Management Team (EMT), and senior management within the context of wider global workforce remuneration.
- Reviewing the fee for the Chairman of the Board.
- Overview of the incentivisation and remuneration of the Group's wider workforce to ensure that it aligns with Company culture.
- Review of the performance of remuneration advisors and their scope of services.

Dear Shareholders

On behalf of the Board, I present our 2023 Directors' Remuneration Report. This report includes my letter to the shareholders, our Directors' Remuneration Policy and our Annual Report on Remuneration for the year ending 31 December 2023.

RHI Magnesita is incorporated and registered in the Netherlands, making it subject to Dutch corporate law. It has its primary listing on the London Stock Exchange and a secondary listing on the Vienna Stock Exchange. We have compliance obligations across our three main corporate regulatory geographies, UK, Netherlands and Austria. You can read more about our Corporate Governance compliance with the UK and Dutch corporate governance codes on page 109. Our Remuneration Report is therefore presented on this basis and, recognising transparency of reporting, includes certain voluntary disclosures for example, those that apply to UK incorporated companies and which are followed by RHI Magnesita, where practicable, to align to market practice. This letter on pages 146 to 149, the summary on page 150 and the Annual Report on Remuneration on pages 161 to 171 will be presented for approval by an advisory vote at our May 2024 AGM and our Directors' Remuneration Policy on pages 151 to 160 will be presented for approval by a binding vote.

RHI Magnesita's performance during 2023

RHI Magnesita showed operational and financial strength to deliver a strong and robust business performance, along with strategic progress, despite the difficult conditions in our key end markets which has included the impact of rising costs and more general inflationary pressures. The Group has benefited from the strategic investments made to reduce the cost base and cost of manufacturing, together with improved planning and careful management of Group assets through this period of weaker demand. RHI Magnesita has made excellent progress on its M&A strategy, with six acquisitions completed during the year.

The Group recorded an Adjusted EBITDA of €543 million, revenues of €3,572 million (an 8% increase) and Adjusted operating cashflows of €413 million (a 167% increase). It has been within this context that the Committee has considered the outcome under the incentive schemes and overall remuneration for 2023. The outlook for 2024 to 2026 has been considered in detail when setting the performance conditions and targets for 2024 bonus and LTIP awards.

Executive Directors' remuneration 2023

Set out below is an overview of remuneration for 2023 with further details available in the Annual Report on Remuneration.

Salary and benefits

Executive Director salaries were increased by 4% from January 2023, significantly below the year on year (YoY) increase for the wider Austrian workforce of 8.9%.

Annual bonus plan

Our Executive Directors' maximum annual bonus opportunity remained at 150% of salary with performance assessed against Adjusted EBITA (45%), inventory coverage (25%) and strategic deliverables (30%). As noted above, the EMT delivered strong and robust performance in challenging market conditions against all of the bonus metrics. Our EBITA performance was robust, particularly given the market challenges in the year. Inventory coverage was a significant area of focus for us during 2023, with excellent progress being made on inventory management and a good discipline now embedded in the business. Exceptional progress was also made against our strategic objectives; the Committee noted another year of improvement against our use of secondary raw materials targets, delivering significantly over the maximum target. Last year we introduced PIFOT and EBITDA on M&A as strategic metrics for the business and, in a similar way to inventory management, the introduction of these metrics has worked effectively to embed focus and discipline within the entire business on these critical areas and deliver healthy performance (see pages 22 to 36). This strong and robust performance across the business is evidenced in performance against the specific metrics of the annual bonus which result in formulaic bonus outcome of 100% of the maximum bonus opportunity. Further details of our performance against the 2023 targets can be found on page 164.

The Committee reviewed the formulaic outcome of the annual bonus and noted the strong performance achieved during the year despite the challenging economic environment. As referred to earlier in this Annual Report there have been two recent fatalities in the business, one in 2023 and one in early 2024. The Committee and management have been greatly saddened by these events. At the time of publication, the investigation and follow up actions of the latter incident are still ongoing, and the Committee will consider it as part of the 2024 remuneration outcomes. For 2023, the Committee considered very carefully the circumstances and findings of the resulting Health & Safety review. While the business was not found to be at fault, the EMT, in consultation with the Board of Directors, has established a Health & Safety fund which will be available to support individuals and families affected by health & safety incidents. The Committee and the EMT have agreed that 5% of the formulaic bonus outcome for 2023 will be contributed to this fund. The Non-Executive Directors will be contributing a similar percentage from their 2024 fee and employees will also be able to voluntarily donate to the fund. Contributions will be matched by the Company.

Long-Term Incentive Plan (LTIP)

The 2020 LTIP Award vested on 5 May 2023 with performance assessed against earnings per share (EPS) (50%) and total shareholder return (TSR) (50%). The EPS targets were assessed against performance to 31 December 2022 and there was maximum vesting under this element. The TSR performance period for the award was three years ending on 7 April 2023 and as a result the 2022 Remuneration Report only provided indicative vesting. The TSR element was tested shortly following the end of the performance period with zero vesting of this element and overall vesting was confirmed at 50% of the total award.

The award was granted in April 2020, when the share price was £19.98 with a vesting share price of £22.88 and the Committee is comfortable that the share price on vesting does not represent a "wind fall" or that there are any circumstances that result in the Committee needing to exercise any discretion to reduce the overall formulaic vesting outcome.

The 2021 LTIP Award will vest to the extent that the EPS (50%), TSR (25%) and use of Secondary raw material targets (SRM) (25%) are met. The EPS and use of SRM targets were assessed against performance to 31 December 2023 and, as there is an indicative TSR vesting level of zero (with a performance period ending in mid-March 2024), it is anticipated this award will vest at 62% of maximum. The Committee has reviewed the indicative formulaic vesting outcome, considering both business performance and the potential for any windfall gains. The award was granted at a share price of £41.38 which is above the share price of £34.62 on 7 February 2024 when the Committee considered the outcome. As a result, the Committee is comfortable there is no windfall gain arising. While the share price has fallen over the vesting period, the Committee is comfortable overall with the formulaic vesting of the award, noting that the TSR element of the award is not expected to vest, that the value of the vested award reflects the lower share price, that there is volatility in the share price more generally reflecting external market factors, and that the Executive Directors are required to retain the vested shares for a further two year period aligning to longer term shareholder interests. The actual TSR and vesting level will be provided in the 2024 Directors' Remuneration Report.

More details are available on pages 164 to 166.

The Committee is comfortable that the Policy operated as intended during the year and that there were no deviations from the Policy or decision making process required for any exceptional circumstances.

Our Remuneration Policy for 2024-27

The current Directors' Remuneration Policy was approved by shareholders at the 2021 AGM and in line with UK regulation, which we follow as a matter of best practice, the revised policy will be put to shareholders for approval again at the 2024 AGM. The Committee has spent time carefully reviewing the Policy and concluded that it has worked well and that only very limited changes are required. These are to remove the requirement to use TSR as a performance metric in our LTIP, to provide the ability to use upward discretion in addition to downward, as currently provided for, and to update our approach to post-employment shareholding requirements. Further detail of these changes are set out below.

LTIP performance measures

TSR has been removed as a required performance condition for LTIP awards to give the Committee the flexibility to select performance measures for the LTIP awards that provide the greatest alignment to business strategy. The proposed performance measures for the 2024 LTIP Award, are set out on page 171.

Discretion

Under the current Policy, the Committee may only use their discretion to scale back the formulaic outcome of the annual bonus and LTIP awards. The amended Policy provides the ability to exercise both upward and downward discretion in line with market practice. The Committee understands that some investors have concerns about the exercise of discretion but believes it is fair and equitable for the Policy to permit both upward and downward discretion. Where any discretion is exercised the Committee would provide an explanation of the reasoning in the following Annual Report.

Post-employment shareholding requirement

Currently the Policy is limited to requiring the continuation of holding periods post cessation of employment in respect of bonus shares acquired with 2021 bonus and LTIP awards granted in 2021 and future years.

The new Policy will require Executive Directors to hold the lower of, the shares they actually hold on ceasing to be an Executive Director or shares equivalent to 100% of salary for one year, following the cessation of their position. It is noted that our Policy is less than the UK Investment Association's preferred Policy for the in-service shareholding requirement to be maintained for two years post cessation. However, the Committee is comfortable that the Executive Directors, with this new Policy, have good alignment, post-employment, with the longer-term performance of the Company and shareholder interests, noting that holding periods for bonus shares and vested LTIP awards will continue post-employment and that there will be, in addition, in-flight unvested LTIP awards for good leavers.

The Committee reviewed the annual bonus deferral as a part of the Policy review process.

The Committee is comfortable that the current arrangements, when taken with the current shareholdings of the Executive Directors, post-vesting holding requirements, and in-flight LTIP awards, provide sufficient alignment to shareholder interests and the ability to operate clawback and malus. The Committee will, of course, keep this matter under review but note in addition that the Executive Directors meet their in service shareholding requirement.

There are a small number of other "housekeeping" changes which are summarised on pages 151 to 152 of the Directors' Remuneration Policy section of this report.

Implementation of the Remuneration Policy for 2024

Base salaries

The base salaries of the CEO and CFO have been increased by 6% with effect from 1 January 2024 compared to average employee increase in Austria of 7.0%.

Annual bonus

With the removal of TSR from the LTIP (see below), the Committee has taken the opportunity to review both LTIP and Annual Bonus metrics to ensure that there is strong alignment between business strategy and shareholder interests.

The maximum bonus opportunity for 2024 is unchanged at 150% of salary for Executive Directors. In line with the approach in 2023, the bonus will continue to be based on adjusted EBITA (45%) and strategic objectives (30%). Following the above-mentioned review, the Committee will add operating cash flow ("OCF") (25%) for the bonus.

Under the 2023 Annual Bonus, management have been incentivised to deliver on inventory coverage targets and performance in the year has shown considerable progress on inventory management. Given the focus and discipline now embedded in the business on inventory management, the Committee is returning to the broader measure of cash generation with OCF instead of inventory coverage. The Committee believes that this ensures management are incentivised to deliver cash flows to support the longer-term growth in value of the business, thereby providing alignment to shareholder interests.

The strategic element of the Annual Bonus continues to be focused on PIFOT and use of Secondary Raw Material, with the remaining 10% based on performance against key strategic initiatives for the year. These are already tracked from year to year with 2024 being the first year they are incorporated into our Annual Bonus.

2024 LTIP

The CEO and CFO's LTIP awards for 2024 remain unchanged at 200% and 150% of salary, respectively.

How our remuneration practices support our strategy

Element of reward	Metrics	Strategic Pillar-Market Leadership	Strategic Pillar-Enhance Business Model	Strategic Pillar-Execute Cost Reductions
Bonus	Profit		•	
	Free Cash Flow			•
	Use of Secondary Raw Materials	•	•	•
	Strategic initiatives		•	
LTIPs	Earnings Per Share			•
	Total Shareholder Return	•		•
	Economic Profit	•		•
	ROIC	•	•	•
	Use of Secondary Raw Materials	•	•	•
	Reduction of CO_2 emissions	•	•	

As a part of the Policy review process conducted during the year, the Committee reviewed the performance measures for the LTIP to ensure that they align with RHI Magnesita's long-term strategy. The Committee concluded that the EPS (50%) and carbon emissions reduction (25%) targets remain appropriate but that the TSR element should be replaced with Return on Invested Capital (ROIC) (25%). The Committee believes that the proposed change to focus on ROIC as a key performance metric more closely aligns new LTIP awards with RHI Magnesita's overall strategy execution. Management are committed to delivering shareholder value and a key mechanism through which this can be achieved over the long term is to consistently generate increased levels of ROIC. The Committee has thought very carefully about the removal of TSR and is comfortable that the Executive Directors remain significantly aligned to shareholder interests through their in-flight LTIP awards, bonus deferral and their personal shareholdings. ROIC is a critical measure for the business that will deliver shareholder returns and provides a clearer line of sight for the LTIP participants than the current TSR measure. In addition, investors should note that the Committee has the discretion to adjust the formulaic outcome of incentives and that, as part of its considerations, in determining whether it should exercise discretion, the Committee will have regard, among other matters, to the Group's TSR over the performance period.

The performance targets for the LTIP awards are set out on page 171.

When setting the 2024 LTIP performance targets, the Committee noted the following status of each of the performance conditions. Our CO_2 reduction targets at -15.2%, -15.5%, -15.8% against a 2018 baseline require significant improvement on our 2023 performance of -12%, particularly when considering the challenges in integrating M&A. Our EPS targets require significant improvement at all levels of vesting on the targets set for the 2023 LTIP awards and require strong improvement in the macro environment and business performance by 2026. ROIC targets are based on the average ROIC for the last two years of the three-year performance period (being 2025 and 2026). This ensures management focus on returns for the first full year of all invested capital from M&A as well as the final year of our performance period. The target range of 10.2% for 25% threshold vesting, 10.9% for 75% vesting and 12% for maximum vesting requires significant stretch for maximum vesting. Although the threshold vesting point is marginally less than our 2023 ROIC of 10.7%, it requires significant business performance, taking into account the recovery needed through 2024 to manage lower raw material prices and considering the projected growth rates in many of our markets for 2024. You can read more on the Company's outlook on page 40. The Committee is committed to ensuring progressive ROIC growth rates are set for future LTIP awards.

Performance metrics measurements

An explanation of the approach to measuring the metrics for the Annual Bonus and LTIP awards, or references to definitions elsewhere in this Annual Report, are given below:

- Adjusted EBITA — see page 38.
- Adjusted operating cash flow — Adjusted operating cash flow is calculated by taking adjusted EBITDA plus changes in working capital and in other assets/liabilities minus capex spend.
- Use of Secondary Raw Material — see page 28.
- Strategic initiatives — various initiatives, some details of which are provided over pages 1 to 25. These cover digitalisation, operational improvement, and complexity reduction.
- Adjusted EPS — see page 29.

- TSR — a measure of share price appreciation plus dividends. This is calculated by the change in the Net Return Index for a company (as calculated by reference to Datastream or such other independent financial information provider) expressed as a percentage over the Performance Period calculated by reference to an agreed formula based on a two month average at the commencement and end of the three year performance period.
- ROIC — see page 29. For the LTIP 2024 performance condition, as outlined above, this will be taken as an average of 2025 and 2026.
- Reduction of CO_2 emissions — see page 28.
- PIFOT — a measure which checks the delivery against customer promise and internal process adherence. It measures two dimensions in one metric i.e., shipping as per our ex-work date on-time and in full and execution of the customer order fulfilment process as per the process against a customer sales order line). It is calculated as (Number of sales order lines with deliveries issued in full or before confirmed customer ex-work date) ÷ (Total sales order lines), as well as the use of Secondary Raw Materials and reducing conversion costs.

NED fees for 2024

As outlined in the Nomination & Governance Committee report (page 134), during the year there was an in-depth review of the time required of the Non-Executive Directors and scope of roles. This review was carried out by the Remuneration Committee in respect of the fee for the Chairman of the Board and by the Chairman of the Board in respect of the fees for the other Non-Executive Directors, with recommendations made to the Board in respect of the fees to be applied from 1 January 2024.

As Chairman of the Remuneration Committee, I have set out below the process followed in respect of the review of the fee for the Chairman of the Board. For completeness, the proposed increase in NED fees is included in the Directors' Remuneration Report given it is part of the operation of Policy. You can find the details of the time and scope of role review in the Nomination & Governance Committee report which informed the Chairman of the Board's decision. Although this is not a matter for the Remuneration Committee, the Remuneration Report sets out the remuneration for all Directors and it is therefore appropriate for the Non-Executive Director fees to be referenced here.

The aim of the in-depth review of the fee for the Chairman of the Board was to ensure that the fee level is appropriate and reflective of the skills and experience required for the role, as well as to account for the complexity of the business and the time required to effectively carry out the responsibilities of the role. The Committee additionally took into consideration the substantial growth, expansion and complexity of the business since its admission to the London Stock Exchange in 2017, followed by the admission to the Vienna Stock Exchange in 2019 and the growing corporate governance and legal requirements in the wider governance landscape across these jurisdictions. The operational footprint and complexity of RHI Magnesita has increased through a substantial M&A programme and additional time was required to support shareholders in their assessment of the Partial Offer by Rhône Capital and now to engage with Rhône Capital as a new significant shareholder. This has led to a significant increase of time required from both the Chairman and Deputy Chairman.

The first increase to the Chairman fee since listing in 2017, was made in 2020 and increases have been aligned to, or have been less than, the increases in the remuneration of the wider workforce. This has not reflected the significantly increased time commitment and complexity of the role, or the skills and experience required for the role.

The Committee considered a wider understanding in the market generally (as acknowledged by the UK Investment Association (UK IA) in its *Principles of Remuneration*) that the role of Non-Executive Directors has become more complex in recent years with the UK IA supporting increased NED fees that reflect the increased time commitment and complexity of their roles, so long as such fees are properly explained.

The Committee has also been keen to ensure that the fee level remains competitive within the broader market, noting that RHI Magnesita is a Dutch incorporated company, listed in the UK and Austria, with a global footprint and significant operations in the United States, as well as Asia, India, and South America, and the importance of being able to recruit and retain Non-Executive Directors, noting the fee levels paid across all relevant markets.

As a result of the Committee's review, the Non-Executive Directors resolved that the fee for the Chairman of the Board should be increased from £261,700 to £325,000 p.a. As a Committee we feel that this c. 25% increase is appropriate, taking into account all of the factors noted above for the role of the Chairman of the Board.

The Chairman of the Board has carried out a similar review of other Non-Executive fees and the increased fee levels resulting from that review are set out in the Annual Report of Remuneration in the section on the implementation of Policy for 2024. As in previous years, all of these fees will be put to shareholders for their vote in the 2024 AGM.

Engagement with the workforce

The Board keeps up to date with the current views of our workforce through a combination of engagement methods across multiple channels at different levels of our organisation. These include townhalls, webcasts and direct engagement through Directors' site visits, where possible. In 2023, the Board visited several plants and offices in the US in April 2023, where they took the opportunity to engage with employees across the Company on a number of topics relevant to our strategy and business operations. You can read more about this on page 109. Jann Brown and I were also delighted to play a part in the launch of RHI Magnesita's global mentoring programme. We will, together with Marie-Hélène Ametsreiter, be mentors in this initiative, which focuses for the year 2024 on developing young female talent.

Our conversations with our shareholders

Ahead of the 2024 AGM, I engaged with our largest shareholders as well as Institutional Shareholder Services, UK IA and Glass Lewis, to understand their views on our proposed new Policy and implementation in FY 2024. Based on the feedback received shareholders were supportive overall of the changes proposed and I am grateful for their engagement.

As outlined in the Corporate Governance report on page 151, we are reporting partial compliance with Provisions 40 and 41 of the UK Corporate Governance Code on Remuneration. We explain our partial compliance in the Corporate Governance report and will continue to keep our practices under review in respect of these provisions. Shareholders will note we have addressed compliance with Provision 36 as part of our Policy review and the introduction of a post-employment shareholding Policy.

We hope you find this report informative. We maintain an open dialogue on remuneration matters and welcome any comments and feedback. At the 2024 AGM, shareholders will be asked to vote on the Directors' Remuneration Report (excluding our new Policy) and our new Remuneration Policy. I hope that the Committee will have your support.

Janet Ashdown
Chairman, Remuneration Committee

Remuneration Committee report continued

At a glance: Operation of Remuneration Policy for the financial year ending 31 December 2023

Policy element	Implementation
Annual Base salary from 1 January 2023	CEO — €1,142,700 CFO — €668,000
% Increase from prior year	4%[1]
Retirement allowance	Allowance of 15% of base salary
Annual bonus	Up to 150% of base salary
Annual bonus metrics	Adjusted EBITA (45%), inventory coverage (25%) and strategic deliverables (30%). The strategic element was equally weighted on PIFOT improvement, Adjusted M&A EBITDA on signed transactions, and the Use of SRM.
Amount paid for threshold performance	25% of maximum annual bonus
Amount paid for target performance	50% of maximum annual bonus
Actual bonus result for 2023 performance	95% of maximum (€1,628,348[3] for the CEO and €951,900[3] for the CFO).
Payment of bonus in shares	50% of annual bonus in excess of target after tax is used by the Executive Directors to acquire shares that are held for a minimum of three years.
LTIP award	CEO — 200% of salary CFO — 150% of salary
LTIP metrics	50% of the award: Adjusted EPS (cumulative for the three-year performance period) 25% of the award: Absolute TSR 25% of the award: Reduce CO_2 emissions per tonne
Payment for threshold performance	25%
2021 LTIP vesting	62% of maximum vesting[2]
Performance and post vesting holding periods	3 years and 2 years respectively
Malus and clawback	Malus applies to the period prior to vesting for LTIP awards and payment of the annual bonus. Clawback applies to cash bonus and LTIP awards for a period of three years following the date of vesting and three years following any cash payment.
Dividends on vested awards	Participants are eligible for dividend equivalents on performance shares awarded under the LTIP.
Shareholding requirement	200% of base salary to be met within five years
Shareholding as % of salary at 2023 year-end	CEO — 259% CFO — 242%

1. Salary increases are 4% rounded down to the nearest 100.
2. The performance period for the TSR element of the award was not complete at the time of writing and so the level of vesting provided is estimated. The actual vesting level will be provided in the 2024 Directors' Remuneration Report.
3. 5% of formulaic outcome of the bonus was contributed to the newly established special fund for Health & Safety issues. Prior to the contribution, the bonus outturn for 2023 was 100% of maximum (€1,714,050 and €1,002,000 respectively).

Directors' Remuneration Policy

This Directors' Remuneration Policy will be presented to shareholders at the May 2024 AGM. Subject to shareholder approval, the Policy will be effective from 1 January 2024 and is intended to operate for the three-year period to 1 January 2027.

Decision making process for determination, review and implementation of the Directors' Remuneration Policy

The Committee is responsible for the development, implementation and review of the Directors' Remuneration Policy and provides recommendations for the approval by the Board. The Committee has, during the course of 2023, reviewed the current Remuneration Policy to ensure it supports the Group's business and remuneration strategy. The aim of the Group's remuneration strategy is to provide a level of fixed pay that, together with incentives, will attract, retain and motivate high-calibre, high-performing executives, aligning them to the long-term sustainable performance of the Company and long-term share price performance, while rewarding them for creating and delivering shareholder value.

The Committee follows the process set out below when reviewing the Remuneration Policy and operation of Policy:

- The Committee reviews the Policy and operation of Policy, in light of the business and remuneration strategy, to ensure it continues to support and is aligned to business and remuneration strategy and considers whether any changes are required.
- The Committee considers market and governance developments (including the UK and Dutch Corporate Governance Codes and regulations) as well as wider pay context, such as pay ratios and group reward arrangements.
- The Committee considers the guidelines of shareholder representative bodies and proxy agencies and investor expectations.
- The Committee consults with shareholders and considers their feedback as well as those of the workforce as a result of feedback from our Employee Representative Directors

Alignment of the Policy to RHI Magnesita's values, mission, and long-term value creation

The Policy is aligned to and supports our cultural values which are set out below:

- Customer-focused and innovative
- Open and respectful
- Pragmatic and collaborative
- Performance driven and accountable

RHI Magnesita views itself as driving force of the refractory industry, taking innovation to 1200°C and beyond. Achieving our mission requires high-performing senior management and the Policy is designed to motivate them to perform to a high standard and reach the stretching goals set. In addition, the remuneration arrangements for the Executive Directors contribute to long-term value creation by:

- providing a fair and appropriate level of fixed remuneration that does not result in overreliance on variable pay and undue risk-taking, thereby encouraging the executives to focus on sustained long-term value creation.
- providing a balance of short- and long-term incentives to ensure there is focus on short-term objectives that will over time build to create long-term value creation as well as long-term goals.
- requiring executives to acquire and retain shares in the Company.
- offering long-term incentives where the reward is delivered in shares which aligns executives to shareholder interests and value, as well as the performance of the Company over the longer term.
- requiring performance measures in our long-term incentives to be measured over the longer term and for shares to be held post-vesting for a further two-year period.
- incorporating metrics focused on long-term shareholder value, such as return on invested capital and reduction of both our and our customers' carbon emissions through the increased use of secondary raw materials.

Factors considered in reviewing the Policy

The Committee has considered as part of its review, and is comfortable that, the Remuneration Policy and its implementation are fully consistent with the factors set out in Provision 40 of the 2018 UK Corporate Governance Code (set out below) and the aspects in section 3.1.2 of the 2022 Dutch Corporate Governance Code which comprise: long term value creation, scenario analyses, ratio of fixed to variable remuneration components, market price of shares, terms and conditions governing share and share option awards.

- Clarity: The Policy and the way it is implemented is clearly disclosed in this section of the Remuneration Report and the Annual Statement and supporting reports, with full transparency of all elements of Directors' remuneration.
- Simplicity: The Policy is simple and straightforward, based on a mix of fixed and variable pay. The annual bonus and LTIP include performance conditions which are aligned with key strategic objectives and drivers of the RHI Magnesita business.
- Risk: The Committee believes that the performance targets in place for the incentive schemes provide appropriate rewards for stretching levels of performance without driving behaviour which is inconsistent with the Company's risk profile. Potential reward is aligned with market levels of peer companies and the reputational risk from a perception of "excessive" pay-outs is limited by the maximum award levels set out in the Policy and the Committee's discretion to adjust formulaic remuneration outcomes. To avoid conflicts of interest, Committee members are required by the Board Rules to disclose any conflicts or potential conflicts. No Executive Director or other member of management is present when their own specific remuneration is under discussion.
- Predictability: The Policy includes full details of the individual limits in place for the incentive schemes as well as "scenario charts" which set out potential pay-outs in the event of different levels of performance, based on a number of reasonable assumptions. Any discretion exercised by the Committee in implementing the Policy will be fully disclosed.
- Proportionality: The link between the delivery of strategy, long-term performance, shareholder returns, and the remuneration of the Executive Directors is set out in the Remuneration Report.
- Alignment to culture: As explained above and in the rest of this report, the approach to Directors' remuneration is consistent with the Group's culture and values.

Conclusion of the review and key changes to the Policy

The Committee concluded that the Remuneration Policy has operated as intended over the past three years and has provided a good overall link between pay and performance. Following the review, the Committee concluded that the Policy was fit for purpose and only minor amendments were needed to align the Policy with market practice. The proposed changes to the Policy are set out below:

Post cessation shareholding requirement:

In line with the UK Corporate Governance Code, a post-cessation shareholding Policy is introduced to the new Policy. Executive Directors are expected, on ceasing to be an Executive Director, to retain the lower of the shares held on ceasing to be an Executive Director and shares to the value of 100% of salary for one year, following their ceasing to be an Executive Director.

Directors' Remuneration Policy continued

Discretion

Currently, the Committee may only apply downward discretion to the formulaic bonus and LTIP outcomes. Under the new Policy, the Committee will have the ability to exercise upward and downward discretion, in line with market practice. Where discretion is exercised this will be disclosed and explained in the Remuneration Report.

LTIP

The requirement for at least 25% of the LTIP to be determined by TSR is removed under the new Policy. Consistent with wider market practice this provides the Committee with the flexibility to select the most appropriate performance measures for LTIP awards.

Other wording changes to clarify the Policy:

- Wording to clarify the treatment of Executive Director incentive awards in the event of a change of control.
- Wording to confirm that the Employee Representatives that sit on the Board are not eligible for Non-Executive Director fees.

Policy table for Executive Directors

Element and purpose	How it operates	Maximum opportunity	Performance related framework and recovery
Base salary To assist in the recruitment and retention of appropriate talent. To provide a fair fixed level of pay commensurate for the role ensuring no over reliance on variable pay.	Salaries are normally paid monthly and reviewed annually. The Company's Policy is to set salaries at market competitive levels taking into account salaries at companies of a similar size by market capitalisation, revenue and any other factors considered relevant by the Committee such as international business mix and complexity. Decisions on salary are influenced by: • The performance and experience of the individual • The performance of the Group • The individual's role and responsibilities and any change in those responsibilities • Pay and employment conditions of the workforce across the Group including salary increases rates of inflation and market-wide increases across international locations • The geographic location of the Executive Director	There is no prescribed maximum annual base salary or salary increase.	Salaries will normally be reviewed by the Committee annually, taking into account the various factors noted in the "How it operates" section of the Policy.
Retirement allowance To provide competitive retirement benefits for recruitment and retention purposes.	Executive Directors may participate in a defined contribution plan, and/or receive cash in lieu of all or some of such benefit. Only base salary is pensionable. The pension will be set at a rate aligned to the majority of the workforce in the country of the Executive Director's appointment, structured as required by the local regulation in the country of appointment, and in line with industry norms.	Pension is capped at the rate applicable to the majority of employees in the country of appointment for the Executive Director (currently Austria where it is 15% of salary)	None
Other benefits To provide a competitive benefit package for recruitment and retention purposes as well as to support the personal health and well-being of the Executive Director.	Benefits currently provided include, but are not limited to, private health insurance, life insurance, tax advisory support, car/car allowance and fuel allowance. Additional benefits and tax payable as a result of reimbursement of reasonable business expenses may be provided from time to time if the Committee decides payment of such benefits and tax is appropriate and in line with market practice.	There is no maximum level of benefits provided to an Executive Director.	None

Policy table for Executive Directors continued

Element and purpose	How it operates	Maximum opportunity	Performance related framework and recovery
Annual bonus To provide focus on the short-term performance of the Company and to provide a reward for achieving short-term personal, strategic and financial Company performance. To provide a mechanism for alignment with longer-term performance and shareholder objectives. The requirement for Executive Directors to acquire shares with their bonus aligns them to the "development of the market price of the shares" in the Company as provided in the Dutch Corporate Governance Code (as amended).	The annual bonus is based on the Group's performance as set and assessed by the Committee on an annual basis. The annual bonus is paid in cash and the Executive Directors are required to acquire shares in the Company with 50% of the amount paid in excess of target (after tax) which will be held for a minimum period of three years.	Up to 150% of base salary. Target potential opportunity is 50% of maximum opportunity.	Details of the performance targets set for the year under review and performance against them will normally be provided each year in the Annual Report on Remuneration. If for reasons of commercial sensitivity, the targets cannot be disclosed then they will be disclosed in the following year. Performance will normally be measured over a one-year period. Targets will be based on the Group's annual financial and non-financial performance for the particular performance year. At least 70% of the bonus will be subject to financial performance metrics. The Committee may adjust the formulaic outcome of the annual bonus that is payable (both upward and downward) if the Committee considers the outcome to be reasonably unacceptable or if, for example, among other matters, it is not a fair and accurate reflection of business performance and/or there have been regulatory, environmental or health and safety issues that the Committee considers are of such severity that a scale back of the bonus is appropriate. For the financial targets, not more than 25% of the maximum potential bonus opportunity will be payable for achieving threshold performance rising on a graduated scale to 100% for maximum performance. Threshold performance being the level of performance required for the bonus to start paying. In relation to strategic targets the structure of the target will vary based on the nature of the target set and it will not always be practicable to set targets using a graduated scale. Vesting may therefore take place in full if specific criteria are met in full. Payments under the annual bonus plan may be subject to clawback/malus for a period of three years from payment in the event of a material misstatement of the Company's financial results, an error in calculating the level of grant or level of vesting or payment, a failure of risk management including the liquidation of the Group, if the participant has been guilty of fraud or gross misconduct or the Company has been brought into disrepute. The clawback/malus provisions as set out above do not limit Article 2:135 of the Dutch Civil Code.

Directors' Remuneration Policy continued

Policy table for Executive Directors continued

Element and purpose	How it operates	Maximum opportunity	Performance related framework and recovery
Awards granted under the RHI Magnesita Long-Term Incentive Plan (LTIP awards) To incentivise and reward execution of the longer-term business strategy. To provide alignment to shareholders and the longer-term performance of the Company and to recognise and reward value creation over the longer term. The "development of the market price of the shares" in the Company is, as required by the Dutch Corporate Governance Code, taken into account by providing a long-term incentive using shares as the delivery mechanism. In addition, part of the award is determined by Total Shareholder Return which is a measure of share price performance.	LTIP awards may take the form of nil-cost options or conditional awards. Awards are normally made annually. Awards normally vest after three years subject to performance and continued service. Where Executive Directors cease employment or are under notice prior to the three-year vesting date, different rules may apply. Shares resulting from the exercise of an option or vesting of a conditional award cannot be sold until five years have elapsed from the date of award, other than to pay tax. To the extent an award vests, the Committee may permit dividend equivalents to be paid either in the form of cash or shares representing the dividends that would have been paid on those shares during the vesting period (and where the award is a nil-cost option to the fifth anniversary of award). Dividend equivalents are payments in cash or shares equal to the value of the dividends that would have been paid during the period referred to above, on the number of shares that vest.	200% of salary (face value of award) annually (normal limit), where the face value is the market value of the shares subject to an award at the time it is awarded. In exceptional circumstances on recruitment 250% of salary (face value of award).	Awards vest based on three-year (or longer) performance measured against a range of challenging targets set and assessed by the Remuneration Committee. The Committee will determine the specific metrics and targets that will apply to each award prior to the date of award. The targets for each award will be set out in the Annual Report on Remuneration. In relation to financial targets not more than 25% of the total award will vest for threshold performance rising on a graduated scale to 100% for maximum performance. Threshold performance being the level of performance required for the LTIP award to start to vest. In relation to strategic targets the structure of the target will vary based on the nature of the target set and it will not always be practicable to set targets using a graduated scale and so vesting may take place in full if specific criteria are met in full. The Committee may adjust the formulaic outcome of the LTIP if the Committee considers the outcome to be reasonably unacceptable or if, for example, among other matters, it is not a fair and accurate reflection of business performance and/or there have been regulatory, environmental or health and safety issues that the Committee considers are of such severity that a scale back of the bonus is appropriate. LTIP may be subject to clawback/malus for three years from the date of vesting in the event of a material misstatement of the Company's financial results, an error in calculating the level of grant or level of vesting or payment, a failure of risk management including the liquidation of the Group, if the participant has been guilty of fraud or gross misconduct or the Company has been brought into disrepute. The clawback/malus provisions as set out above do not limit Article 2:135 of the Dutch Civil Code.
Share ownership To increase alignment between management and shareholders and to promote the longer-term performance of the Company.	Requirement for the Executive Directors is to normally retain all of the shares acquired from annual bonus payments following expiry of the three-year holding period and normally 50% of vested Performance Shares (net of tax) following the two-year holding period until the shareholding requirement is achieved. Executive Directors are expected to hold 200% of salary in shares while they are Executive Directors and the lower of the shares they actually hold on ceasing to be an Executive Director and 100% of salary for one year following their ceasing to be an Executive Director. The Committee normally expects the in-service requirement to be met within five years of appointment and for the CEO 7 June 2018 being the date of approval of the Company's first Directors' Remuneration Policy. The Policy that applies on ceasing to be an Executive Director applies to shares acquired with annual bonus earned in respect of FY24 and future years and LTIP awards granted in 2024 and future years. The Policy does not apply to shares purchased from the executive's own funds. The Committee has the discretion in exceptional circumstances to amend these requirements.	N/A	None.

The table below sets out the Remuneration Policy for the Non-Executive Directors (including the Chairman).

Policy table for Non-Executive Directors

Element and purpose	How it operates	Maximum opportunity	Performance related framework and recovery
To provide fees reflecting the time commitments and responsibilities of each role to enable recruitment of the right calibre of Non-Executive Directors who can further the interests of the Group through their experience, stewardship and contribution to the strategic development of the Group.	The Non-Executive Directors are paid a basic fee. Supplemental fees may be paid for additional responsibilities and activities, including for a Committee Chairman and member of the main Board Committees and the Senior Independent Director and, if deemed appropriate by the Board, in respect of travel time. Employee Representative Directors do not receive a fee for being an Employee Representative Director as they are remunerated as an employee of the business. The cash fee is normally paid quarterly in arrears. The Chairman's fee is inclusive of all of his responsibilities. Reasonable expenses incurred by the Non-Executive Directors in carrying out their duties may be reimbursed by the Company including any personal tax payable by the Non-Executive Directors as a result of reimbursement of those expenses. The Company may also pay an allowance in lieu of expenses if it deems this is appropriate. Fees are reviewed periodically.	There is no prescribed maximum annual fee or fee increase. The Board is guided by the general increase in the Non-Executive market and the Group's global workforce, but may decide to award a lower or higher fee increase to recognise, for example, an increase in the scale, scope or responsibility of the role and/or take account of relevant market movements.	None.

Performance criteria

The Committee assesses annually at the beginning of the relevant performance period, which performance measures, or combination and weighting of performance measures, are most appropriate for both annual bonus and any LTIP awarded to reflect the Company's strategic initiatives for the performance period. The Committee has the discretion to change the performance measures for awards granted in future years based upon the strategic plans of the Company. The Committee sets what it considers are demanding targets for variable pay, in the context of the Company's trading environment and strategic objectives, and considering the Company's internal financial planning, and market forecasts. Any non-financial goals will be well defined, and the performance against the goals will be independently assured.

The financial and non-financial criteria of our variable remuneration may, as noted above, vary from year to year to ensure alignment with the strategic plans of the Company. Set out below is a summary of the measures for 2024 and other measures that have been used since the approval of our first Directors' Remuneration Policy in 2018 and may be incorporated again (in addition to other measures) for future incentives:

Annual Bonus financial criteria

Financial criteria

- Adjusted EBIT, EBITA and EBITDA are a reflection of the Company's operating profits, operating performance and business efficiency supporting the value of RHI Magnesita for the shareholders. They reflect the way in which management assesses the underlying performance of the business, excluding certain non-recurring items from the adjusted figures.
- Operating cash flow supports the Company's capacity to expand its operations or investment in additional assets/acquisitions, as well as dividends paid to shareholders. It is calculated by taking adjusted EBITDA plus changes in working capital and in other assets/liabilities minus capex spend.
- Inventory coverage which covers Finished Goods and Raw Material.
  - Finished Goods Coverage Ratio is a supply chain metric that shows the period expressed in months during which a company can meet customer demand with the available inventory. To calculate, we divide the amount of stock by the average demand of a specific period in the future.
  - Raw Material Coverage Ratio is a supply chain metric that shows the period expressed in months during which a company can meet production demands for raw materials with the available inventory. To calculate, we divide the amount of stock by the average consumption for a specific period in the past. The coverage ranges lead to more sustainable inventory management and customer service levels.

Non-financial criteria

Strategic Deliverables are those which support financial targets through initiatives and strategic projects, such as enhancing the current business model or the Company's footprint and global value market share, and ESG measures, such as CO_2 emissions intensity reduction, and PIFOT (see pages 58–105 for an explanation of these metrics).

Directors' Remuneration Policy continued

LTIP

Financial criteria

- TSR — combination of movements in share price and dividends earned on shares reflecting the total return earned by holding the Company's shares.
- Adjusted EPS — reflects the income statement in a clear way and takes the equity structure into account, the Board believes adjusted EPS to be one of the indicators which demonstrates the value created for its shareholders.
- Economic Profit Growth — measures value creation, considering all economic resources employed within the business, taking into account the costs of making and selling a product/service.
- ROIC— assesses the Group's efficiency in executing its capital allocation strategy, which is aimed at enabling organic growth, disciplined M&A and shareholder return.

Bonus & LTIP

Non-financial criteria

- Use of SRM measures the rate at which secondary raw material is used in our production network compared to virgin raw materials which will be independently verified by an external provider.
- Reduction of CO_2 emissions intensity — reduce the tonnes of CO_2 emitted per tonne of production with incentive targets that take into account our longer term ambitions.

The criteria listed above directly link to the Company's strategy, long-term interests and sustainability. Performance targets are set at a level to maintain good financial health. This enables the Company to perform well, deliver shareholder returns and invest sustainably to achieve strategic deliverables. The assessment of the fulfilment of performance criteria for the annual bonus and for LTIP awards is set out on pages 164 and 165.

Discretions retained by the Committee

The Committee operates the Group's variable pay plans according to their respective rules. In administering these plans, the Committee may apply certain operational discretions.

These include the following:

- determining the extent of vesting based on the assessment of performance.
- determining the status of leavers and, where relevant, the extent of vesting.
- determining the extent of vesting of LTIP awards under share-based plans in the event of a change of control.
- making appropriate adjustments required in certain circumstances (e.g., rights issues, corporate restructuring events, variation of capital and special dividends); and
- adjusting existing targets if events occur that cause the Committee to determine that the targets set are no longer appropriate and that amendment is required so the relevant award can achieve its original intended purpose, provided that the new targets are not materially less difficult to satisfy.

The Committee also retains discretion to make non-significant changes to the Policy without reverting to shareholders (for example, for regulatory, tax, legislative or administrative purposes).

Malus & Clawback

The Committee may, at any time within three years from the date of LTIP awards vesting or payments under the annual bonus plan, determine that malus or clawback provisions may apply. Malus enables the Committee to reduce bonus or share awards (including to nil) before they vest. Clawback enables the Committee to reclaim shares acquired from share awards and/or bonuses paid including the cash value of shares and dividends. The Committee can also operate clawback through the reduction, including to nil, of other awards held by the individual before they vest or bonus before it is paid. The provisions apply in the following circumstances: (i) material misstatement of the Company's financial results; (ii) an error in calculating the level of grant or level of vesting or payment; (iii) a failure of risk management including the liquidation of the Group; (iv) if the participant has been guilty of fraud or gross misconduct, or the Company has been brought into disrepute. The malus/clawback provisions as set out above do not limit Article 2:135 of the Dutch Civil Code.

In 2023, there was no application of any malus and clawback provisions for the executive management.

Executive Directors' service contracts and payments for loss of office

Service contracts and letters of appointment are available for inspection at the Company's registered office.

Service contracts and loss of office

It is the Company's Policy that notice periods for Executive Directors will not exceed 12 months and the service contracts for the Executive Directors are terminable by either the Company or the Executive Director on 12 months' notice.

Name	Position	Date of Appointment	Notice Period
Stefan Borgas	CEO	20 June 2017	12 months
Ian Botha	CFO	1 April 2019	12 months

The Committee's Policy in relation to termination of service contracts is to deal with each case on its merits, having regard to the circumstances of the individual, the termination of employment, any legal advice received and what is in the best interests of the Company and its shareholders. An Executive Director's service contract may be terminated early (other than for cause) by payment in lieu of salary in equal monthly instalments over the notice period. The Company may include pension contributions and benefits within the payment in lieu of notice if this is deemed appropriate or is specifically provided for in the service contract. Unless a contract specifically provides otherwise, all payments would discontinue or reduce to the extent that alternative employment is obtained. There are no enhanced provisions on a change of control and there are no specific severance arrangements. Whilst not part of the formal Policy, in the event of a change of control, LTIP awards will vest based on performance to the change of control. In addition, awards will normally be scaled back pro-rata to the proportion of the performance or vesting period served, with the Committee having the discretion to reduce the scale back in exceptional circumstances if it deems it to be appropriate.

An Executive Director's service contract may be terminated without notice for certain events such as gross misconduct in which case no payments or compensation beyond sums accrued to the date of termination will be paid.

The Company may also pay outplacement costs, legal costs and other reasonable relevant costs associated with termination and may settle any claim or potential claim relating to the termination.

Treatment of variable pay awards on termination

Annual bonuses and LTIP awards are dealt with in accordance with the rules of the relevant plans.

At the discretion of the Committee, in certain circumstances, for example, to incentivise short-term retention and completion of key business deliverables, and where poor performance is not relevant to the cessation, a pro-rata bonus may become payable at the normal payment date for the period of employment with financial performance targets based on full-year performance. Where the Committee decides to make a payment, the rationale will be fully disclosed in the Annual Report on Remuneration.

The default treatment for share-based awards is that any unvested award will lapse on termination of employment or, in certain circumstances on the executive giving notice. However, under the rules of the LTIP under which awards will be made, in certain prescribed circumstances, such as death, injury, ill-health, retirement with the Company's agreement, redundancy, leaving the Group because the employer company or business leaves the Group or where the Committee determines otherwise, awards are eligible to vest subject to the performance conditions being met over the normal performance period (or a shorter period where the participant has died) and with the award being reduced (unless the Committee considers, in exceptional circumstances, a different treatment is appropriate) by an amount to reflect the proportion of the performance period not actually served.

Change of control

There are no enhanced contractual provisions on a change of control and there are no specific severance arrangements.

Executive Directors' incentive awards will be treated in accordance with the rules of the relevant plans. In summary, LTIP awards will normally vest on a change of control to the extent the performance conditions have been satisfied and pro-rated for service, unless the Board determines otherwise, with the Committee having the discretion to reduce the scale back in exceptional circumstances if it deems it to be appropriate.

Approach to recruitment and promotions

The recruitment package for a new Director will be set in accordance with the terms of our Policy. On recruitment, the salary may be set below the normal market rate, with phased increases as the Executive Director demonstrates performance within the Company.

Annual bonus opportunity will reflect the period of service for the year. The maximum annual bonus opportunity will be 150% of salary, in line with the Policy maximum.

The normal annual LTIP award limit is 200% of salary face value in a financial year (face value being the market value of the shares subject to an award at the time it is awarded). A higher limit of 250% of salary (face value) is included for use in exceptional circumstances for the Company to be able to attract and secure the right candidate if required. An LTIP award may be made shortly after an appointment if the usual annual award date has passed.

With internal appointments, any variable pay element awarded in respect of the candidate's prior role will normally be allowed to continue according to its terms.

The Policy enables the Committee to include those benefits it deems appropriate for an Executive Director. On recruitment, this may include benefits such as relocation, housing or schooling expenses. In arriving at a benefits package, the Committee's prevailing consideration will be to pay only what is considered necessary and appropriate, taking into account the importance of securing the right candidate for the job, acting in the best interests of the Company's stakeholders and limiting certain benefits to a specified period where possible.

On recruitment, the Company may compensate for incentive pay (or benefit arrangements) foregone from a previous employer. Replacement share awards would be made under the Company's LTIP and any subsequently adopted share plans using the separate specific limit for these purposes of 250% of salary (face value) or as necessary and as permitted under the Listing Rules. The new awards would take account of the structure of awards being forfeited (cash or shares), quantum foregone, the extent to which performance conditions apply, the likelihood of meeting any existing performance conditions and the time left to vesting.

Policy for Executive Directors on external appointments

Subject to Board approval, Executive Directors may accept external non-executive positions and retain the fees payable for such appointments.

Non-Executive Directors

Letters of appointment and Policy on recruitment

All Non-Executive Directors have letters of appointment for a fixed period of three years, subject to reappointment each year at the AGM. No additional compensation is payable on termination, with fees being payable to the date of termination. The appointments are terminable by either party on three months' written notice.

Directors' Remuneration Policy continued

On appointment of a new Non-Executive Director[2], the fee arrangement will be set in accordance with the approved remuneration policy in force at that time.

Name	Position	Date of initial appointment	Expiry date of current term
Herbert Cordt	Non-Independent Non-Executive Director, Chairman	20 June 2017	AGM 2024
John Ramsay	Independent Non-Executive Director	6 October 2017	AGM 2024
David Schlaff	Non-independent Non-Executive Director	6 October 2017	AGM 2024
Stanislaus Prinz zu Sayn-Wittgenstein -Berleburg	Non-independent Non-Executive Director	6 October 2017	AGM 2024
Janet Ashdown	Independent Non-Executive Director	6 June 2019	AGM 2025
Marie-Hélène Ametsreiter	Independent Non-Executive Director	10 June 2021	AGM 2024
Jann Brown	Independent Non-Executive Director	10 June 2021	AGM 2024
Wolfgang Ruttenstorfer	Non-independent Non-Executive Director	20 June 2017	AGM 2024
Karl Sevelda	Independent Non-Executive Director	6 October 2017	AGM 2024
Michael Schwarz	Employee Representative Director	8 December 2017	9 December 2025[1]
Karin Garcia	Employee Representative Director	9 December 2021	9 December 2025[1]
Martin Kowatsch	Employee Representative Director	14 December 2021	14 December 2025[1]

1. Michael Schwarz, Karin Garcia and Martin Kowatsch are the Employee Representative Directors and have been selected in accordance with the applicable local law provisions by the employee representatives. They are appointed for a term of not more than four years.
2. Katarina Lindström will be proposed to shareholders for appointment as an independent Non-Executive Director at the AGM 2024.

How the views of shareholders and employees are taken into account

Owing to the Board members' wide range of experience and backgrounds, and with works councils and shareholders represented in person at the Board, there is ample opportunity for stakeholder feedback on the Policy and its implementation on an ongoing basis.

The Committee consults with employees on executive pay via the Employee Representative Directors appointed to the Board. Other engagement activities include employee surveys, CEO calls, regular townhall meetings and an active CEO Channel, as part of the Workvivo Corporate Communications App, where employees can ask questions on any issues including executive pay. The Committee receives periodic updates from the EVP People, Projects, Global Supply Chain and IMO, which includes employee feedback received on remuneration practices across the Group. No substantive questions have been raised on executive remuneration as part of this feedback channel via the EMT. The Committee takes due account of the overall approach to remuneration and the remuneration structures for employees in the Group when setting pay for the Executive Directors.

There are representatives of two of the Company's major shareholders on the Board and thus regular consultation on all elements of remuneration is ongoing. The Committee Chairman meets directly with representatives of various institutional shareholders on remuneration and appreciates the opportunity to understand their questions, seek to understand their expectations and then provide those views to the Committee and to the wider Board as required.

The Committee Chairman seeks feedback from shareholders on any substantive remuneration matters and any consultation exercise would typically cover over 70% of shareholders. This feedback, best practice in the market, and any views also received from time to time, as well as guidance from shareholder representative bodies more generally, will be considered as part of the Company's annual review of remuneration Policy and implementation of that Policy.

During November and December 2023, the Committee Chairman engaged with c.82% of shareholders regarding the changes proposed to the Directors' Remuneration Policy and the proposed operation of Policy for 2024. The Committee, and the wider Board, found the feedback from shareholders very helpful in considering the final proposals for the Policy and operation of Policy for 2024.

In addition to this, the website provides an important tool for investor engagement. It contains a wide range of information on our Company and has a section dedicated to investors, which includes certain remuneration information, such as our LTIP rules, our investor calendar, financial results, presentations, press releases, with news relating to RHI Magnesita's financial and operational performance and contact details.

Remuneration market data for companies of a comparable size and complexity to the Company was considered as part of the Committee's formulation of our current Policy. This remuneration data was only one of many factors considered by the Committee.

The Committee has taken note of the views of the Executive Directors with regard to the amount and structure of their remuneration and the provisions of 3.1.2 of the Dutch Corporate Governance Code (matters that should be taken into consideration when formulating the Remuneration Policy) have been brought to their attention.

You can read more on our stakeholder engagement on page 149.

How the Executive Directors' Remuneration Policy relates to the wider Group

The Policy described above applies specifically to the Company's Executive and Non-Executive Directors. The Committee is aware of and provides feedback on the wider Group remuneration structures. Base salaries for the whole Group are operated under broadly the same Policy as for the Executive Directors and are reviewed annually.

The remuneration package elements for our Executive Directors are, with some minor differences, the same as for the next level of management, our senior leaders. In the operation of the annual bonus since 2019, the bonus targets have been the same for Executive Directors and for all eligible white-collar employees. All our employees take part in annual discretionary bonus schemes, which are based on the same metrics as those applicable to the Executive Directors as shown in Annual Report on Remuneration. Our approach is to incentivise our employees to focus on and contribute to the Company's key goals.

LTIP awards are awarded to those employees identified as having the greatest potential to influence strategic outcomes. Given the cost of operating such a plan, the Committee considers this is the right approach and in the best interests of the Company and its shareholders.

A comparison of the remuneration structure between the wider workforce and the Board is illustrated in the table below.

Competitive pay and cascade of incentives

Organisational level	Number of employees	Maximum bonus as percentage of salary	Maximum proportion of bonus payable in cash (% of maximum award)	Maximum proportion of bonus deferred in shares (% of maximum award)	Maximum LTIP award based on annual salary
Executive Directors[1]	2	150%	75%[1]	25%[1]	150-200%
Executive Management Team[2]	4	140%	85%[2]	15%[2]	80-150%
Senior Leaders[3]	c.28	40%	100%	0%	20-50%
Functional Directors	c.80	30%	100%	0%	0%
Senior Managers	c.126	25%	100%	0%	0%
Managers	c.430	20%	100%	0%	0%
Specialists	c.2,400	10%	100%	0%	0%
Professionals	c.2,150	5%	100%	0%	0%
Other bonused employees[4]	c.10,200	various[4]	100%	0%	0%

1. Half of annual bonus in excess of target, after tax, is used by the Executive Directors to acquire shares that must be held for a minimum of three years.
2. EMT members are required to acquire shares in the Company with 30% of the amount above target (after tax) which must be held for a minimum of three years.
3. For clarity, this category is defined differently to the senior leadership group over which gender diversity is measured.
4. Various local bonus programmes are in place for the operational, administrative and blue-collar employees of the Company.

Summary of remuneration structure for employees below the Board

Element	Policy features for the wider workforce	Comparison with Executive Director remuneration
Salary Read more on **Page 152**	RHI Magnesita's salary is the basis for a competitive total reward package for all employees, and we conduct an annual salary review for all employees. As we determine salaries in this review, we take account of comparable pay rates from market references, skills, knowledge and experience of everyone, individual performance, and the overall budget we set for each country. In setting the budget each year, we forecast inflation and incorporate discussions with unions collective agreements and business context related to growth plans, workforce turnover and affordability.	We review the salaries of our Executive Directors and EMT annually. The primary purpose of the review is to stay aligned with relevant market comparators and stay competitive, as well as to ensure any increases are aligned with the wider workforce in Europe and North America, except in exceptional circumstances.
Pensions and benefits Read more on **Page 153**	We offer market-aligned benefits packages reflecting normal practice in each of our countries in which we operate such as pension, worldwide accidental insurance (leisure/work), health insurance, meal allowance/voucher.	We have differences in the Executive Directors' benefits to reflect market practice and role differentiation. Our incumbent Executive Directors' pension allowance (and that for new appointments) is aligned to that of the workforce in their country of appointment.
Annual bonus and LTIP Read more on **Page 154**	Our white collar global workforce participate in an annual cash bonus plan. The plan is based on our Company KPIs. This structure places equal emphasis on the importance of an employee's personal contribution to the success of RHI Magnesita. We also operate different bonus plans for those employees of our business where remuneration models in the market are markedly different, such as M&A and production areas.	Annual bonus for Executive Directors is directly related to the same performance measures and outcomes as the wider workforce. LTIP are provided to our senior executives and senior roles who have influence on the overall performance of the Company.

Directors' Remuneration Policy continued

Pay ratios

The Dutch Corporate Governance Code recommended from the financial year 2018, and the UK Directors' Reporting Regulations required from 2019, that the Committee report pay ratios, including changes from the prior year as part of its determination of executive pay and wider executive remuneration decisions. The total employee remuneration figure used for the ratio below is for all employees in all Group companies and includes countries with significantly lower levels of pay than Europe and the United States. RHI Magnesita only has around 150 employees in the UK and falls below the required threshold for UK pay ratio reporting requirements. As UK employees represent less than 1% of RHI Magnesita's employees, the Committee considers that the above approach is appropriate in the circumstances.

A significant proportion of the 'Executive Directors' remuneration is delivered through incentives, annual bonus and LTIP, where awards are linked to company performance and share price movement over the longer term. This means that the pay ratio will depend on the incentive outcome.

The table below shows the pay ratio in respect of each year from 2018 to 2023:

Pay ratio	2023	2022[1,2]	2021[3]	2020[4]	2019	2018
CEO	80:1	70:1	21:1	41:1	34:1	49:1
CFO	44:1	47:1	13:1	25:1	16:1[5]	N/A

1. The ratios for 2022 have been updated based on the value of the 2020 LTIP award at vesting (see page 164 for more details).
2. The CEO and CFO pay ratio increased in 2022. This is predominantly due to the vesting of the 2020 LTIP and a higher bonus outturn in 2022.
3. Pay ratio is lower due to not achieving target bonus KPIs.
4. The pay ratio rose due to the increase in base salary for the CEO and CFO in 2020.
5. CFO pay ratio is lower as Ian Botha joined the Company on 1 April 2019; with the full salary and bonus, the ratio would be 21:1.

The pay ratios have increased in 2023, due to the incentive outturns in 2023. Executive Directors receive higher levels of variable pay opportunity than other employees to reflect their roles in the business

The proportion of fixed and variable remuneration

To support the Policy's objectives to deliver long-term sustainable success of the Company, the remuneration package of our Executive Directors includes a mix of fixed and variable remuneration. The proportion for 2023 is approximately 40% for fixed pay and 60% variable remuneration on a target basis (calculated on the same basis as the target scenario shown below). Variable pay is split between the annual bonus, with 50% of payment over target being held in shares, and long-term incentive.

Remuneration scenarios for Executive Directors

The Policy provides that a significant proportion of remuneration is determined by Group performance. The graph below illustrates how the total pay opportunities vary under four different performance scenarios: minimum, target, maximum and maximum assuming a share price appreciation of 50% for the LTIP award during the performance period.

Assumptions

Minimum: Fixed pay only (base salary, pension and benefits, excluding relocation benefits).

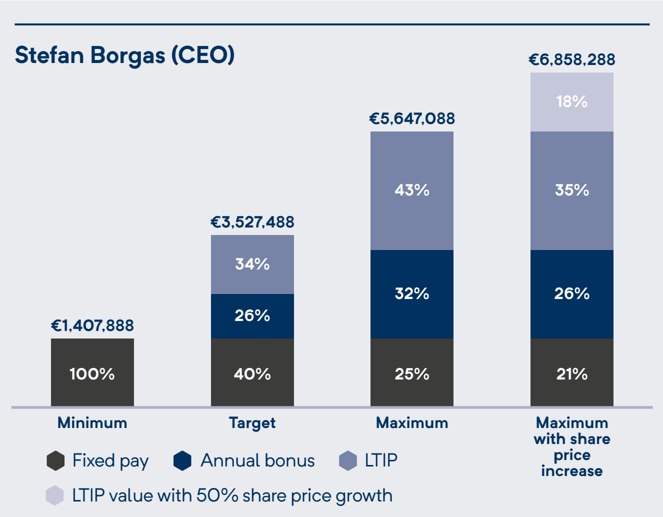
Target: Fixed pay plus 50% of 2024 maximum annual bonus opportunity for the CEO and CFO with 50% vesting of the 2024 LTIP award.

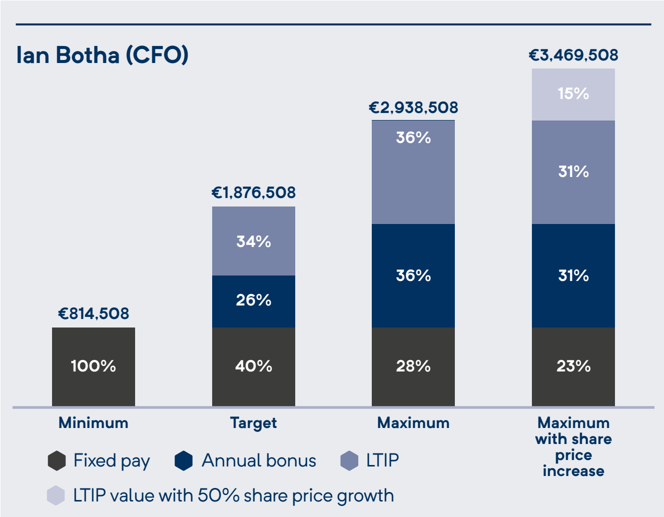
Maximum: Fixed pay plus maximum annual bonus opportunity and 100% vesting of 2024 LTIP award.

Maximum with share price increase: Fixed pay plus maximum annual bonus opportunity and 100% vesting of 2024 LTIP award with an assumed share price appreciation of 50% for the LTIP award during the performance period.

As required under the Dutch Corporate Governance Code, scenario analysis was carried out as part of the formulation of the Policy and to establish that the Policy results in appropriate and fair levels of remuneration, including that the level and ratio of fixed to variable pay does not encourage inappropriate risk-taking or overreliance on variable pay while ensuring there is sufficient alignment to investors, the long-term performance of the Company and development of the market value of the shares of the Company.

All values below are in euros.





Annual Report on Remuneration

Annual Report on Remuneration

The following section provides details of how the Company's Directors were paid during the financial year to 31 December 2023 and will be paid during the financial year to 31 December 2024.

As a Dutch incorporated and UK and Austrian dual-listed company RHI Magnesita is required to comply with UK, Dutch and Austrian disclosure and reporting requirements, including the UK and Dutch Corporate Governance Codes. Our Remuneration Report is therefore presented on this basis and, recognising transparency of reporting, includes certain additional voluntary disclosures for example, those that apply to UK incorporated companies and which are followed by RHI Magnesita where practicable to align to market practice.

The Committee, together with the Board, has determined to provide certain voluntary disclosures recognising the importance of transparency of reporting and investor expectations as a UK listed company to comply with the UK Directors' Remuneration Reporting Regulations. This Annual Report is compiled on this basis.

The Remuneration Committee members (Janet Ashdown, Karl Sevelda and Jann Brown), activities and meetings during the year are set out on page 146, along with the Committee's purpose, roles and responsibilities and are thereby included in this part of the report by reference.

Advisers

Korn Ferry ("KF "), signatories to the UK Remuneration Consultants Group's Code of Conduct ("Code of Conduct"), was appointed by the Committee in 2017 having submitted a proposal which demonstrated their skills and experience in executive remuneration. KF's appointment is subject to annual review by the Committee. KF provides advice to the Committee on matters relating to UK governance, including consulting on the remuneration report and analysing market trends.

The Committee was satisfied that the advice provided by KF was objective and independent having noted their commitment to the Code of Conduct. KF's fees for advice to the Committee in 2023 were £55,010. KF's fees were charged on the basis of the time spent advising the Committee. The Committee is comfortable that the controls in place at KF do not result in the potential for any conflicts of interest to arise.

Statement of voting at AGM

The Committee considers a number of inputs from shareholders to guide its decisions on the review and implementation of Policy. This includes the outcomes of Remuneration resolutions put to shareholders shown as follows:

Resolutions	Votes for	% of votes cast	Votes against	% of votes cast	Total votes validly cast	Total votes cast as a % of the relevant shares in issue	Number of votes withheld
24 May 2023 AGM Advisory vote on the 2022 Directors' Remuneration Report (excluding the Directors' Remuneration Policy)	35,339,783	97.57	881,190	2.43	36,262,449	77.13	41,476
Binding vote on Directors' Remuneration Policy which takes effect from 1 January 2021	37,487,854	95.95	1,582,904	4.05	39,070,758	81.53	0

The positive levels of support informed the Committee's decision to make limited changes to the Policy and to continue with the operation of Policy in a similar manner as in previous years. For the 2023 AGM, the total voting rights of the Company on the day on which shareholders had to be on the register in order to be eligible to vote was 46,999,019 and for the 2021 AGM 47,924,771. A "Vote withheld" is not a vote in law and is not counted in the calculation of the % of shares voted "For" or "Against" a resolution.

Annual Report on Remuneration continued

Single total figure table (audited)

The following table shows a single total figure of remuneration in respect of qualifying services for the 2023 financial year for each Executive and Non-Executive Director of the Company, together with comparative figures for 2022.

	Salary/fees		Taxable benefits[2]		Bonus		LTIP	
Director[1]	2023	2022	2023	2022	2023[9]	2022	2023[4]	2022[5]
Executive Directors								
Stefan Borgas	**€1,142,700**	€1,098,800	**€15,008**	€15,064	**€1,628,348**	€695,286	**€1,030,823**	€1,312,246
Ian Botha	**€668,000**	€642,300	**€308**	€11,029	**€951,900**	€406,427	**€451,964**	€575,514
Non-Executive Directors								
Herbert Cordt	**£261,700**	**£251,700**	–	–	–	–	–	
John Ramsay	**£133,100**	**£128,200**	–	–	–	–	–	
Janet Ashdown	**£118,300**	**£114,000**	–	–	–	–	–	
David Schlaff	**£77,100**	**£74,200**	–	–	–	–	–	
Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg	**£82,900**	**£74,698**		–	–	–	–	
Jann Brown	**£94,700**	**£83,456**	–	–	–	–	–	–
Karl Sevelda	**£91,700**	**£88,611**		–	–	–	–	
Marie-Hélène Ametsreiter	**£88,700**	**£85,400**	–	–	–	–	–	
Katarina Lindström[6]	**£19,275**	–	–	–	–	–	–	
Sigalia Heifetz[7]	**£30,681**	**£79,800**	–	–	–	–	–	
Wolfgang Ruttenstorfer	**£85,900**	**£82,700**	–	–	–	–		
Michael Schwarz[8]	–	–	–	–	–	–	–	
Karin Garcia[8]	–	–	–	–	–	–	–	
Martin Kowatsch[8]	–	–	–	–	–	–	–	

1. All amounts are disclosed in the currencies in which the relevant elements of pay are set. Actual payment may be made in the currency where the recipient resides using the exchange rate at the time of payment.
2. Benefits in 2023 for Stefan Borgas comprise benefits of tax advice, private health insurance and car benefits. The benefits for Ian Botha included a car benefit and insured benefits.
3. Pension figures represent the 15% of salary cash allowance received by Executive Directors.
4. Value of shares based on a three-month average share price of £28.70 to 31 December 2023 and an exchange rate of 0.86691. Grant share price was £41.38 and vesting share price is estimated to be £28.70 (using three-month average share price to 31 December 2023). As the share price at the time of grant is higher than the estimated share price on vesting, none of the value is attributable to share price appreciation. Further details are set out on page 165.
5. The 2020 LTIP Award vested on 5 May 2023 at a closing price of £22.88. The grant share price was £19.976 and so the increase in share price between grant and vesting was £2.90. As a result, the value attributable to share price appreciation is £145,322 (€166,554) for Stefan Borgas and £63,734 (€73,046) for Ian Botha. Further details are set out on page 165.
6. Katarina Lindström was nominated by the Board as a Non-Executive Director to be proposed to shareholders at the AGM 2024. She was nominated with effect from 30 September 2023 and received a pro-rated fee from that date.
7. Sigalia Heifetz stepped down from her Board position on 24 May 2023 and fees were pro-rated accordingly.
8. Employee Representative Directors do not receive additional remuneration for this role as they are remunerated as employees of the Group.
9. As set out in the Committee Chairman's letter, 5% of the bonus outcome was forgone by the CEO and CFO and paid into a Health & Safety fund, therefore the amount shown reflects the amount paid to the CEO and CFO.
10. Ian Botha was appointed as CFO on 1 April 2019 and as set out in the 2019 Remuneration Report, he received a Conditional Share award to compensate for deferred bonus share awards forfeited on joining RHI Magnesita. This award vested on the third anniversary of grant. More details can be found in the 2022 Annual Report.

No loans, advances or guarantees have been provided to any Director.

Pension[3]		Other		Total remuneration		Total fixed remuneration		Total variable remuneration	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
€171,405	**€164,820**	**—**	**—**	**€3,988,285**	€3,286,216	**€1,329,114**	€1,278,684	**€2,659,171**	€2,007,532
€100,200	**€96,345**	**—**	**€489,687[10]**	**€2,172,373**	€2,212,302	**€768,509**	€749,674	**€1,403,864**	€1,471,628
				£261,700	£251,700	**£261,700**	£251,700		
				£133,100	£128,200	**£133,100**	£128,200		
				£118,300	£114,000	**£118,300**	£114,000		
				£77,100	£74,200	**£77,100**	£74,200		
				£82,900	£74,698	**£82,900**	£74,698		
				£94,700	£83,456	**£94,700**	£83,456		
				£91,700	£88,611	**£91,700**	£88,611		
				£88,700	£85,400	**£88,700**	£85,400		
				£19,275	—	**£19,275**	—		
				£30,681	£79,800	**£30,681**	£79,800		
				£85,900	£82,700	**£85,900**	£82,700		
				—	—	**—**	—		
				—	—	**—**	—		
				—	—	**—**	—		

2023 Annual bonus performance against targets (audited)

The targets set for the annual bonus and performance against them are set out below.

Measure	Weighting	Threshold (25% of maximum)	Target (50% of maximum)	Max (100% of maximum)[3]	Actual performance	Pay-out (% of max)[2]	Pay-out (% of salary)	Pay-out CEO	Pay-out CFO
Adjusted EBITA EBITA[1] €m (excluding 2023 completed M&As)	45%	282	313	345	383	100%	67.5%	€771,323	€450,900
Inventory	25%								
Finished goods coverage	12.5%	1.91x–2.00 or 1.65–1.70x	1.81x–1.90	1.71x–1.80	1.75x	100%	19%	€214,256	€125,250
Raw material coverage	12.5%	2.31x–2.40 or 2.0–2.1x	2.21–2.30x	2.1–2.20x	2.15x	100%	19%	€214,256	€125,250
Strategic Initiatives	30%								
PIFOT Improvement	10%	0–5%	5–10%	>10%	20.3%	100%	15%	€171,405	€100,200
Adjusted M&A EBITDA on signed Transactions	10%	€22m	€24m	€26m	€29.3m	100%	15%	€171,405	€100,200
Use of SRM	10%	10.5%	11.5%	12.5%	12.6%	100%	15%	€171,405	€100,200
Formulaic outcome	**100%**					**100%**	**150%**	**€1,714,050**	**€1,002,000**
Bonus paid to Executive Directors after 5% payment to Health & Safety fund						**95%**	**142.5%**	**€1,628,348**	**€951,900**

1. Adjusted EBITA has been adjusted for FX as the bonus is determined on a constant currency basis.
2. The maximum CEO and CFO annual bonus in 2023 was 150% of salary.

The bonus earned is in excess of target and therefore the Executive Directors are required to acquire shares in the Company with 50% of the amount paid in excess of target (after tax) which will be held for a minimum period of three years, in line with the Policy. No further performance conditions apply.

LTIP awards vesting

LTIP 2020 award where vesting based on the performance periods (substantially) ending 31 December 2022 (audited)

The satisfaction of the Company's LTIP awards to date have been completed using the shares the Company holds in treasury. You can find the details of these on page 112. As disclosed in last year's report the performance period for the TSR element of the 2020 LTIP award ended on 7 April 2023 with the vesting outcome of the 2020 awards determined on 5 May 2023. The table below sets out the performance targets and final level of vesting.

Performance measure	Weighting	Threshold[1] (25% vesting)	Intermediate[1] (75% of vesting)	Maximum[1] (100% vesting)	Performance period[2]	Performance	Vesting % of that element
Absolute TSR	50%	30% cumulative TSR growth over the 3 years	50% cumulative TSR growth over the 3 years	70% cumulative TSR growth over the 3 years	8 April 2020 to 7 April 2023	9.28%	0%
Cumulative Underlying Earnings Per Share	50%	€6.50/share	€8.00/share	€9.50/share	1 January 2020 to 31 December 2022	€12.62/share	100%

1. Awards vest on a straight-line basis between threshold, intermediate and maximum.
2. For the TSR element, performance was assessed for a period of three years to 7 April 2023, being three years from the date of grant.

The table below sets out details of the LTIP awards granted in 2020 and the number of shares vesting. A two-year post-vesting holding period applies to vested shares.

Executive	Grant date	Vest date	Number of shares granted	Number of shares to vest	Estimated number of dividend equivalents[2]	Total estimated value[1]
Stefan Borgas	8 April 2020	5 May 2023	90,396	45,198	4,844	€1,312,246
Ian Botha	8 April 2020	5 May 2023	39,647	19,823	2,124	€575,514

1. The Company was in a closed period at the time the performance period ended and vesting was therefore determined on 5 May 2023. The value is based on the closing share price on this date (£22.88) converted to €26.223.
2. Dividend equivalents is based on the number of dividends earned to 5 May 2023.

LTIP 2021 award where vesting is based on the performance periods ending (or substantially ending) during the financial year ending 31 December 2023 (audited)

Performance against targets and vesting of the LTIP awards granted on 15 March 2021 which are due to vest in 2024 is set out below.

Performance measure	Weighting	Threshold[1] (25% vesting)	Intermediate[1] (75% of vesting)	Maximum[1] (100% vesting)	Performance period[2]	Performance[2]	Vesting % of that element
Absolute TSR	25%	13%	20%	25%	15 March 2021 to 14 March 2024	2%	0%
Adjusted EPS (cumulative for the three-year performance period)	50%	€12.00/share	€14.50/share	€16.89/share	1 January 2021 to 31 December 2023	€14.43/share	73.6%
Use of SRM[3]	25%	6.5%	7.5%	8.0%	1 January 2021 to 31 December 2023	12.6%	100%

1. Awards vest on a straight-line basis between threshold, intermediate and maximum.
2. The targets for the EPS and Use of SRM elements were assessed against performance to 31 December 2023. For the TSR element, performance is assessed for a period of three years to 14 March 2023, three years from grant. The estimated outcome under the TSR element is based on TSR performance to 26 January 2024. The actual TSR and vesting level will be provided in the 2024 Remuneration report.
3. Use of SRM as a percentage of total raw materials used, evaluated at the end of 2023 based on the current production network (and excluding any changes in raw material usage due to any future M&A activity).

The table below sets out details of the LTIP awards granted in 2021 and the number of shares vesting. A two-year post-vesting holding period applies to vested shares.

Executive	Grant date	Vest date	Number of shares granted	Number of shares to vest	Estimated number of dividend equivalents[1]	Total estimated value[2]
Stefan Borgas	15 March 2021	14 March 2024	43,579	27,018	4,119	€1,030,823
Ian Botha	15 March 2021	14 March 2024	19,107	11,846	1,806	€451,964

1. The estimated number of dividend equivalents is based on the number of dividends earned to 31 December 2023.
2. Value of shares based on a three-month average share price of £28.70 to 31 December 2023 and an exchange rate of 0.86691 (based on the exchange rate on 29 December 2023).

2023 LTIP awards awarded during the financial year ending 31 December 2023 (audited)

During the year, the CEO and CFO received LTIP awards as set out below.

Director	Scheme	Basis of award	Date of award	Percentage of salary award	Share price used €[1]	Face value €000	Percentage vesting at threshold performance	Number of shares	End of performance period[3]
Stefan Borgas	LTIP	Annual award[2]	6 March 2023	200%	29.707	2,285.4	25%	76,929	6 March 2026
Ian Botha	LTIP	Annual award[2]	6 March 2023	150%	29.707	1,002.0	25%	33,728	6 March 2026

1. The face value of the awards was calculated using the average closing price for the five trading days prior to the award being granted being £26.24 converted to € (using average FX rate over the same five-day period of £0.8832 to €1 = €29.707).
2. Awards are structured as nil cost options.
3. In line with the Policy, a two-year holding period applies after the date of vesting.

Annual Report on Remuneration continued

Performance targets for the 2023 LTIP awards[4]

Performance measure	Weighting	Threshold (25% vesting)[3]	Intermediate (75% of vesting)[3]	Maximum (100% vesting)[3]	Performance period[2]
TSR[1]	25%	15%	22%	27% and above	6 March 2023 to 6 March 2026
Adjusted EPS (cumulative for the three-year performance period)[2]	50%	€11.90	€12.65	€13.40	1 January 2023 to 31 December 2025
Reduce CO_2 emissions against 2018[2]	25%	-11%	-11.5%	-12%	

1. Measured from the date of grant to third anniversary with a two-month average before each date.
2. Measured over the three financial years to 31 December 2025.
3. Awards vest on a straight-line basis between threshold, intermediate and maximum.
4. A two-year post vesting holding period applies.

Performance targets for 2022 LTIP awards[4]

Performance measure	Weighting	Threshold (25% vesting)[1]	Intermediate (75% of vesting)[1]	Maximum (100% vesting)[1]	Performance period[2]
TSR[1]	25%	15%	22%	27% and above	8 March 2022 to 7 March 2025
Adjusted EPS (cumulative for the three-year performance period)[2]	50%	€14.25	€16.50	€19.25	1 January 2022 to 31 December 2024
Reduce CO_2 emissions against 2018[2]	25%	-11.5%	-12.5%	-13.0%	

1. Measured from the date of grant to third anniversary with a two-month average before each date.
2. Measured over the three financial years to 31 December 2024.
3. Awards vest on a straight-line basis between threshold, intermediate and maximum.
4. A two-year post vesting holding period applies.

Statement of Directors' shareholding and share interests (audited)

Under the share ownership requirements set out in the Directors' Remuneration Policy, the Executive Directors are normally required to build and maintain over five years a shareholding equivalent to at least 200% of salary.

At the 2023 year-end, the Executive Directors each held shares in the Company as detailed below. Shares are valued using the Company's closing market share price on 29 December 2023 of £34.60 ((converted to Euro using FX rate of 0.8669 to = €39.91191).

The table below shows how each Director complies with the shareholding guidelines on 31 December 2023:

				Options[5]						
	Shares held at 31 December 2022[2]	**Shares held at 31 December 2023[2]**	Shares held by connected persons	Unvested and not subject to performance conditions	Unvested and subject to performance conditions[7]	Vested but unexercised	Exercised during the year[6]	Shareholding requirement (% of salary)	Current shareholding (% of salary)[1]	Requirement met?
Executive Directors										
Stefan Borgas	24,350	**74,392**	1,150	—	190,880	—	50,042	200%	255%	Yes
Ian Botha	18,676	**40,623**	—	—	83,687	—	21,947	200%	242%	Yes
Non-Executive Directors										
Herbert Cordt	350,000	**350,000**	—	—	—	—	—	N/A	N/A	N/A
John Ramsay	4,890	**4,890**	—	—	—	—	—	N/A	N/A	N/A
Janet Ashdown	—	**—**	—	—	—	—	—	N/A	N/A	N/A
David Schlaff[3]	—	**—**	—	—	—	—	—	N/A	N/A	N/A
Stanislaus Prinz zu Sayn-Wittgenstein -Berleburg[4]	1,071,722	**3,160,183**	—	—	—	—	—	N/A	N/A	N/A
Jann Brown			—	—	—	—	—	N/A	N/A	N/A
Karl Sevelda	2,000	**2,000**	—	—	—	—	—	N/A	N/A	N/A
Marie-Hélène Ametsreiter	—	**—**	—	—	—	—	—	N/A	N/A	N/A
Sigalia Heifetz	—	**—**	—	—	—	—	—	N/A	N/A	N/A
Wolfgang Ruttenstorfer	—	**—**	—	—	—	—	—	N/A	N/A	N/A
Karin Garcia	—	**—**	—	—	—	—	—	N/A	N/A	N/A
Martin Kowatsch	1,223	**1,223**	—	—	—	—	—	N/A	N/A	N/A
Michael Schwarz	—	**—**	—	—	—	—	—	N/A	N/A	N/A

1. Shareholding determined using an FX rate of 0.8669 for £ to € on 31 December 2023. This is then used to assess the whether the shareholding requirement has been met.
2. Includes shareholdings of connected persons.
3. According to the latest disclosures by the shareholder in the AFM register, 13,333,340 shares are held directly by MSP Stiftung. MSP Stiftung is a foundation under Liechtenstein law, whose founder is Mag. Martin Schlaff.
4. According to the AFM register, Ms. E. Prinzessin zu Sayn-Wittgenstein Berleburg, who is a related party and person connected to Stanislaus Prinz zu Sayn-Wittgenstein Berleburg, holds these shares indirectly via Chestnut Beteiligungsgesellschaft mbH ("Chestnut") and via partial ownership of FEWI Beteiligungsgesellschaft mbH ("FEWI"). She holds a further holding of 126,076 shares held directly which is included in the above number. With disclosures made in the course of year-end verification, the Company has been able to update the figure held from the 2022 report. Furthermore, per the disclosures on page 111 she has an agreement with Mr. K.A. Winterstein which allows Chestnut to exercise the voting rights of Silver Beteiligungsgesellschaft mbH ("Silver") in the Company.
5. There are no unvested scheme interests in the form of shares.
6. The aggregate gain for Stefan Borgas in the year from the exercise of awards granted under the LTIP 2020 was £1,268,064 (€1,466,360) based on the share price on the date of exercise of £25.340 (€29.302). The gain for Ian Botha in the year of exercise of awards granted under the LTIP 2020 was £556,137 (€643,104) based on the share price on the date of exercise of £25.34 (€29.302).
7. The unvested options and subject to performance conditions includes the inflight LTIP awards.

There were no changes in the Directors' shareholdings and share interests between the end of the year and 26 February 2024, being the latest possible date for the finalisation of this report.

Annual Report on Remuneration continued

Directors' interests in RHI Magnesita's LTIP

The table below details outstanding share awards, including the annual LTIP awards granted to the CEO and CFO during 2023.

	Scheme	Award Date	Share price used to grant the award €	Share awards held at 1 January 2023	Awarded during the year	Vested during the year	Dividend equivalents awarded during the year	Exercised during the year	Lapsed during the year	Share awards held at 31 December 2023	Vesting date
Stefan Borgas	Performance shares	8 April 2020	22.7[1]	90,396		50,042	4,844[5]	50,042	45,198	—	8 April 2023
	Performance shares	15 March 2021	48.28[2]	43,579						43,579	15 March 2024
	Performance shares	8 March 2022	31.228[3]	70,372						70,372	8 March 2025
	Performance shares	6 March 2023	29.707[4]		76,929					76,929	6 March 2026
Ian Botha	Performance shares	8 April 2020	22.7[1]	39,647		21,947	2,124[5]	21,947	19,824		8 April 2023
	Performance shares	15 March 2021	48.28[2]	19,107						19,107	15 March 2024
	Performance shares	8 March 2022	31.228[3]	30,852						30,852	8 March 2025
	Performance shares	6 March 2023	29.707[4]		33,728					33,728	6 March 2026

1. Award levels were calculated using the average closing price for the five trading days prior to the award being granted being £19.976 converted to € (using average FX rate over the same five-day period of £0.881 to €1 = €22.7).
2. Award levels were calculated using the average closing price for the five trading days prior to the award being granted being £41.38 converted to € (using average FX rate over the same five-day period of £0.857 to €1 = € 48.28).
3. Award levels were calculated using the average closing price for the five trading days prior to the award being granted being £25.90 converted to € (using average FX rate over the same five-day period of £0.8295 to €1 = € 31.228).
4. Award levels were calculated using the average closing price for the five trading days prior to the LTIP award being granted being £26.24 converted to € (using average FX rate over the same five days period of £0.8569 to €1 = €29.707).
5. Dividend equivalents awarded during the year (see page 43) for more details.

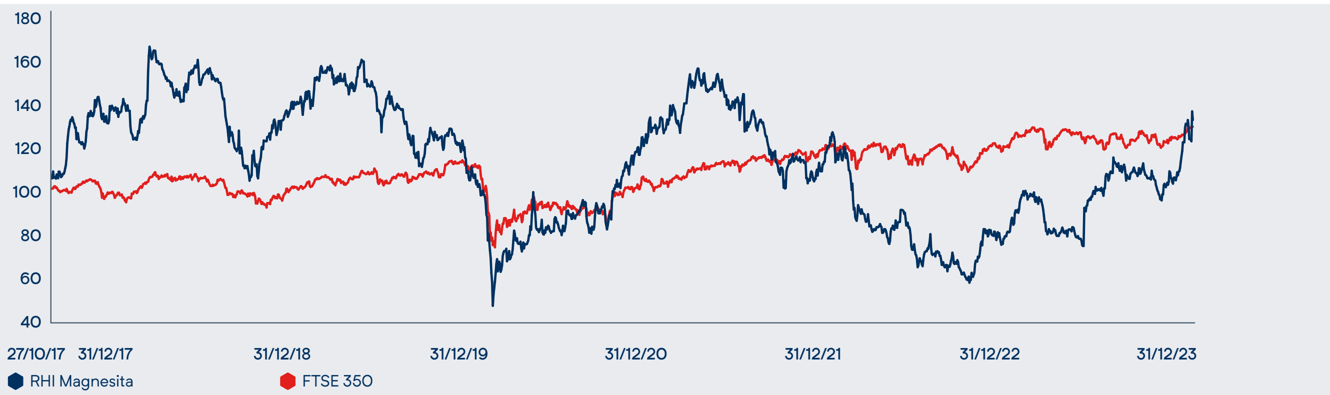
Review of past performance and CEO remuneration table (unaudited)

Share price performance

Shares are valued using the Company's closing market share price on 29 December 2023 of £34.60 (converted to € using FX rate of 0.8669 to = €39.92) (2022: £22.24). During 2023, the shares traded in the range of £20.50— £35.64.

RHI Magnesita total shareholder return

The graph below compares the Total Shareholder Return of the Company with the FTSE 350 Index from Admission date of 27 October 2017 to 31 December 2023. This is considered an appropriate comparator for RHI Magnesita because it is a constituent of the index.



Remuneration of the CEO

	2017	2018	2019	2020	2021	2022	2023
Single figure of total remuneration[1]							
Stefan Borgas	€476,981	€2,073,350	€1,490,427	€1,892,862	€1,584,758	€3,286,216	€3,988,285
Annual bonus payout as % of maximum[2, 3]							
Stefan Borgas	83.16%	88.04%	38.9%	50%	24%	42%	95%
Long-term incentive vesting rates as % of maximum[4]							
Stefan Borgas	N/A	N/A	N/A	0%	0%	50%	62%

1. The 2017 Single figure of Total Remuneration relates to the period 27 October 2017 to 31 December 2017.
2. The 2017 Annual bonus payout as a % of maximum relates to bonus targets set prior to the merger of the two companies that now form RHI Magnesita NV.
3. The percentage of maximum shown for the 2020 Annual bonus is the amount paid to the CEO. The formulaic bonus outcome was 100% of maximum. However, the bonus was capped at 50% of maximum due to the impact of the pandemic.
4. A long-term incentive plan was introduced when the Company was formed in October 2017. The first 2018 LTIP award was eligible to vest in 2021.
5. The formulaic outcome under the 2023 bonus was 100% of maximum. However, 5% of the bonus was paid to a Health & Safety fund with 95% of maximum paid to the CEO.

Annual percentage change in remuneration of the CEO (unaudited)

The table below illustrates the percentage change in annual salary, benefits and bonus between 2022 and 2023 for the CEO and the average for all Austrian employees of the Company. The CEO is an Austrian-based employee; therefore, the Committee feels that a comparator based on all Austrian employees is appropriate for the purposes of this analysis.

	Salary change (2022–2023)	Benefits change (2022 to 2023)	Annual bonus change (2022 to 2023)
CEO	4%	-0.37%	134.2%
Average of employees	7.9%	-0.7%	86.0%

Directors and employee remuneration over time (unaudited)

The table below shows the Directors' total remuneration year on year change (on a full-time equivalent basis) and includes comparators of company performance and average FTE remuneration.

Year	Total Remuneration in FY 2023	Change % 2022 to 2023	Change % 2021 to 2022[1]	Change % 2020 to 2021[1]	Change % 2019 to 2020[1]	Change % from 2018 to 2019[1]
Executive Directors						
Stefan Borgas	€3,988,285	21.36%	90.3%[2]	-16.28%	27%	-28.1%
Ian Botha	€2,172,373	-2.2%	124.1%[2]	-16.45%	N/A[2]	N/A[2]
Non-Executive Directors						
Herbert Cordt	£261,700	3.97%	4.4%	6.09%	3.2%	—
John Ramsay	£133,700	3.82%	4.3%	31.92%	12.9%	6.4%
Janet Ashdown	£118,300	3.77%	9.1%	19.92%	N/A[2]	N/A[2]
David Schlaff	£77,100	3.91%	4.4%	5.98%	3.2%	—
Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg[3]	£82,900	10.98%	5.1%	5.98%	3.2%	—
Jann Brown[3]	£94,700	3.49%	N/A[2]	N/A[2]	—	—
Karl Sevelda	£91,700	3.49%	7.6%	10.02%	3.2%	—
Marie-Héléne Ametsreiter	£88,700	5.09%	N/A[2]	N/A[2]	—	—
Sigalia Heifetz[6]	£30,681	N/A[2]	N/A[2]	N/A[2]	—	—
Katarina Lindström[7]	£19,275	N/A[2]	N/A[2]	—	—	—
Wolfgang Ruttenstorfer	£85,900	3.87%	4.3%	5.99%	3.2%	—
Karin Garcia[4]	—	—	—	—	—	—
Martin Kowatsch[4]	—	—	—	—	—	—
Michael Schwarz[4]	—	—	—	—	—	—
Company performance						
Adjusted EPS	4.98	3.42%	6.6%	36.0%	-41.1%	4.8%
Reported EBIT in € million	334	-2.9%	60.7%	77.3%	-55.8%	-4.4%
Adjsuted operating cash flow in € million	413	167%	165.7%	-18.7%	1.7%	-23.0%
Average remuneration (on a full-time equivalent basis)						
Employees of the Company[5]	€93,694	15.6%	8.7%	-3.4%	7.7%	4.1%

1. For notes on the change from 2018 to 2019, please see the 2019 Annual Report, for the change from 2019 to 2020 the 2020 Annual Report,2020 to 2021 the 2021 Annual Report and 2021 to 2022 the 2022 Annual Report.
2. Where the incumbent did not serve for the full year, the calculation has not been made as it is unrepresentative.
3. Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg was appointed as a member of the Corporate Sustainability Committee in November 2022. Jann Brown was appointed as a member of the Remuneration Committee in December 2022. As a result, the total fees paid increased YoY.
4. Employee Representative Directors do not receive remuneration for that role as they are remunerated as employees of the Group.
5. The group of RHI Magnesita's employees covers the parent company, namely all employees within the Austrian subsidiaries.
6. Sigalia Heifetz stepped down from her Board role on 24 May 2023 and fees were pro-rated accordingly.
7. Katarina Lindström was nominated by the Board as an Independent Non-Executive Director with effect from 30 September 2023 and received a pro-rated fee from that date.

Annual Report on Remuneration continued

Relative importance of spend on pay (unaudited)

The following table sets out the change in distributions to shareholders by way of dividend and overall spend on pay in the financial year ended 31 December 2022 compared with the financial year ended 31 December 2023.

	2023 € million	2022 € million	Percentage change
Total gross employee pay	747.3	627.8	19.03%
Dividends	77.7	70.5	10.21%

Payments for loss of office and to past directors (audited)

Sigalia Heifetz stepped down from the Board on 24 May 2023 and received fees to that date (£30,681). There were no additional payments.

2024 remuneration (unaudited)

Set out below is how the Directors' Remuneration Policy will be implemented during 2024.

Salaries and fees for 2024

Directors' salaries and fees (on a full-time equivalent basis)

Subject to approval at the 2024 AGM, the Executive Directors' salaries will be increased from 1 January 2024 by 6%. This compares to the increase to the wider workforce in Austria of an average of 7.0%.

The Committee Chairman's letter (page 149) and Nomination & Governance Committee report (page 134) set out the process and rationale for the increase in the Non-Executive Director fees.

As outlined above the increases to Non-Executive fees for 2024 will be reduced by the amount to be contributed to the Health & Safety fund.

	2024	2023	Change
Executives			
Stefan Borgas	€1,211,200	€1,142,700	€68,500
Ian Botha	€708,000	€668,000	€40,000
Non-Executives			
Chairman of the Board (inclusive of all Committee fees)	£325,000	£261,700	£63,300
Non-Executive Directors	£85,000	£77,100	£7,900
Deputy Chairman & Senior Independent Director	£120,000	£29,600	£90,400
Chairmen of Audit & Compliance Committee, Remuneration Committee, Nomination & Governance Committee (unless held by the Chairman of the Board) and Corporate Sustainability Committee	£25,000	£20,600	£4,400
Membership of the Audit & Compliance, Corporate Sustainability and Remuneration Committees	£10,000	£8,800	£1,200
Membership of the Nomination & Governance Committee	£6,000	£5,800	£200

The Company does not contribute to defined benefit pension schemes on behalf of Executive Directors or Non-Executive Directors. No Director has a prospective entitlement under a defined benefit scheme.

Annual bonus for 2024

The maximum bonus opportunity for 2024 is unchanged at 150% of salary. In line with the 2023 bonus, the 2024 bonus will be based on Adjusted EBITA (45%) and strategic objectives (30%). The remainder of the bonus will be subject to Adjusted operating cash flow (replacing the previous inventory measure). The Committee believes that this ensures management are incentivised to deliver cash flows to maximise the longer-term value of the business, thereby providing alignment to shareholder interests. Both the CEO and the CFO are required to use 50% of any bonus earned in excess of target (net of tax) to acquire shares in the Company that will be held for a minimum of three years.

Performance criteria	2024	2023
Adjusted EBITA	45%	45%
Adjusted operating cash flow	25%	N/A
Inventory Coverage	—	25%
Strategic Initiatives[1]		
Strategic projects	10%	N/A
Adjusted M&A EBITDA on signed transaction	—	10%
PIFOT	10%	10%
Use of SRM	10%	10%

1. The specific targets relating to the 2024 bonus have not been disclosed at this stage as they are considered by the Committee to be commercially sensitive, and it is not considered in the interests of shareholders to disclose further details on a prospective basis. Details will be provided on a retrospective basis in next year's Annual Report on Remuneration.

2024 LTIP awards

The CEO will be granted an LTIP award over shares with a value at grant of 200% and the CFO will be granted an LTIP award over shares with a value at grant of 150% of salary. As set out in the Committee Chairman's statement on pages 146 to 147, the Committee reviewed the performance measures during the year as part of the overall Policy review and concluded that the 2024 LTIP should continue to use EPS and CO_2 emissions performance conditions and move from TSR to ROIC. The measures and the targets are set out below.

Performance measure	Weighting	Threshold (25% vesting)[1]	Intermediate (75% of vesting)[1]	Maximum (100% vesting)[1]	Performance period
ROIC	25%	10.2%	10.9%	12.0%	1 January 2024 to 31 December 2026[2]
Adjusted EPS (cumulative for the three-year performance period)[2]	50%	€14.60	€15.10	€15.40	
Reduce CO_2 emissions per tonne against 2018	25%	-15.2%	-15.5%	-15.8%	

1. Awards vest on a straight-line basis between threshold, intermediate and maximum.
2. Two-year post vesting holding period applies.

This report was reviewed and approved by the Board on 28 February 2024 and signed on its behalf by order of the Board.

Janet Ashdown
Chairman of the Remuneration Committee


Strong cash
Adjusted operating cash flow and
Conversion

Our Financial Statements

Consolidated Financial Statements 2023

Consolidated Statement of Profit or Loss

for the year ended 31 December 2023

in € million	Note	2023	2022
Revenue	(5)	3,571.8	3,317.2
Cost of sales	(5)	(2,714.4)	(2,553.8)
Gross profit		**857.4**	**763.4**
Selling and marketing expenses		(153.0)	(131.3)
General and administrative expenses		(339.2)	(277.2)
Result from operating joint ventures and associates		0.1	0.1
Restructuring	(6)	(19.6)	6.8
Other income	(7)	27.1	4.8
Other expenses	(8)	(38.9)	(23.0)
EBIT		**333.9**	**343.6**
Interest income	(11)	19.7	8.3
Interest expenses on borrowings		(58.2)	(27.4)
Net expense on foreign currency effects	(12)	(30.4)	(23.3)
Other net financial expenses	(13)	(31.7)	(30.7)
Net finance costs		**(100.6)**	**(73.1)**
Profit before income tax		**233.3**	**270.5**
Income tax	(14)	(62.0)	(103.7)
Profit after income tax		**171.3**	**166.8**
RHI Magnesita N.V. shareholders		164.6	155.7
Non-controlling interests	(26)	6.7	11.1

in €			
Earnings per share – basic	(15)	3.50	3.31
Earnings per share – diluted	(15)	3.42	3.26

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

in € million	Note	2023	2022
Profit after income tax		**171.3**	**166.8**
Currency translation differences			
Unrealised results from currency translation		(22.5)	49.9
Unrealised results from net investment hedge and foreign operations		(10.4)	(5.4)
Deferred taxes thereon	(14)	0.4	(3.2)
Current taxes thereon	(14)	0.0	4.1
Reclassification to profit or loss – Disposal subsidiaries		(0.6)	0.7
Cash flow hedges			
Unrealised fair value changes	(36)	(25.2)	58.0
Reclassification to profit or loss		(10.0)	(7.2)
Deferred taxes thereon	(14)	8.0	(11.9)
Items that may be reclassified to profit or loss in later periods		**(60.3)**	**85.0**
Remeasurement of defined benefit plans			
Remeasurement of defined benefit plans	(29)	(22.5)	58.0
Deferred taxes thereon	(14)	6.1	(18.5)
Items that are not reclassified to profit or loss in later periods		**(16.4)**	**39.5**
Other comprehensive (loss)/income after income tax		**(76.7)**	**124.5**
Total comprehensive income		**94.6**	**291.3**
RHI Magnesita N.V. shareholders		97.9	282.7
Non-controlling interests	(26)	(3.3)	8.6

Consolidated Statement of Financial Position

as at 31 December 2023

in € million	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Goodwill	(17)	339.2	136.9
Other intangible assets	(18)	469.8	316.6
Property, plant and equipment	(19)	1,360.1	1,203.7
Investments in joint ventures and associates		6.2	5.7
Other non-current financial assets	(35)	43.4	55.1
Other non-current assets	(20)	36.7	40.0
Deferred tax assets	(14)	152.0	128.2
		2,407.4	**1,886.2**
Current assets			
Inventories	(21)	995.9	1,049.1
Trade and other current receivables	(22)	685.7	578.9
Income tax receivables	(14)	43.5	38.7
Other current financial assets	(35)	13.6	1.3
Cash and cash equivalents	(23)	703.5	520.7
		2,442.2	**2,188.7**
		4,849.6	**4,074.9**

EQUITY AND LIABILITIES			
Equity			
Share capital	(24)	49.5	49.5
Group reserves	(25)	1,152.2	951.7
Equity attributable to shareholders of RHI Magnesita N.V.		1,201.7	1,001.2
Non-controlling interests	(26)	161.8	47.4
		1,363.5	**1,048.6**
Non-current liabilities			
Borrowings	(27)	1,799.5	1,404.9
Other non-current financial liabilities	(28)	133.4	92.8
Deferred tax liabilities	(14)	62.5	62.0
Provisions for pensions	(29)	241.5	214.7
Other personnel provisions	(30)	55.2	51.7
Other non-current provisions	(31)	91.6	80.0
Other non-current liabilities		7.3	6.3
		2,391.0	**1,912.4**
Current liabilities			
Borrowings	(27)	149.3	215.1
Other current financial liabilities	(28)	40.9	50.1
Trade payables and other current liabilities	(32)	820.2	780.3
Income tax liabilities	(14)	50.8	38.3
Current provisions	(31)	33.9	30.1
		1,095.1	**1,113.9**
		4,849.6	**4,074.9**

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

in € million	Note	2023	2022
Cash generated from operations	**(33)**	**560.1**	**287.5**
Income tax paid less refunds		(60.4)	(53.7)
Net cash flow from operating activities		**499.7**	**233.8**
Investments in property, plant and equipment and intangible assets		(179.5)	(156.7)
Investments in subsidiaries net of cash acquired		(313.3)	(63.2)
Cash receipts from the sale of equity instruments of interests in joint ventures		0.0	8.7
Cash inflows from the sale of property, plant and equipment		3.6	1.8
(Cash outflows) / Cash inflows from investments/ from the sale of financial assets		(13.8)	2.8
Dividends received from non-consolidated entities, joint ventures and associates		0.5	0.0
Investment subsidies received and cash inflows from non-current receivables		1.9	0.8
Interest received		18.9	6.1
Net cash used in investing activities		**(481.7)**	**(199.7)**
Payment for share issue costs in subsidiary		(2.6)	0.0
Proceeds from share issue in subsidiary		100.2	0.0
Acquisition of non-controlling interests		(8.2)	(1.4)
Dividends paid to RHI Magnesita N.V. shareholders		(77.7)	(70.5)
Dividend paid to non-controlling interests		(2.9)	(1.5)
Proceeds from long-term financing		336.0	344.4
Repayments of long-term financing		(15.9)	(278.0)
Changes in current borrowings and financial liabilities to joint ventures and associates		(60.6)	(12.2)
Interest payments		(72.7)	(41.0)
Repayment of lease obligations		(20.3)	(20.6)
Interest payments from lease obligations		(2.4)	(1.3)
Cash flows from derivatives		5.1	(1.8)
Net cash provided by/(used in) financing activities	**(34)**	**178.0**	**(83.9)**
Total cash flow		**196.0**	**(49.8)**
Change in cash and cash equivalents		**196.0**	**(49.8)**
Cash and cash equivalents at beginning of period		520.7	580.8
Reclassification of Cash and Cash equivalents	**(23)**	**(9.3)**	**0.0**
Foreign exchange impact		(3.9)	(10.3)
Cash and cash equivalents at end of period	(23)	703.5	520.7

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

		Group reserves									
						Accumulated other comprehensive income					
in € million	Share capital	Treasury shares	Additional paid-in capital	Mandatory reserve	Retained earnings	Cash flow hedges	Defined benefit plans	Currency translation	Equity attributable to shareholders of RHI Magnesita N.V.	Non-controlling interests	Total equity
Note	(24)	(25)	(25)	(25)	(25), (26)	(25)	(25)	(25)		(26), (42)	
31.12.2022	**49.5**	**(116.1)**	**361.3**	**288.7**	**620.2**	**31.8**	**(85.6)**	**(148.6)**	**1,001.2**	**47.4**	**1,048.6**
Profit after income tax	**-**	**-**	**-**	**-**	**164.6**	**-**	**-**	**-**	**164.6**	**6.7**	**171.3**
Currency translation differences	-	-	-	-	-	-	-	(23.2)	(23.2)	(9.9)	(33.1)
Cash flow hedges	-	-	-	-	-	(27.2)	-	-	(27.2)	-	(27.2)
Defined benefit plans	-	-	-	-	-	-	(16.3)	-	(16.3)	(0.1)	(16.4)
Other comprehensive income after income tax	**-**	**-**	**-**	**-**	**-**	**(27.2)**	**(16.3)**	**(23.2)**	**(66.7)**	**(10.0)**	**(76.7)**
Total comprehensive income	**-**	**-**	**-**	**-**	**164.6**	**(27.2)**	**(16.3)**	**(23.2)**	**97.9**	**(3.3)**	**94.6**
Hedging gains and losses and costs of hedging transferred to the carrying value of inventory purchased during the year	-	-	-	-	-	1.4	-	-	1.4	-	1.4
Dividends	-	-	-	-	(77.7)	-	-	-	(77.7)	(3.0)	(80.7)
Share transfer/vested LTIP	-	5.4	-	-	(5.4)	-	-	-	-	-	-
Additions to consolidated companies and change of non-controlling interests without a change of control	-	-	-	-	147.7	-	-	-	147.7	53.7	201.4
Change of non-controlling interests without a change of control	-	-	-	-	36.2	-	-	-	36.2	63.8	100.0
Change of non-controlling interests without a change of control	-	-	-	-	3.2	-	-	-	3.2	(3.2)	-
Change of non-controlling interests without a change of control	-	-	-	-	(3.4)	-	-	-	(3.4)	(3.5)	(6.9)
Hyperinflation adjustment	-	-	-	-	-	-	-	9.2	9.2	-	9.2
Other changes[1]	-	-	-	-	(22.7)	-	-	-	(22.7)	9.9	(12.8)
Share-based payment expenses	-	-	-	-	8.7	-	-	-	8.7	-	8.7
	-	**5.4**	**-**	**-**	**86.6**	**1.4**	**-**	**9.2**	**102.6**	**117.7**	**220.3**
31.12.2023	**49.5**	**(110.7)**	**361.3**	**288.7**	**871.4**	**6.0**	**(101.9)**	**(162.6)**	**1,201.7**	**161.8**	**1,363.5**

1) Mainly relating to the recognition of the financial liability and derecognition of the non-controlling interests related to the acquisition of Jinan New Emei, the recognition of the non-controlling interests related to the acquisition of Seven Refractories Group as well as PD Group and the impacts of the fair value changes resulting from the completion of purchase price allocation related to the acquisition of Sörmaş, see Note (42).

					Group reserves						
						Accumulated other comprehensive income					
in € million	Share capital	Treasury shares	Additional paid-in capital	Mandatory reserve	Retained earnings	Cash flow hedges	Defined benefit plans	Currency translation	Equity attributable to shareholders of RHI Magnesita N.V.	Non-controlling interests	Total equity
Note	(24)	(25)	(25)	(25)	(25)	(25)	(25)	(25)		(26)	
31.12.2021	**49.5**	**(117.0)**	**361.3**	**288.7**	**532.8**	**(7.1)**	**(125.1)**	**(197.2)**	**785.9**	**36.3**	**822.2**
Profit after income tax	**-**	**-**	**-**	**-**	**155.7**	**-**	**-**	**-**	**155.7**	**11.1**	**166.8**
Currency translation differences	-	-	-	-	-	-	-	48.6	48.6	(2.5)	46.1
Cash flow hedges	-	-	-	-	-	38.9	-	-	38.9	-	38.9
Defined benefit plans	-	-	-	-	-	-	39.5	-	39.5	-	39.5
Other comprehensive income after income tax	**-**	**-**	**-**	**-**	**-**	**38.9**	**39.5**	**48.6**	**127.0**	**(2.5)**	**124.5**
Total comprehensive income	**-**	**-**	**-**	**-**	**155.7**	**38.9**	**39.5**	**48.6**	**282.7**	**8.6**	**291.3**
Transactions with shareholders											
Dividends	-	-	-	-	(70.5)	-	-	-	(70.5)	(1.5)	(72.0)
Share transfer/vested LTIP	-	0.9	-	-	(0.9)	-	-	-	-	-	-
Change in non-controlling interests due to addition to consolidated companies	-	-	-	-	-	-	-	-	-	6.1	6.1
Reclassification of puttable non-controlling interests without a change of control	-	-	-	-	(4.8)	-	-	-	(4.8)	(6.1)	(10.9)
Change in non-controlling interests due to addition to consolidated companies	-	-	-	-	-	-	-	-	-	5.0	5.0
Change in non-controlling interests without a change of control	-	-	-	-	(0.4)	-	-	-	(0.4)	(1.0)	(1.4)
Share-based payment expenses	-	-	-	-	8.3	-	-	-	8.3	-	8.3
Transactions with shareholders	**-**	**0.9**	**-**	**-**	**(68.3)**	**-**	**-**	**-**	**(67.4)**	**2.5**	**(64.9)**
31.12.2022	**49.5**	**(116.1)**	**361.3**	**288.7**	**620.2**	**31.8**	**(85.6)**	**(148.6)**	**1,001.2**	**47.4**	**1,048.6**

Notes

to the Consolidated Financial Statements 2023

Principles and Methods

1. Authorisation of Financial Statements and Statement of Compliance with International Financial Reporting Standards

The Consolidated Financial Statements of RHI Magnesita N.V. and its subsidiaries (collectively referred to as "RHIM" or "the Group" for the year ended 31 December 2023, were approved and authorised for issue by the Board of Directors on 28 February 2024 and will be submitted for adoption to the Annual General Meeting of shareholders in May 2024. RHIM is a public limited company incorporated under the laws of the Netherlands (naamloze vennootschap), having its official seat (statutaire zetel) in Arnhem, the Netherlands, and its office at Kranichberggasse 6, 1120 Vienna, Austria, registered with the Dutch Trade Register under number 68991665 and listed on the London Stock Exchange, with a secondary listing on the Vienna Stock Exchange (Wiener Börse).

The Group is a global industrial group whose core activities include the development and production, sale, installation and maintenance of high-grade refractory products and systems used in industrial high-temperature processes exceeding 1,200°C.

Basis for preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Consolidated Financial Statements also comply with the financial reporting requirements included in Title 9 of Book 2 of the Dutch Civil Code.

The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated. With the exception of specific items such as derivative financial instruments, plan assets for defined benefit obligations, financial assets measured at Fair Value through Profit or Loss (FVPL) or Other Comprehensive Income (FVOCI) and financial liabilities measured at FVPL, the Consolidated Financial Statements are prepared on a historical cost basis.

The financial year of RHI Magnesita N.V. and the Group corresponds to the calendar year. Subsidiaries with a financial year different to the Group, due to local legal requirements, provide financial information to allow consolidation consistent with the Group's financial year. The Consolidated Financial Statements are presented in Euros and all values are rounded to the nearest € million with one decimal, except where otherwise indicated. The Group has availed of the exemption provided by section 264 paragraph 3 HGB of the German Commercial Code for the following entities: RHI Urmitz AG & Co. KG (Koblenz), Magnesita Refractories GmbH (Wiesbaden), RHI Magnesita Sales Germany GmbH (Wiesbaden), RHI Refractories Site Services GmbH (Wiesbaden), RHI Magnesita Deutschland AG (Wiesbaden), RHI Magnesita Wetro GmbH (Puschwitz) and RHI Magnesita Bochum GmbH (Bochum). According to this provision, the mentioned companies are exempt from preparing statutory financial statements, if required by the German Commercial Code, since they are included in the Consolidated Financial Statements of the Group.

Basis of consolidation

The Consolidated Financial Statements consolidate the Financial Statements of the Group. Subsidiaries are consolidated from the date on which the Group obtains control, including when control is obtained via potential voting rights, and continue to be consolidated until the date that control ceases.

The financial information of subsidiaries is prepared for the same reporting year as the parent company, using consistent accounting policies. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the Statement of Profit or Loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in Other Comprehensive Income (OCI) in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This treatment may mean that amounts previously recognised in OCI are recycled through the Statement of Profit or Loss. Intercompany balances and transactions, including unrealised profits arising from intragroup transactions, are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to the Group's shareholders.

Please refer to the Company Financial Statements of RHI Magnesita N.V. for a list of the Company's subsidiaries, joint ventures and associates in which it holds more than 20%.

Going concern

In considering the appropriateness of adopting the going concern basis in preparing the Consolidated Financial Statements, the Directors have assessed the potential cash generation of the Group and considered a range of downside scenarios that model different degrees of potential economic downturn, using the same model performed for the viability assessment. This assessment covers the period to 31 December 2025.

The scenarios considered by the Directors include a severe but plausible downside and a reverse stress test which determines the level of EBITDA that could breach the Group's debt covenant. Further mitigating actions within management control would be undertaken in such scenarios, including but not limited to: working capital and SG&A reduction, deferring capital expenditure, or reducing or cancelling the dividend, but these were not incorporated in the downside modelling.

The Directors have also considered the Group's current liquidity and available facilities. As of 31 December 2023, the Consolidated Statement of Financial Position reflects cash and cash equivalents of €703.5 million (2022: €520.7 million). In addition, the Group has access to a €600.0 million (2022: €600.0 million) Revolving Credit Facility (RCF), which is currently undrawn and not relied upon for the purpose of the going concern assessment. The Group has complied with the financial covenants of the Group's loan agreements (refer to Note (27)).

In the scenarios assessed and taking into account liquidity, available resources and before the inclusion of all mitigating actions, the Directors consider it is appropriate to continue to adopt the going concern basis in preparing the Consolidated Financial Statements for the period ended 31 December 2023.

Notes continued

2. Impact of new financial reporting standards and interpretations

Management has assessed the impact of new or amended IFRS and interpretations issued by the IASB and IFRS endorsed by the European Union effective on or after 1 January 2023. Management assessed that application of these has not had a material impact on the Consolidated Financial Statements for 2023. Refer to Note (3) on the results of the impact analysis on the implementation of a minimum taxation for income taxes under the new Pillar II legislation.

Furthermore, management has assessed the impact of new or amended IFRS and interpretations issued by the IASB that have not yet become effective. No new or amended IFRS or interpretations have been early adopted. Except for the amendments to IAS 7 & IFRS 7 covering new disclosure requirements for the Group's existing liabilities related to supply finance arrangements, management does not anticipate any significant impact on the Consolidated Financial Statements in the period of initial application after the adoption of these amendments.

Since supplier financing arrangements related to trade payables (see Note (32)) exist in the Group, and are expected to continue in the coming years, the amendments to IAS 7 & IFRS 7 will bring additional disclosures on the effects of these arrangements on the Group's liabilities, cash flows and exposure to liquidity risk. The Group is analysing the impacts of the additional disclosures in terms of content and scope.

3. Significant Accounting Policies, Judgements and Estimates

Interests in other entities

Business combinations

Business combinations are accounted for using the acquisition method. The identifiable assets acquired and liabilities assumed, including any contingent consideration, are recognised at their fair values at the acquisition date. The amount of the purchase consideration and value of non-controlling interest on acquisition, if any, above the fair value of assets and liabilities is recognised as goodwill. A bargain purchase gain, if any, is recognised within other income immediately. Transaction costs related to a business combination are expensed as incurred. The acquisition of a non-controlling interest in a subsidiary and the sale of an interest are accounted for as transactions within equity unless they result in the loss of control. Sales of interests accounted for as equity transactions also include share issues in subsidiaries which dilute RHI Magnesita N.V.'s share in the subsidiary's net assets and where the dilution does not result in the loss of control. The difference between the purchase consideration or sale proceeds after tax and the relevant proportion of the non-controlling interest, measured by reference to the carrying amount of the interest's net assets at the date of acquisition or sale, is recognised in retained earnings as a movement in equity attributable to the shareholders of RHI Magnesita N.V.

Where the Group acquires less than 100% of shares in a business combination, IFRS 3 'Business Combinations' allows an accounting policy choice whereby non-controlling interest is either reflected at the proportionate share of the acquired identifiable net assets (excluding goodwill) or at fair value. This accounting policy choice can be exercised individually for each acquisition. If a non-wholly owned subsidiary of RHI Magnesita N.V. is the deemed acquirer in a business combination, goodwill is measured either as the excess of the full consideration transferred plus non-controlling interests, if any, over the acquired identifiable net assets or as the excess of RHI Magnesita N.V.'s share in the consideration transferred plus non-controlling interests, if any, over the acquired identifiable net assets. This accounting policy choice can be exercised individually for each acquisition too. For business combinations achieved in stages, the Group's previously held equity interest is remeasured to fair value at the acquisition date. Any gains and losses arising from such remeasurement are recognised in profit or loss.

Net assets of subsidiaries not attributable to the Group are shown separately in equity as non-controlling interests.

As part of a business acquisition or subsequently, the Group may enter into agreements with non-controlling interests in the form of a call option, a put option or a forward contract to acquire the outstanding shares. A call option provides the Group with the right to acquire the outstanding shares not already owned, while a written put option allows the non-controlling interest to sell their shares to the Group. A forward contract creates a commitment for the Group to purchase and for the non-controlling interest to sell the outstanding shares at a later date. The option or forward price may be based on an earnings multiple such as EBITDA subject to contractual limits, if any, or may be fixed and exercisable at a future date. A financial liability is recognised on the written put option at the present value of the estimated redemption amount. Where the option is assessed to result in the non-controlling interest transferring the risks and rewards of ownership to the Group, on acquisition, the financial liability forms part of the purchase consideration with no value assigned to non-controlling interests. For fixed price call and put options, the risks and rewards of ownership relating to the outstanding shares are assumed to have transferred to the Group.

Where the risks and rewards of ownership under the option are not transferred to the Group, the financial liability is not considered as part of the purchase consideration and a non-controlling interest is recognised on acquisition. The financial liability is initially recognised against equity attributable to shareholders of RHI Magnesita N.V. The Group applies the provisions of IAS 32 'Financial Instruments: Presentation' and subsequently derecognises the non-controlling interest to the extent that it is equal or less than the financial liability, against equity attributable to shareholders of RHI Magnesita N.V.

The subsequent measurement of the financial liability is conditional on the nature of the underlying cash consideration. If the option or forward contract will be settled at a fixed cash consideration, the financial liability is subsequently measured at amortised cost. If the option or forward contract will be settled at a variable cash consideration (e.g. EBITDA multiple or similar P&L measures) the financial liability is subsequently measured at fair value through profit or loss (FVPL). Fair value changes resulting from the remeasurement of the financial liability are reflected within other net financial expenses.

Dividends paid to non-controlling interest with a fixed price or option are reflected as an expense within other finance expenses unless there is a contractual right to reduce the liability.

Goodwill may also arise upon investments in joint ventures and associates, being the surplus of the cost of investment over the Group's share of the net fair value of the identifiable net assets. Any such goodwill is recorded within the corresponding investment in joint ventures and associates.

Significant judgement: Recognition of non-controlling interest of Jinan New Emei
The acquisition of Jinan New Emei Industries Co Ltd. includes a commitment for the Group to acquire the outstanding shares (35%), see Note (42). The Group has concluded, based on the terms and pricing of the commitment, that the risks and rewards of ownership associated with the outstanding shares have not been transferred to the Group. Therefore, the financial liability was not considered as part of the purchase consideration and a non-controlling interest was recognised on acquisition. The financial liability arising from the commitment has been recognised in accordance with the Group's accounting policy related to fixed-term or puttable non-controlling interests. Being that the financial liability was initially recognised against equity attributable to shareholders of RHI Magnesita N.V, while the said non-controlling interests were derecognised to zero — also against equity attributable to shareholders of RHI Magnesita N.V.

Significant estimate: Measurement of assets acquired and liabilities assumed in business combinations
Estimates relating to the calculation of fair values of acquired assets, liabilities and contingent liabilities are required within the context of business combinations disclosed in Note (42).

Where intangible assets are identified, estimates are necessary for the determination of fair values by means of discounted cash flows, including the duration, amount of future cash flows, and discount rate. Fair values of physical assets are estimated with reference to comparable assets in the market.

When making estimates in the context of purchase price allocations on major acquisitions, the Group consults with independent experts who accompany the execution of the discretionary decisions and record this in appraisal documents. The Group has a period of one year from the date of control of the acquired businesses to update initial fair value estimates. The Group does not expect changes in these fair value estimates to have a significant impact on the recognised assets and liabilities over the remaining measurement period.

Goodwill and Other intangible assets

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill recognised as an asset is reviewed for impairment at least annually.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Mining rights
Mining rights were recognised in the course of the purchase price allocation for former Magnesita Group and are amortised based on the depletion of the related mines. Depletion is calculated based on the volume mined in the period in proportion to the total estimated economically viable volume.

Customer relationships
Customer relationships arise from the acquisition of business and are measured at assigned fair values on acquisition, less accumulated amortisation and impairments. These intangibles are amortised on a straight-line basis over their expected useful lives.

Development costs
Research costs are expensed in the year incurred and included in general and administrative expenses. Development costs, including internally developed software, are only capitalised if the costs can be measured reliably and are expected to result in future economic benefits either through use or sale. Capitalisation will also only arise when the product or process development can be clearly defined and is feasible in technical, economic and capacity terms. For internally developed software, costs are capitalised when these can be directly and conclusively allocated to individual programmes and represent a significant extension or improvement on existing software. All other internally developed software costs are expensed. Development costs are amortised on a straight-line basis over their expected useful lives of up to ten years, with internally developed software amortised over a period of up to four years. Amortisation is recognised in cost of sales.

Other intangible assets
These mainly represent purchased third-party software, land-use rights and patent fees and are recognised when future associated economic benefits are expected to accrue to the Group. These intangibles are initially measured at their acquisition cost and amortised over their expected useful lives.

The useful lives of the Group's main classes of intangible assets are:

Customer relationships	6 to 20 years
Internally generated intangible assets	4 to 18 years
Other intangible assets	4 to 65 years

The useful economic lives of intangible assets are reviewed regularly and adjusted if necessary.

The carrying value of other intangible assets are assessed at each reporting period for indicators of impairments. See below for the accounting policy relating to impairment of non-current assets other than goodwill and intangible assets with indefinite useful life.

Significant judgement: Measurement of mining rights
Management has assessed that given the few or no viable alternatives for the Group's refractory products, which are extracted from the Group's mines and used in the construction and automotive industries, together with their continued use in the transition to a green economy, no indicators of impairment have arisen and as a consequence the useful lives remain unchanged.

Property, plant and equipment

Property, plant and equipment is measured at acquisition or construction cost, less accumulated depreciation and accumulated impairment losses. These assets are depreciated on a straight-line basis over their expected useful life to their estimated residual values and from when they are available for use in the manner intended by management.

Construction costs of assets comprise of direct costs as well as a proportionate share of capitalisable overhead costs and borrowing costs. If borrowed funds are directly attributable to an investment, borrowing costs are capitalised as a cost of the assets. If no direct connection between an investment and borrowed funds can be demonstrated, the average rate on borrowed capital of the Group is used as the capitalisation rate due to the central funding of the Group.

Expected demolition and disposal costs at the end of an asset's useful life are capitalised as part of its acquisition cost and recorded as a provision. The recognition criteria are a legal or constructive obligation towards a third-party and the ability to reliably estimate future cost.

Land and plant under construction are not depreciated. Depreciation of property, plant and equipment is based on the following useful lives:

Real estate, land and buildings	8 to 60 years
Technical equipment and machinery	8 to 50 years
Other plant, office equipment, furniture and fixtures	3 to 35 years

The carrying value of property, plant and equipment is assessed at each reporting period for indicators of impairments. See below for accounting policy relating to impairment of non-current assets other than goodwill and intangible assets with indefinite useful life.

The residual values and economic useful lives of property, plant and equipment, are reviewed regularly and adjusted if necessary.

When components of plant or equipment have to be replaced at regular intervals, the relevant replacement costs are capitalised when economic benefits are expected to arise for the Group. The carrying amount of the replaced components is derecognised. Regular maintenance and repair costs are expensed as incurred.

Gains or losses from the disposal of property, plant and equipment, which result from the difference between the net realisable value and the carrying amount, are recognised as income or expense in the Consolidated Statement of Profit or Loss.

Significant estimate: Useful lives of property, plant and equipment and intangible assets
Management uses its experience to estimate the remaining useful life of an asset. The actual useful life of an asset may be impacted by an unexpected event that may result in an adjustment to the carrying amount of the asset. No such events are expected to arise which would have a material impact on carrying values within 12 months from the balance sheet date.

Leases

A contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for payments to be made to the owners (lessors) is accounted for as a lease. Contracts are assessed to determine whether it is or contains, a lease at inception or when the terms and conditions of a contract are significantly changed. The lease term is the non-cancellable period of a lease, together with contractual options to extend or to terminate the lease early, where it is reasonably certain that an extension option will be exercised, or a termination option will not be exercised. At the commencement of a lease contract, a right-of-use asset and a corresponding lease liability are recognised, except for low-value items or for lease terms of less than 12 months. The commencement date of a lease is the date on which the underlying asset is made available for use. The lease liability is measured at an amount equal to the present value of the lease payments during the lease term that are not paid at that date. The lease liability includes contingent rentals and variable lease payments that depend on an index, rate, or where they are fixed payments in substance.

The lease liability is remeasured when the contractual cash flows of variable lease payments change due to a change in an index or rate when the lease term changes following a reassessment. Lease payments are discounted using the interest rate implicit in the lease. If that rate is not readily available, the incremental borrowing rate is applied. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term and similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment.

In general, a corresponding right-of-use asset is recognised for an amount equal to each lease liability, adjusted by the amount of any pre-paid lease payment relating to the specific lease contract, less any lease incentives, and for any estimated restoration and removal costs. The depreciation on right-of-use assets is recognised in the Statement of Profit or Loss. Right-of-use assets are assessed for impairment indicators (see accounting policy on impairment of non-current assets).

Impairment of goodwill, property, plant and equipment and other intangible assets

Goodwill

Goodwill is reviewed at least annually for impairment. Any impairment loss is recognised as an expense immediately. For the purpose of impairment testing, goodwill is allocated to groups of individual Cash-Generating Units (CGUs) expected to benefit from the combination. If the recoverable amount of the CGU is less than the carrying amount of the CGU (including goodwill) allocated to it, the resulting impairment loss is applied first to the allocated goodwill and then to the other assets on a pro-rata basis of the carrying amount of each asset. Reversals of impairment losses on goodwill are not permitted. The cash flows used to determine the recoverable amount of the CGU, including goodwill, is consistent with the description provided below for property, plant and equipment and other intangibles.

Significant estimate: Determination of recoverable amounts of CGUs which include goodwill

Management makes use of various estimates and assumptions in determining the cash flow forecasts used to determine the recoverable amounts of CGUs to which goodwill is allocated for the annual impairment test. Key assumptions include discount rates used to discount cash flows, the perpetual annuity growth rate, projected revenue and projected EBIT margin of the associated CGU. For further details on impairment tests for CGUs which include goodwill, refer to Note (17).

Property, plant and equipment and other intangibles

Property, plant and equipment, including right-of-use assets and intangible assets are tested for impairment if there is any indication that the value of these items may be impaired. An asset is considered to be impaired if its recoverable amount is less than its carrying amount. In the Group, individual assets do not generate cash inflows independent of one another and assets are combined in CGUs, which largely generate independent cash inflows. These CGUs are combined in strategic business units and reflect the market presence and appearance and drive cash inflows. The organisational structures of the Group reflect these units. In addition to the joint management and control of the business activities in each unit, the sales know-how, the knowledge of the long-standing customer relationships or knowledge of the customer's production facilities and processes further support these units. Product knowledge is manifested in the application-oriented knowledge of chemical, physical and thermal properties of RHI Magnesita products. The services offered extend over the life cycle of products at the customer's plant, from the appropriate installation and support of optimal operations, to environmentally sound disposal with the customer or sustainable reuse in the Group's production process. These factors determine cash inflow to a significant extent and consequently form the basis for the CGU structures.

The CGUs of the strategic business unit Steel are Linings and Flow Control. These two CGUs are determined according to the production stages in the process of steel production. In the Industrial business unit, each industry line of business (Glass, Cement/Lime, Non-Ferrous Metals and Environment, Energy, Chemicals) forms a separate CGU. All raw material producing facilities are combined in one CGU.

According to IAS 36 'Impairment of Assets' the recoverable amount of a CGU is defined as the higher of its fair value less costs of disposal and its value in use (present value of future cash flows). For the purpose of testing CGUs for impairment the Group determines the recoverable amount of the CGUs solely on the basis of value in use. In assessing value in use, the estimated future cash flows of the CGU in its present condition are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks, including country, specific to the CGU.

The cash flows projections used for impairment testing are based on the strategic business and financial planning model of the Group including the 2024 budget, as approved by the Board, and the Long-Term Plan covering a four-year period. The terminal value is based on a growth rate derived from the difference of the current and the possible degree of utilisation of the assets. To forecast the CGUs' cash flows, management predicts the growth rate using external sources for the development of the customers' industries and expert assumptions, including forecasts about the regional growth of steel production and the output of the non-steel clients. Growth rates are also influenced by the development of the specific refractory consumption patterns, including technological improvements.

If the carrying amount is higher than the recoverable amount, an impairment loss equivalent to the resulting difference is recognised in the Statement of Profit or Loss. If the reason for an impairment loss recognised in the past for property, plant and equipment or for other intangible assets ceases to exist, a reversal of the impairment is recognised in profit or loss. An impairment loss is reversed only to the extent that the CGUs carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

Significant judgement: Identification of impairment indicators related to CGUs without goodwill

Management reviewed CGUs for indicators of impairment. These indicators included both external factors affecting the CGUs, such as laws and regulations in specific countries and global and local economic conditions and internal factors, including but not limited to, useful lives of assets, major breakdowns or decisions to divest from certain businesses. Based on the impairment indicator review, no impairment indicators were identified at any of the CGUs, that did not have goodwill allocated to them.

Additionally, management has assessed the useful lives of assets and these continue to be appropriate due to the limited refractory and other product alternatives available and as the steel and industrial sectors in which the Group operates, continue to play a significant part in the transition towards sustainable output and the transition to a green economy.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In general, financial instruments can be classified to be measured subsequently at amortised cost, fair value through profit or loss or fair value through other comprehensive income. Classification of financial assets depends on the contractual terms of the cash flows as well as on the entity's business model for managing the financial assets. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets are classified as amortised cost, if the contractual cash flows include solely payments of principal and interest and which are held in order to collect the contractual cash flows. If the contractual cash flows include solely payments of principal and interest, but are held to collect both the contractual cash flows and sell the financial asset, then they are classified as fair value through other comprehensive income. If the contractual cash flows do not solely include payments of principal and interest, then they are classified as fair value through profit or loss.

The Group initially recognises securities on the trading date when it becomes a party to the contractual provisions of the instruments. All other financial assets and financial liabilities are initially recognised on the date when they are originated. Financial instruments, except for trade receivables, are initially recognised at fair value. Financial assets are derecognised if the entity transfers substantially all the risks and rewards or if the entity neither transfers nor retains substantially all the risks and rewards and has not retained control. Financial liabilities are derecognised when the contractual obligations are settled, withdrawn or have expired.

Investments in debt securities are subsequently measured at fair value through profit and loss if the contractual terms of cash flows do not solely include payments of principal and interest. Otherwise, they are subsequently carried at amortised cost.

Investments in equity securities, including non-consolidated subsidiaries, are of minor importance and recognised and measured either at fair value through profit or loss, or at fair value through OCI, if the latter option was exercised.

Financial assets at amortised costs are measured by applying the effective interest method.

Trade and other current receivables
Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value and, depending on the business model, subsequently carried either at amortised cost minus any valuation allowances or at fair value through other comprehensive income minus any valuation allowances for expected or incurred credit losses. Irrespective of the measurement category, any impairment losses are recognised in the Statement of Profit or Loss. Valuation allowances for expected credit losses are calculated in accordance with the simplified approach of the impairment model for financial instruments (see accounting policy on impairment of financial assets below).

The Group sells trade receivables to financial institutions in the scope of factoring arrangements on a recurring basis based on its liquidity needs. Prospectively, the extent and the specific trade receivables impacted by future sales cannot be identified. Therefore, trade receivables which qualify for a future sale under the terms of existing factoring agreements are allocated to a portfolio whose objective is collecting the contractual cash flows and selling them. These trade receivables are carried at fair value through other comprehensive income minus any valuation allowances. Whereas trade receivables which do not qualify for a future sale under the terms of existing factoring agreements are allocated to a portfolio whose objective is only to collect the contractual cash flows and are therefore carried at amortised cost minus any valuation allowances.

In factoring arrangements, trade receivables are derecognised where the Group transfers substantially all the risks and rewards associated with the financial assets. Payments received from customers following the sale are recognised in current borrowings until repaid to the factorer.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, cheques received, cash at banks and short-term cash deposits with an original term of up to three months. Moreover, investments in money market funds exposed to insignificant value fluctuations due to their high credit rating and investments in short-term money market instruments that can be converted to defined cash amounts within a few days at any time, are also reflected as cash equivalents.

Borrowings
Financial liabilities include liabilities to financial institutions and other lenders and are measured at fair value less directly attributable transaction costs at initial recognition. In subsequent periods, these liabilities are measured at amortised cost applying the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged (by payment or legal release), cancelled 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 terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The difference in the respective carrying amounts is subsequently recognised in the Statement of Profit or Loss, including any costs or fees.

Trade payables and other current liabilities
These liabilities are initially recognised at fair value, and subsequently measured at amortised cost. The Group may participate in supply chain finance arrangements whereby suppliers may elect to receive a discounted early payment of their invoice from a bank as opposed to the agreed contractual payment terms. Where this arises, the Group settles the amount owed to the bank. The invoice due date as well as the value of the original liability remains unaltered. Financial liabilities subject to supply chain finance arrangements continue to be classified as trade payables since they represent liabilities to pay for goods or services, are invoiced or formally agreed with the supplier and are part of the working capital used in the Group's normal operating cycle.

Derivative financial instruments and hedging activities
Derivative financial instruments not designated as hedges
Derivative contracts are used in the management of interest rate risk, commodity price risk and foreign currency risk. These derivative financial instruments, which are not designated in an effective hedging relationship in accordance with IFRS 9 'Financial Instruments', are recognised initially at fair value on the date

on which a derivative contract is entered into and subsequently remeasured at fair value with changes in fair value reflected in the Statement of Profit or Loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative financial instruments include forward exchange contracts and embedded derivatives in open orders denominated in a currency other than the functional currency of either contracting party, with the assessment made on a case-by-case basis at the respective forward rate on the reporting date. These forward rates are based on spot rates, including forward premiums and discounts. Unrealised valuation gains or losses and results from the realisation are recognised in the Statement of Profit or Loss in net expense of foreign exchange effects and related derivatives.

Forward purchase or sale arrangements for the physical delivery of non-financial assets that are entered into in line with the Group's expected purchase, sale or usage requirements ("own use") and are normally entered into to hedge the associated price risk are not recognised or measured at fair value. These forward contracts are assessed to be off-balance-sheet executory contracts due to their own use features. If the own use exemption is not met, the forwards will be recognised at fair value, with fair value remeasurement recorded in the Statement of Profit or Loss.

Significant Judgement: Own use exemption on gas and power forward purchase and physical delivery CO_2-certificate forwards
Due to the reduction of free CO_2 emission certificates and the expected increase in CO_2 market prices, the Group hedges the associated price risk by use of physical delivery forward purchases for own use. The Group also enters into fixed price and quantity forward gas and power contracts to secure supply for its production process and reduce price volatility. The own use exemption does not require fair value recognition and measurement of the forward purchases and thus volatility in the Statement of Profit of Loss can be avoided. The own use exemption requires contracts to be entered into and continued to be held for delivery and usage requirements of the Group. The Group settles the forwards through physical delivery and does not expect to sell any (unexpected) surplus of either gas, power or CO_2 emission certificates. Management have judged that these forward purchases based on current and expected future requirements satisfy the own use exemption and have not applied fair value recognition and measurement.

Derivative financial instruments designated as cash flow hedges
For derivative financial instruments which are designated as an effective cash flow hedge in accordance with IFRS 9 'Financial Instruments', hedge accounting is applied. The hedging instruments, used to hedge the underlying items, are measured at fair value with the effective part of the fair value changes recorded in OCI as an unrealised gain or loss. At the time of the realisation of the underlying transaction, the fair value changes of the hedging instrument recognised in OCI is recycled to the Statement of Profit or Loss. Ineffective parts of the cash flow hedges are recognised immediately in the Statement of Profit or Loss. Where the hedged item is a non-financial asset or liability, the amount accumulated in OCI is transferred to the initial carrying amount of the asset or liability. If the hedged transaction is no longer expected to take place, the accumulated amount recorded in OCI is reclassified to the Statement of Profit or Loss. All relationships between hedging instruments and hedged items are documented, as well as risk management objectives and strategies for undertaking hedge transactions. The effectiveness of hedges is also continually assessed and hedge accounting is discontinued when there is a change in the risk management strategy.

Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge are recognised in OCI and presented in the currency translation difference reserve within equity while any gains or losses relating to the ineffective portion are recognised in the Statement of Profit or Loss. On disposal of the foreign operation, the cumulative amount of any such gains or losses in OCI is reclassified to the Statement of Profit or Loss.

Impairment of financial assets
Impairment of certain financial assets is based on expected credit losses (ECL). ECL is defined as the difference between all contractual cash flows the entity is entitled under the contract and the cash flows expected to be received. The measurement of expected credit losses is generally a function of the probability of default, loss given default and the exposure at default.

Loss allowance is measured for expected credit losses on debt instruments, trade receivables and contract assets measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables and contract assets by applying the simplified approach. The ECL on these financial assets are generally estimated using a provision matrix based on the Group's historical credit loss experience for customer groups located in different geographic regions. Forward-looking information is incorporated in the determination of the applicable loss rates for trade receivables. For the Group, the general economic development of the countries in which it sells its goods and services is relevant in determining if the adjustment of the historical loss rates is necessary.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group makes use of the practical expedient for financial instruments with an 'investment grade' rating that it is assumed to be of low credit risk and with no significant increase in the credit risk. Under the practical expedient, the expected credit loss is calculated using the 12-month ECL. Among other factors, the Group considers a significant increase in credit risk to have taken place when contractual payments are more than 30 days past due.

The Group assumes that a default event has occurred when trade receivables are 180 days past due unless reasonable and supportable information confirms otherwise. For those financial instruments where objective evidence of default is present, an individual assessment of ECL takes place.

Generally, financial instruments are written off when there is no reasonable expectation of recovering amounts due.

Inventories

Inventories are stated at the lower of cost or net realisable value as of the reporting date. The determination of acquisition cost of purchased materials is based on the average cost. Finished goods and work in progress are valued at fixed and variable production cost. The net realisable value is the estimated selling price in the ordinary course of business minus any estimated cost to complete and to sell the goods. Impairments due to reduced usability are reflected in the calculation of the net realisable value.

Provisions and contingent liabilities

Provisions are recognised when the Group incurs a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to meet this obligation, and the amount of the obligation can be reliably estimated.

Provisions for warranties are created for individual contracts at the time of the sale of goods or after the service has been provided. The amounts of the provisions are based on the expected or actual warranty claims.

Provisions for restructuring are recognised once a detailed formal restructuring plan has been developed and announced prior to the reporting date or whose implementation was commenced prior to the reporting date.

The Group recognises provisions for demolition and disposal costs and environmental damages. The Group's facilities and its refractory, exploration and mining operations are subject to environmental and governmental laws and regulations in each of the jurisdictions in which it operates. These laws govern, among other things, reclamation or restoration of the environment in mined areas and the clean-up of contaminated properties. These provisions include the estimated demolition and disposal costs of plants and buildings as well as environmental restoration costs arising from mining activities, based on the present value of estimated cash flows of the expected costs. The estimated future costs of asset retirements are reviewed annually and adjusted, if appropriate.

A provision for an onerous or unfavourable contract is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Provisions are measured at the present value of the unavoidable costs of meeting the obligation under the contract which exceed the economic benefits expected to arise from that contract.

Provisions for labour and civil contingencies are recognised for all risks referring to legal proceedings that represent a probable loss. Assessment of the likelihood of loss includes an analysis of available evidence, including the opinion of internal and external legal advisors of the Group.

Provisions are measured at their discounted settlement value as of the reporting date if the discounting effect is material.

If maturities cannot be estimated, they are shown within current provisions.

Significant estimate: Measurement of other provisions

The recognition and measurement of other provisions disclosed in Note (31) are based on best estimates using the information available at the reporting date. The estimates take into account the underlying legal or constructive obligation and are performed by internal experts or, when appropriate, also by external experts. Despite the best possible assumptions and estimates, cash outflows expected at the reporting date may deviate from actual cash outflows. As soon as additional information is available, the estimates made are reviewed and provisions are also adjusted. The majority of other provisions refers to an unfavourable contract which was recognised in the course of the acquisition of former Magnesita Group and is mainly based on an estimate of forgone profit margins compared to market conditions. Moreover, restructuring provisions and provisions related the rehabilitation and restoration of the mining sites or for environmental damages are recorded within other provisions. These are subject to measurement uncertainties in terms of the estimated costs to settle the obligation, estimated term until rehabilitation and restoration, discount rate and inflation rate. Changes in these parameters may result in higher or lower provisions.

A contingent liability is disclosed, where material, if the existence of the obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. A contingent liability is not disclosed if the likelihood of a material cash outflow is considered remote. The Group's contingent liabilities are reviewed on a regular basis.

Employee related benefits

Provisions for post-employment benefits

Pension plans

With respect to post-employment benefits relating to pensions, a differentiation is made between defined contribution and defined benefit plans.

Defined contribution plans limit the Group's obligation to the agreed contributions to earmarked pension schemes. The contributions are expensed as incurred.

Defined benefit plans require the Group to provide agreed benefits to active and former employees and their dependents.

Pension obligations are measured using the projected unit credit method and is netted against the fair value of the plan assets, if any. If the plan assets are not sufficient to cover the obligation, the net obligation is recognised as a liability. However, if the plan assets exceed the obligations, the net surplus recognised is limited to reductions of future contribution payments to the plan and is presented as other non-current assets in the Statement of Financial Position. The Group applies the requirements of IFRIC 14 and restricts recognition of the net surplus by applying an asset recognition ceiling where the Group does not have an unconditional right to a refund, assuming full settlement of the liabilities. Changes in the asset ceiling are recorded in OCI.

The present value of defined benefit obligations is determined separately for each plan, annually, by independent qualified actuaries. The present value of future benefits is based on the length of service, expected wage/salary developments and pension adjustments.

The expense to be recognised in a period includes current and past service costs, settlement gains and losses, interest expenses from the interest accrued on obligations, interest income from plan assets and administration costs paid from plan assets. The net interest expense is shown separately in net finance costs. All other expenses related to defined benefit plans are allocated to the costs of the relevant functional areas.

Actuarial assumptions required to calculate these obligations include the discount rate, increases in wages/salaries and pensions, retirement starting age and probability of employee turnover and actual claims. The calculation is based on local demographic parameters.

Interest rates, which are based on high-quality corporate bonds issued with comparable maturities and currencies, are applied to determine the present value of pension obligations. In countries where there is not a sufficiently liquid market for high-quality corporate bonds, the returns on government bonds are used as a basis.

The rates of increase for wages/salaries are based on an average of past years, which is also considered to be realistic for the future, while the retirement age is based on the respective statutory provisions of the country concerned.

Remeasurement gains and losses are recorded net of deferred taxes under OCI in the period incurred.

Other post-employment benefits

Includes provisions for termination benefits primarily related to obligations to employees whose employment is subject to Austrian law.

Employees who joined an Austrian company before 31 December 2002 receive a one-off lump-sum termination benefit as defined by the Austrian labour legislation if the employer terminates the employment or when the employee retires. It is regarded as a post employment benefit and classified as a defined benefit plan under IAS 19 'Employee Benefits'. The termination payment depends on the relevant salary at the time of the termination as well as the number of years of service and ranges between two and 12 monthly salaries. These defined benefit obligations are measured using the projected unit credit method applying an accumulation period of 25 years. Remeasurement gains and losses are recorded directly to OCI after considering tax effects.

For employees who joined an Austrian company after 31 December 2002, employers are required to make regular contributions equal to 1.53% of the monthly wage/salary to a statutory termination benefit scheme. The Company has no further obligations. Claims by employees to termination benefits are filed with the statutory termination benefit scheme, while the continuous contributions are treated as defined contribution plans and included in the personnel expenses of the functional areas.

Significant estimate: Pension plans and other post-employment benefits classified as defined benefit plans

The measurement of defined benefit obligation and plan assets requires use of estimates such as discount rates, mortality rates, salary increases and inflation. These estimates are reviewed and update when a valuation is performed by third-party experts. Further details of the estimates and assumptions together with sensitivities on changes to assumptions is reflected in Note (29). Changes in these assumptions may result in differences between cash outflows expected at the reporting date and actual cash outflows.

Other employee benefits

This includes service anniversary bonuses, payments to semi-retirees and lump-sum settlements.

Service anniversary bonuses are one-time special payments that are dependent on the employee's wage/salary and length of service. The employer is required by collective bargaining agreements or company agreements to make these payments after an employee has reached a certain number of years of uninterrupted service with the same company. Obligations are mainly related to service anniversary bonuses in Austrian and German group companies. Provisions for service anniversary bonuses are calculated based on the projected unit credit method. Remeasurement gains or losses are recorded in the personnel costs of the functional areas.

Local labour laws and other similar regulations require individual group companies to create provisions for semi-retirement obligations. The obligations are partially covered by qualified plan assets and are reported on a net basis in the Statement of Financial Position.

Income taxes

Income tax expense represents the sum of current tax and deferred tax.

Income tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised in OCI or directly in equity, including tax-related impacts.

Current tax is based on the taxable profit for the period and is determined in accordance with the rules applicable in the relevant jurisdictions and includes taxes relating to prior periods. The liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred tax liability arises on initial recognition of goodwill

• Where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences
• In respect of taxable temporary differences associated with investments in subsidiaries and associates and interest in joint arrangements, where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future
• For financial instruments which were issued by subsidiaries to non-controlling interests and which are classified as a financial liability in accordance with IFRS

Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which these can be utilised, except where the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit and loss and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable or increased to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred taxes of the Group's Austrian subsidiaries are determined at the corporation tax rate which is expected to be applicable when the temporary differences reverse (24.0% if the temporary difference is reversing in 2023 and 23.0% if the temporary difference reverses in 2024 or later). Deferred tax assets and liabilities of the Group's Brazilian subsidiaries are measured at 34.0%.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

Where tax legislation may not be clear or result in uncertainty, the Group will determine its tax obligations and resulting income tax expense using an approach which it believes has a probable chance of being accepted by the tax authorities based on historical experience, legal advice and communication with the tax authorities, as appropriate. Where the Group adopts an approach to an uncertain tax position that it regards as having a less than probable chance of being accepted by the tax authorities, the income tax expense and resulting income and deferred tax balances are adjusted to reflect this uncertainty using either the most likely outcome method or the expected value method.

Based on the Organisation for Economic Co-operation and Development (OECD) initiative, numerous jurisdictions are in the process of introducing a global minimum tax whose aim is to ensure that multinational groups with revenue of over €750.0 million are subject to a minimum taxation of 15%. The Pillar Two legislation was enacted in Austria in 2023 and is coming into effect for financial years starting after 31 December 2023. If the Pillar Two legislation were effective as per the reporting date, a top-up tax of maximum €0.3m would be required in relation to one subsidiary. In addition, there are subsidiaries operating in other countries which might qualify as low tax jurisdictions but are not included in the above estimate since they have incurred an IFRS loss before taxes in 2023. Even if these companies had generated reasonably estimated IFRS profits before taxes the estimated top-up tax would not have exceeded €0.5 million in 2023. With regards to deferred taxes the Group has applied the accounting policy according to the amendment of not recognising or disclosing information about deferred tax assets and liabilities as a result of the Pillar Two legislation.

Significant judgement: Uncertain tax treatments and recognition of deferred tax assets
Management makes judgements in relation to the recognition of current and deferred income taxes. In making judgements, management believes that the tax positions the Group adopts are in line with the applicable legislation and reflect the probable outcome. The tax obligations and receivables, upon audit by the tax authorities at a future date, may differ as a result of differing interpretations. These interpretations may impact the expected timing and quantum of taxes payable and recoverable.

Significant estimates: Recognition of deferred tax assets
Income tax expense is based on the tax laws applicable in the individual countries. Due to their complexity, the tax items presented may be subject to different interpretations by local tax authorities. When determining the amount of the deferred tax assets to be recognised, mainly relating to tax losses, an estimate is required of future taxable income which is influenced by factors such as prices, gross profit margins and interest rates. A 10% change in the future taxable profit from the assumption made on the reporting date within the planning period defined for the accounting and measurement of deferred taxes would not result in a significant change in the carrying amount of deferred tax assets on recognised tax losses, over a 12-month period from the date of these Consolidated Financial Statements. Refer to Note (14) for details on recognised deferred tax assets.

Revenue, income and expenses
Revenue from contracts with customers
Revenue from the sale of goods and services is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised to the extent that it is highly probable that there will not be a significant reversal of revenue in future periods. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled at inception and limits the recognition of revenue subject to the variability, until it is highly probable that a significant reversal of cumulative revenue recognised will not occur. The

Group applies the practical expedient in IFRS 15 'Revenue from Contracts with Customers' and does not recognise the impact of financing for payment terms as the average credit terms is currently 60 days. At contract inception, the Group identifies the goods or services promised in the contract and assesses which of the promised goods or services shall be identified as separate performance obligation. Promised goods or services give rise to separate performance obligations if they are capable of being distinct. Revenue is recognised as control is transferred, either over time or at a point of time. Control is defined as the ability to direct the use of and obtain substantially all of the economic benefits from an asset.

For the delivery of refractory products, the goods promised are distinct and control of the goods is passed to the customer typically when physical possession has been transferred. The transport service does not give rise to a separate performance obligation to which a part of revenue would have to be allocated, as this service is usually performed before control of the products is transferred to the customer.

In consignment arrangements, the Group retains control of the goods generally until a withdrawal of the products from the consignment occurs. Most of the products within consignment arrangements have a high stock turnover rate.

The Group provides services (e.g. supervision, installation) that are either sold separately or bundled together with the sale of products to a customer. Contracts for bundled sales of products and installation services usually comprise of two performance obligations being (1) the promise to transfer products and (2) provide services which are capable of being distinct and separately identifiable in the context of the contract. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of the product and service. Revenue from services is recognised over time using an input method to measure progress towards completion of the service as the customer simultaneously receives and consumes the benefits provided by the Group.

Contracts for bundled sales of refractory products and non-refractory products (e.g. machines) provided to the customer free of charge comprise two performance obligations that are separately identifiable. Consequently, the Group allocates the transaction price based on the relative stand-alone selling prices of these performance obligations and allocates revenue to the non-refractory product which is delivered free of charge.

Expected penalty fees from guaranteed durabilities on refractory products are considered as a variable consideration in the form of a contract or a refund liability. However, the estimation of the variable consideration is not subject to a constraint as the Group has significant experience with promising durabilities and as a consequence does not expect significant reversal of revenue recognised in prior periods. All other product warranties issued by the Group guarantee that the transferred products correspond to the contractually agreed specifications and are classified as assurance type warranties. Consequently, no separate distinct performance obligation to the customer exists.

If transfer of goods or services to a customer is performed before the customer pays consideration or before payment is due and is conditional on something other than the passage of time, a contract asset, excluding any amounts presented as a receivable, is recognised.

If a customer pays consideration before the entity transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made.

Contract costs, which are defined as the incremental costs of obtaining a contract, are recognised as an asset where the Group expects to recover those costs, except for those costs which are expected to be recovered within 12 months.

As the term of customer contracts is less than one year, the Group adopted the practical expedient not to disclose performance obligations for contracts with original expected duration of less than one year.

Significant Judgement: Revenue recognition
For customer contracts in the Steel segment with variable payment arrangements where the transaction price depends on the customer's production performance, (e.g. quantity of steel produced) management has determined that the commitment to transfer each of the products and services to the customer is not separately identifiable from the other commitments in the context of such contracts. The customer expects complete refractory management for the agreed product areas in the steel plant in order to enable steel production. Thus, only one performance obligation, being the performance of a management refractory service, exists.

Cost of sales
Cost of sales comprises the production cost of goods sold as well as the purchase price of merchandise sold. In addition to direct material and production costs, it also includes overheads including depreciation charges on production equipment, amortisation charges of intangible assets as well as impairment losses and reversals of impairment losses of inventories. Moreover, cost of sales also includes the costs of services provided by the Group or services received.

Selling and marketing expenses
This item includes personnel expenses for the sales staff as well as depreciation charges and other operating expenses related to the market and sales processes.

General and administrative expenses
General and administrative expenses primarily consist of personnel expenses for the administrative functions, legal and other consulting costs, expenses for research and non-capitalisable development costs.

Interest income and expenses
Interest income and expenses are recognised in accordance with the effective interest method.

Dividends
Dividends from investments that are not accounted for using the equity method are recognised in the Statement of Profit or Loss at the time the legal claim arises.

Foreign currency translation and hyperinflation accounting

Functional currency and presentation currency
The Consolidated Financial Statements are presented in Euro, which represents the functional and presentation currency of RHI Magnesita N.V.

Consolidated subsidiary financial information is based on the currency of the primary economic environment in which it operates (functional currency).

Hyperinflation accounting
Financial Statements of subsidiaries which operate in a country whose functional currency is considered hyperinflationary are restated for the changes in the general purchasing power before translation to the reporting currency of the Group and before consolidation in order to reflect the same value of money for all items. The Group has started to account for the restatements required by IAS 29 'Financial Reporting in Hyperinflationary Economies' on the Financial Statements of the subsidiary operating in Argentina as from the current reporting period, as the cumulative impact of applying this Standard has become material in 2023.

The cumulative impact from changes in the general purchasing power of its functional currency until 1 January 2023 on the opening balances of non-monetary items has been recorded directly in equity attributable to the shareholders of RHI Magnesita N.V.

In 2023, the closing balances of the non-monetary items as well as all items of the Statement of Profit of Loss are restated for the changes in the general purchasing power of its functional currency in 2023 as follows. Items recognised in the Statement of Financial Position which are not measured at the applicable year-end measuring unit are restated based on the general price index. All non-monetary items measured at cost or amortised cost are restated for the changes in the general price index from the later of transaction date or the first-time application date to the reporting date. Monetary items are not restated. All items of the Statement of Profit of Loss are restated for the change in a general price index from the date of initial recognition to the reporting date. Gains and losses resulting from the net-position of monetary items are reported in the Consolidated Statement of Profit or Loss in Net finance costs. The Financial Statements of the subsidiary in Argentina are therefore reported at the applicable measuring unit on the reporting date.

The price index IPIM published by the Argentinian "National Institute of Statistics and Censuses (INDEC)" is applied to determine the changes in the general purchasing power. The following table provides the level and changes of the price index for the current and the previous reporting period:

	31.12.2023	31.12.2022
Price level	3,533.19	1,134.59
Index movement (in %)	211.41	94.79

Foreign currency transactions and balances
In individual subsidiaries, joint ventures and associates, transactions in foreign currency are translated into the functional currency at the rate of exchange prevailing on the dates of the transaction. Gains and losses arising from the settlement of such transactions and the measurement of monetary assets and liabilities in foreign currencies at the closing rate are recognised in the Statement of Profit or Loss under net expense on foreign exchange effects and related derivatives. Unrealised currency translation differences from monetary items which form part of a net investment in a foreign operation are recognised in OCI in equity. When a non-derivative financial instrument is designated as the hedging instrument in a net investment hedge in a foreign operation, the effective portion of the foreign exchange gains and losses is recognised in the currency translation difference reserve within equity. Non-monetary items, other than those measured at fair value, are carried at historical rates and not retranslated subsequent to initial recognition.

Group companies
Financial information of foreign subsidiaries with a functional currency different to the Euro are translated as follows:

Assets and liabilities of foreign subsidiaries outside the scope of hyperinflation accounting under IAS 29 are translated at the closing rate on the reporting date of the Group, while monthly income and expenses and consequently the profit or loss for the year as presented in the Statement of Profit or Loss are translated at the respective closing rates of the previous month. Differences resulting from this translation process and differences resulting from the translation of amounts carried forward from the prior year are recorded under OCI without recognition to profit or loss. Monthly cash flows are translated at the respective closing rates of the previous month. Goodwill and adjustments to the fair value of assets and liabilities related to the purchase price allocations of a subsidiary outside the European currency area are recognised as assets and liabilities of the respective subsidiary and translated at the closing rate.

Assets and liabilities of foreign subsidiaries in the scope of hyperinflation accounting under IAS 29 as well as income and expenses and consequently the profit or loss for the year are translated at the respective closing rate on the reporting date of the Group.

On disposal of a non-Euro functional currency subsidiary, joint venture or associate, the related accumulated exchange gains and losses recognised in equity are reclassified to the Statement of Profit or Loss. In addition, when monetary items cease to form part of a net investment in a foreign operation or when in case of a net investment hedge the foreign operation is disposed, the currency translation differences previously recognised in OCI are reclassified to profit or loss.

The Euro exchange rates of the currencies of the Group's significant operations are shown in the following table:

		Closing rate		Average rate[1]	
Currencies	1 € =	31.12.2023	31.12.2022	2023	2022
Brazilian Real	BRL	5.37	5.63	5.42	5.47
Canadian Dollar	CAD	1.46	1.45	1.46	1.37
Chinese Renminbi Yuan	CNY	7.87	7.42	7.65	7.09
Indian Rupee	INR	92.58	88.26	89.20	82.50
US Dollar	USD	1.11	1.07	1.08	1.06

1) Arithmetic mean of the monthly closing rates.

4. Climate change and energy transition

In 2019 the Group announced its commitment to reduce Scope 1, 2 and 3 (raw materials) CO_2 emissions intensity by 15% by 2025, compared to a 2018 baseline. The below describes how the Group has considered climate related impacts in some key areas of the Consolidated Financial Statements and how this translates into the valuation of its assets and measurement of liabilities, as progress is made in reducing its own CO_2 emissions and RHIM prepares for the energy transition and technological changes that are likely to affect its customer industries.

Note (3) includes the significant accounting estimates, judgements and key sources of estimation uncertainties and how those uncertainties have the potential to have a material effect on the Consolidated Statement of Financial Position in the next 12 months. This note describes the key areas of climate impacts that potentially have longer-term effects on amounts recognised at 31 December 2023.

Financial planning assumptions

As disclosed in the Sustainability section on page 58, climate-related risks faced by the Group include physical and transitional risks. The most material transitional risk impact is expected to be higher operating costs due to an increase in the level or scope of carbon pricing and changes to regulatory frameworks. This risk is most prominent in Europe where the existing system of allowances is to be replaced by the Carbon Border Adjustment Mechanism ('CBAM'), with all existing CO_2 emissions allowances to be progressively phased out by 2034. The Group has also identified climate-related opportunities, such as increased demand for its products arising from the transition by its customers to lower-carbon emitting industrial processes and increased demand for refractory products that are produced with a lower-carbon footprint.

The Consolidated Financial Statements are based on reasonable and supportable assumptions that represent management's current best estimate of the range of economic conditions that may exist in the foreseeable future. The Group has performed an assessment of the potential future impact of climate change on key elements of its Consolidated Financial Statements utilising the Paris-aligned Mitigation and Hot House World Limited mitigation scenarios. The largest impact from higher carbon prices as contained in these scenarios is from 2026 onwards. The negative impacts are concentrated within the Group's assets located in Europe whilst opportunities are expected to be global in nature.

The Group is investing in the research and development of new technologies for the manufacturing of refractories which may enable it over the long term to avoid or capture its CO_2 emissions and thereby mitigate the impact of higher carbon prices.

Impairment of CGUs and goodwill

The nominal growth rate used in the value in use determination is equal to the long-term rate of growth in steel/cement and/or inflation (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market. The Group has also taken account of the long-term impact of climate change, in particular by considering in the estimation of the terminal value a long-term growth rate in line with the change in steel/cement demand in 2030-2050 based on the specific characteristics of the businesses involved.

The Group is currently already subject to the first phase ('Transitional Period') of the CBAM. Imported minor consumables made out of steel (<1% of revenue) are currently covered and RHIM complies with existing regulations and follows their development. Management is pursuing a number of strategies to accommodate the impact of CBAM to the EU assets, such as integrating carbon pricing in our financial planning, actively managing a hedging programme to fix future prices, increase the use of secondary raw materials and investing in fuel switching, renewable energy and energy efficiency. Absent to any mitigating action by management, it is expected that the gross profit could reduce by 23% from 2030, on average across the EU assets and increase by 17% in regions outside the EU.

Restoration provisions

Management recognises liabilities that are expected to be incurred in relation to rehabilitation and restoration of the mining sites. As of the balance sheet date, the Group's mines have an expected life between 8 and 100 years. The introduction of more stringent legislation could result in our mining operations becoming uneconomical earlier than anticipated, thus affecting the timing of our restoration liabilities. The discount rate used to measure asset restoration provisions is between 8-37 years term, in line with available government bond rates.

Management does not expect any reasonably possible change in the expected timing of restoration of our mines to have a material effect on the Group total provisions, assuming cash flows remain unchanged.

Deferred tax assets

In jurisdictions where new or additional climate change related legislation is enacted, our taxable profits could be affected thereby impacting the recoverability of deferred tax assets. It is expected that sufficient deferred tax liabilities and forecasted taxable profits are available for recovery of the deferred tax assets recognised at 31 December 2023. The assessment of deferred taxes is described in Note (14). For certain deferred tax assets recognised in Brazil, the period extends beyond 5 years. Currently, no legislation is in place in Brazil that could limit the timing and, or the extent of the recognised deferred tax assets.

ESG-linked loans

The Group has taken out loans from financial institutions based on terms which are linked to Group EcoVadis ESG rating performance. On the reporting date the carrying amount of such ESG-linked financial liabilities amounts to €1,512.0 million. The financing costs may increase or decrease depending on future changes in the Group's ESG rating. The ESG rating is determined by multiple criteria covering not only the climate-related aspects but also sustainability and governance related aspects. The Group's ESG rating on the reporting date shows a considerable headroom to the ESG rating assumed in a worst case scenario.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Segmental analysis

The Group comprises two reportable segments Steel and Industrial which have been determined by aggregation of the underlying operating segments for Steel and Industrial. The segmentation of the business activities reflects the internal control and reporting structures and is regularly monitored by the Chief Executive Officer (Chief Operating Decision Maker (CODM)), who has the responsibility over allocation of resources and evaluates the performance of each segment.

The reportable segment Steel specialises in supporting customers in the steel-producing and steel-processing industry. The reportable segment Industrial serves customers in the glass, cement/lime, non-ferrous metals and environment, energy and chemicals industries. The main activities of the two segments consist of market development, global sales of high-grade refractory bricks, mixes and special products as well as providing services at the customers' sites and are described in detail in the Strategic Report.

The globally located manufacturing sites, which extract and process raw materials, are combined in one strategic business unit. The allocation of manufacturing cost of the production plants to the Steel and Industrial segments is based on the supply flow.

Statements of Profit or Loss up to gross profit are available for each segment. Revenues and Gross profit are the key internal performance measures provided to and used by the CODM. Selling and marketing expenses, general and administrative expenses, restructuring and write-down expenses, other income and expenses, profit of joint ventures, net finance costs and income taxes are managed centrally and separately and thus not allocated to the segments.

Segment assets include trade receivables and inventories, which are available to the operating segments and are reported to the CODM for control and measurement; property, plant and equipment, goodwill and other intangible assets, are allocated to the segments based on the capacity of the productive assets base. All other assets are not allocated.

The following tables show the financial information for the reportable segments for the year 2023 and the previous year:

2023 in € million	Steel	Industrial	Group 2023
Revenue	**2,460.7**	**1,111.1**	**3,571.8**
Gross profit	**549.9**	**307.5**	**857.4**
EBIT			**333.9**
Net finance costs			(100.6)
Profit before income tax			**233.3**
Depreciation and amortisation charges	(125.7)	(51.8)	(177.5)
Segment assets 31.12.2023	2,607.1	1,099.0	3,706.1
Investments in joint ventures and associates 31.12.2023			6.2
Reconciliation to total assets			1,137.3
Total assets			4,849.6
Additions to property, plant and equipment and intangible assets	128.9	66.1	195.0

Notes continued

2022 in € million	Steel	Industrial	Group 2022
Revenue	**2,371.4**	**945.8**	**3,317.2**
Gross profit	**521.0**	**242.4**	**763.4**
EBIT			**343.6**
Net finance costs			(73.1)
Profit before income tax			**270.5**
Depreciation and amortisation charges	(101.2)	(43.3)	(144.5)
Segment assets 31.12.2022	2,231.9	911.3	3,143.2
Investments in joint ventures and associates 31.12.2022			5.7
Reconciliation to total assets			926.0
Total assets			4,074.9
Additions to property, plant and equipment and intangible assets	128.6	68.8	197.4

No single customer contributed 10% or more to consolidated revenue in 2023 and in 2022. Companies that are known to be part of a group are treated as one customer.

When allocating revenue to product groups, a distinction is made between shaped products (e.g. hydraulically pressed bricks, fused cast bricks, isostatically pressed products), unshaped products (e.g. repair mixes, construction mixes and castables), management refractory services (e.g. full line service, contract business, cost per performance) as well as other revenue. Other mainly includes revenue from the sale of non-group refractory products.

In the reporting year, revenue is classified by product group as follows:

in € million	Steel	Industrial	Group 2023
Shaped products	1,142.9	815.1	1,958.0
Unshaped products	530.3	212.0	742.3
Management refractory services	712.2	8.3	720.5
Other	75.3	75.7	151.0
Revenue	**2,460.7**	**1,111.1**	**3,571.8**

In 2022, revenue was classified by product group as follows:

in € million	Steel	Industrial	Group 2022
Shaped products	1,100.4	692.6	1,793.0
Unshaped products	449.3	192.1	641.4
Management refractory services	755.7	0.2	755.9
Other	66.0	60.9	126.9
Revenue	**2,371.4**	**945.8**	**3,317.2**

Segment reporting by country

The Revenue is based on the locations of the customers.

In € million	2023	2022
Netherlands	14.0	11.2
USA	612.2	586.5
India	476.6	344.0
Brazil	371.1	367.8
PR China	259.5	221.6
Other countries	1,838.4	1,786.1
Revenue	**3,571.8**	**3,317.2**

The carrying amounts of goodwill, other intangible assets and property, plant and equipment are classified based on the location of the Group companies:

in € million	31.12.2023	31.12.2022
Brazil	502.7	464.8
India	383.2	69.7
Austria	368.5	352.9
USA	224.6	234.1
Germany	212.3	187.1
PR China	200.5	171.4
Other countries	277.2	177.2
Goodwill, intangible assets and property, plant and equipment	**2,169.0**	**1,657.2**

6. Restructuring

Summary of restructuring and write-down expenses/income recognised as follows:

in € million	2023	2022
Restructuring (expenses)/income	(19.6)	6.8

2023

Restructuring includes €11.5 million of termination costs following the transfer of certain global functions to the regions. In addition, it includes €4.9 million of plant closure costs, which mainly reflect €2.0 million of costs in Dashiqiao plant, China.

In Brazil, an impairment loss was recognised on fixed assets of €1.3 million which was partially caused by a flood at the Contagem plant.

2022

Following the approval by the regional government in Germany for the repair, upgrade and connection of the railway infrastructure to the Mainzlar plant, the Group committed to continue with its operations. The commitment was regarded as an indicator of an impairment reversal, following the write down of the non-current assets in 2020 of €7.7 million. The reversal of the write down amounted to €5.3 million in 2022. Additionally, around €6.4 million in employee restructuring and plant dismantling provisions were reversed.

The Group decided to close the operations at the plant in Dashiqiao, China, resulting in employee restructuring expenses of €2.2 million. Plant idling costs incurred during 2022 of €3.4 million were included within restructuring expenses. The Group continues its negotiations with the joint venture partner to exit its share of the net assets and amounts due of €22.9 million, see Note (28).

7. Other income

in € million	2023	2022
Net amortisation of Oberhausen provision	10.8	2.0
Bargain purchase gain	7.5	0.0
Income from the disposal of non-current assets	3.4	0.5
Miscellaneous income	5.4	2.3
Other income	**27.1**	**4.8**

The net amortisation of the Oberhausen provision mainly includes a release of €9.6 million (2022: €9.2 million) following a reassessment. €7.5 million refers to the preliminary bargain purchase gain from acquisition of P-D Refractories. Miscellaneous income mainly includes non-operational gains from the disposal of a joint venture as well as reimbursement of the stamp duty tax from Chile.

8. Other expenses

in € million	2023	2022
Expenses for strategic projects	(16.0)	(10.1)
Losses from the disposal of non-current assets	(6.7)	(1.7)
Miscellaneous expenses	(16.2)	(11.2)
Other expenses	**(38.9)**	**(23.0)**

Expenses for strategic projects amounting to €16.0 million (2022: €10.1 million) mainly include legal and consulting fees related to business development activities as well as costs related to integrate the newly acquired companies. Miscellaneous expenses mainly consist of increase in onerous provisions in Austria and Türkiye as well as legal and consultancy fees paid to evaluate Rhône Capital's Partial Offer for Shares in the Company.

Notes continued

9. Expense categories

The presentation of the Consolidated Statement of Profit or Loss is based on the function of expenses. The following table shows a classification by expense category for 2023 and the previous year:

in € million	2023	2022
Cost of materials	(1,374.5)	(1,365.0)
Personnel costs	(747.3)	(627.8)
Energy costs	(256.8)	(285.7)
Freight expenses	(229.0)	(285.3)
Depreciation and amortisation charges	(177.5)	(144.5)
External services	(164.1)	(136.7)
Changes in inventories, own work capitalised	(53.6)	64.3
Write-down expenses	(1.4)	0.0
Other income and expenses	(233.8)	(193.0)
Total expenses	**(3,238.0)**	**(2,973.7)**

Cost of materials includes expenses for raw materials and supplies and purchased goods of €1,310.4 million (2022: €1,317.6 million) and expenses for services received amounting to €64.1 million (2022: €47.4 million). Research and development costs amounted to €51.0million (2022: €41.9 million), of which €8.1 million (2022: €8.6 million) in development costs were capitalised. Amortisation and impairment of development costs recognised within cost of sales was €3.1 million (2022: €3.5 million).

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised as an expense in the Consolidated Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment, office furniture and other small items. Expenses for short-term, low-value and variable lease payments in 2023 amount to €5.3 million (2022: €3.5 million).

Other income and expenses include other income of €35.5 million (2022: €27.1 million); this is mainly comprised of: a preliminary bargain purchase gain of €7.5 million (2022: €0.0 million), income from research grants which amounted to €4.2 million (2022: €4.3 million), profit on disposal of non-current assets, insurance reimbursements and amortisation of grants related to assets. Other expenses mainly include commissions, repairs and maintenance, travel costs, external consulting and information technology costs.

10. Personnel costs

Personnel costs consist of the following components:

in € million	2023	2022
Wages and salaries	(579.5)	(478.5)
Social security contribution	(113.0)	(99.2)
Fringe benefits	(33.4)	(28.7)
Pension and other post-employment benefits		
Defined contribution plans	(10.9)	(11.4)
Defined benefit plans	(3.6)	(4.8)
Other expenses termination benefits	(6.9)	(5.2)
Personnel expenses (without interest expenses)	**(747.3)**	**(627.8)**

Average employee numbers

The average number of employees of the Group based on full time equivalents amounts to:

	2023	2022
Salaried employees	7,063	6,391
Waged workers	7,953	7,119
Number of employees on annual average	**15,016**	**13,510**

120 full time equivalents of salaried employees work in the Netherlands (2022: 124 employees). Total includes average employees of newly acquired businesses from the date of acquisition.

11. Interest income

Includes interest income on cash at banks and similar income amounting to €19.3 million (2022: €8.0 million).

12. Net expense on foreign currency effects

The net expense comprising the foreign currency effects from translating foreign currency balances into the functional currency, the results from forward exchange contracts and derivatives in open orders as well as the gain on the net monetary position related to hyperinflation accounting (IAS 29) consists of the following items:

in € million	2023	2022
Foreign currency losses	(43.6)	(10.0)
Gains/(losses) on forward exchange contracts and derivatives in open orders	10.7	(13.3)
Gain on net monetary position	2.5	0.0
Net expense on foreign currency effects	**(30.4)**	**(23.3)**

The foreign currency losses in the current reporting period mainly result from the appreciation of the functional currencies against major foreign currencies related to subsidiaries with a net asset foreign currency exposure and the devaluation of the functional currencies against major foreign currencies related to subsidiaries with a net liability foreign currency exposure. Moreover, the restatement of foreign currency losses in accordance with hyperinflation accounting (IAS 29) has increased the reported foreign currency losses of the subsidiary in Argentina.

13. Other net financial expenses

Other net financial expenses consist of the following items:

in € million	2023	2022
Net interest expense relating to personnel provisions	(12.4)	(5.7)
Unwinding of discount of provisions and payables	(7.7)	(8.5)
Interest expense on non-controlling interest liabilities	(6.5)	(5.3)
Interest expense on lease liabilities	(2.4)	(1.3)
Income from the revaluation of NCI put options	6.6	4.7
Other interest and similar income and expenses[1]	(9.3)	(14.6)
Other net financial expenses	**(31.7)**	**(30.7)**

1) Mainly includes costs associated with the trade receivables factoring programme of €11.7 million (2022: €7.2 million).

14. Taxation

Income tax

Income tax consists of the following items:

in € million	2023	2022
Current tax expense	(66.7)	(52.7)
Deferred tax (expense)/income relating to		
temporary differences	8.6	(11.9)
tax loss carryforwards	(3.9)	(39.1)
	4.7	(51.0)
Income tax	**(62.0)**	**(103.7)**

The current tax expense includes net income tax expense for previous periods of €4.5 million (2022: €2.3 million net income).

In recognising deferred tax assets, the Group has considered (i) the impacts of the global economic environment in which it operates, (ii) uncertainties and potential adverse effects of economic volatility and (iii) the Group's latest forecasts and assumptions used for goodwill impairment testing and viability statement assessment. The Group's forecasted period is four years with the fifth year being the final year, consistent with goodwill impairment testing. In Brazil, a longer time frame is used due to the annual limitation for use of losses (30% of the taxable profits of the relevant year) which requires a longer-term prediction. Information on tax contingencies is provided under Note (39).

In addition to the income taxes recognised in the Consolidated Statement of Profit or Loss, a tax income of €14.5 million (2022: €29.5 million income tax expense), was recognised in OCI mainly relating to cash flow hedges and measurement gains and losses on employee post-employment benefits.

Notes continued

A reconciliation of the difference between the income tax expense, which would result from the application of the Austrian corporate tax rate of 24% on the profit before income tax (the Austrian tax rate being used as holding company RHI Magnesita N.V. is tax resident in Austria), and the income tax reported is shown below:

in € million	2023	2022
Profit before income tax	**233.3**	**270.5**
Income tax expense calculated at 24% (2022: 25%)	**56.0**	**67.6**
Different foreign tax rates	2.1	5.9
Expenses not deductible for tax purposes, non-creditable taxes	28.0	21.4
Non-taxable income and tax benefits	(27.9)	(25.7)
Tax losses and temporary differences of the financial year not recognised	1.2	2.3
Utilisation of previously unrecognised loss carryforwards and temporary differences	(1.0)	0.0
Recognition of previously unrecognised loss carryforwards and temporary differences	(0.2)	(3.1)
Change in write down of deferred tax assets	0.0	3.0
Deferred tax expense due to tax rate changes	2.0	2.7
Deferred tax assets derecognised	0.0	23.6
Deferred income tax relating to prior periods	(6.9)	5.2
Income tax relating to foreign currency translation of local currency to functional currency	4.0	2.8
Current income tax relating to prior periods	4.5	(2.3)
Other	0.2	0.3
Recognised tax expense	**62.0**	**103.7**
Effective tax rate (in %)	**26.6%**	**38.4%**

Below is the summary of major effects on the effective tax rate reconciliation:

In 2023, expenses not deductible for tax purposes mainly includes: transfer pricing adjustments and inventory revaluations in Brazil of €5.4 million (2022: €3.4 million); share-based payments and other employee costs and write up of treasury shares in Austria of €5.1 million (2022: €2.9 million); inflation, inventory and FX adjustments, asset impairment and exempt income in South America of €4.1 million (2022: €5.0 million); non-creditable withholding taxes in Austria of €1.6 million (2022: €2.4 million); non-deductible expense for debt waivers of €1.2 million (2022: €0.0 million) and non-deductible subsidiary recharged expenses of €1.1 million (2022: €1.2 million).

In 2023, non-taxable income and tax benefits mainly include: tax incentives in Brazil of €7.9 million (2022: €7.4 million); additional tax depreciation in Austria of €7.2 million (€2022: €7.5 million) relating to historical acquisitions; non-taxable preliminary bargain purchase gain in newly acquired companies of €2.2 million (2022: €0.0 million); income of foreign permanent establishments in Austria of €0.6 million (2022: €1.0 million); and inflationary adjustments in South America of €4.0 million (2022: €3.1 million). Furthermore, other non-taxable income in 2022 includes non-taxable income from the write up of shares of €2.1 million in Austria.

The change in the tax rate in Austria from 25% to 24% in 2023 and 23% in 2024, resulted in a deferred tax income of €0.3 million from deferred taxes on taxable and deductible temporary differences (2022: €2.4 million deferred tax expense). In the United States a change in the tax rate from 25.65% to 24.19% led to a deferred tax income of €0.6 million (2022: deferred tax expense due to a tax rate change from 24.15% to 25.65% amounting to €0.9 million). In Türkiye an increase of the tax rate from 20% to 25% led to a deferred tax expense of €2.3 million (2022: deferred tax income due to a tax rate change from 22% to 20% of €0.3 million).

Deferred taxes expense relating to prior periods based on information obtained in the reporting period, arises mainly from Mexico amounting to a deferred tax expense of €1.0 million (2022: deferred tax expense of €4.6 million). In Germany there is a deferred tax income relating to prior periods amounting to €7.3 million (2022: deferred tax expense of €2.3 million). Deferred income tax relating to foreign currency translation of local currency tax base is due to the devaluation of the Turkish Lira against the Euro of €4.0 million (2022: €2.8 million).

The current income tax expense relating to prior periods of €4.5 million arose mainly in Austria of €2.6 million (2022: current income tax income of €2.2 million) and the United States of €1.2 million (2022: income tax expense of €1.0 million). In 2022 there was an additional charge of €1.4 million following the allocation of certain Group functions and responsibilities to Austria.

In 2022 deferred tax assets derecognised pursuant to a tax position reassessment of €23.6 million included an income adjustment following agreement with the tax authorities on the allocation of certain Group functions, including €8.7 million adjustment in relation to an intercompany debt waiver. These tax impacts had the primary effect of reducing previously recognised tax losses and the cash tax impact was €1.4 million. The Group's effective tax rate was 38.3%. Drivers for the 2022 effective tax rate were mainly the non-cash (€23.6 million) and cash (€1.4 million) tax impacts as mentioned above, deferred tax adjustments from Mexico of €4.6 million and the lower income tax rate in Austria of €2.7 million. In 2023, the Group's effective tax rate was not showing such big one-off effects, decreasing it to 26.6%.

Deferred taxes

Deferred taxes are related to the following significant balance sheet items and tax loss carryforwards:

	31.12.2023		2023	31.12.2022		2022
in € million	Deferred tax assets	Deferred tax liabilities	(Expense)/Income	Deferred tax assets	Deferred tax liabilities	(Expense)/Income
Property, plant and equipment, intangible assets	29.2	119.8	3.1	25.1	113.3	(6.1)
Inventories	24.3	10.1	0.1	20.8	9.0	6.3
Trade receivables, other assets	12.0	9.2	11.5	11.0	21.1	(17.2)
Pensions and other personnel provisions	45.0	0.3	(4.8)	41.9	0.3	(4.6)
Other provisions	29.6	0.4	1.6	27.4	0.6	0.2
Trade payables, other liabilities	27.9	6.0	(2.9)	22.2	6.7	9.5
Tax loss carried forward	67.3	0.0	(3.9)	68.8	0.0	(39.1)
Offsetting	(83.3)	(83.3)	0.0	(89.0)	(89.0)	0.0
Deferred taxes	**152.0**	**62.5**	**4.7**	**128.2**	**62.0**	**(51.0)**

For temporary differences and tax loss carryforwards of subsidiaries which have generated tax losses either in the current or previous reporting period deferred tax assets amounting to €5.3 million (2022: €1.9 million) have been recognised in the Consolidated Statement of Financial Position, as sufficient taxable income is expected to be generated in the future.

Tax loss carryforwards totalled €401.9 million at 31 December 2023 (2022: €407.7 million). A significant part of the tax loss carryforwards originated in Brazil and Austria where their deduction can be carried forward indefinitely. Furthermore, there are tax loss carryforwards in China expiring within the next five years. The annual utilisation of tax loss carryforwards is limited to 75% in Austria and 30% in Brazil of their respective taxable profits. Deferred tax assets were not recognised on tax losses and tax loss carryforwards of €181.0 million (2022: €179.2 million). Thereof €60.7 million (2022: €53.4 million) relate to Brazil, €60.7 million (2022: €63.7 million) relate to Luxembourg, €23.6 million (2022: €23.2 million) relate to China, €19.4 million (2022: €18.8 million) relate to the UK, €3.6 million (2022: €5.9 million) relate to Dubai, €5.9 million (2022: 5.9 million) relate to Germany, €4.4 million (2022: €3.6 million) relate to France, €0.0 million (2022: €2.0 million) relate to Denmark and €2.7 million (2022: €2.7 million) relate to other countries.

in € million	31.12.2023	31.12.2022
Year of expiry		
2022	0.0	0.4
2023	0.0	0.2
2024	5.9	7.4
2025	1.7	1.8
2026	2.0	2.1
2027	8.4	11.9
2028	5.8	0.8
2029 or later	0.5	0.0
Not subject to expiration	156.7	154.6
Total unrecognised tax losses	**181.0**	**179.2**

No deferred tax assets were recognised on temporary differences totalling €176.2 million (2022: €209.0 million), which are expected to reverse by 2034. Thereof €150.8 million (2022: €180.9 million) relate to Austria, €24.9 million (2022: €26.2 million) relate to China and €0.5 million (2022: €1.9 million) relate to other countries.

Taxable temporary differences of €1,240.6 million (2022: €1,113.7 million) and temporary deductible differences of €49.9 million (2022: €7.2 million) were not recognised on shares in subsidiaries as the distributions of profit or the sale of the investments are controlled by the Group.

Income tax receivables

Income tax receivables amounting to €43.5 million (2022: €38.7 million) are mainly related to tax prepayments and deductible withholding taxes.

Income tax liabilities

Income tax liabilities amounting to €50.8 million (2022: €38.3 million) primarily include income taxes for the current year and previous years.

Notes continued

15. Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to the shareholders of the Group by the weighted average number of shares outstanding during the financial year.

	2023	2022
Profit after income tax attributable to RHI Magnesita N.V. shareholders (in € million)	164.6	155.7
Weighted average number of shares for basic EPS	47,078,254	47,000,708
Effects of dilution from share options	1,014,964	793,302
Weighted average number of shares for dilutive EPS	48,093,218	47,794,010
Earnings per share basic (in €)	**3.50**	**3.31**
Earnings per share diluted (in €)	**3.42**	**3.26**

The weighted average number of shares for basic and dilutive EPS considers the weighted average effect of the newly issued ordinary shares as well the effect of changes in treasury shares during the reporting period. As of 31 December 2023, there are 1,049,347 diluting options (2022: 849,046).

16. Dividend payments and proposed dividend

The final proposed dividend is subject to the approval of the Annual General Meeting in May 2024 and was not recognised as a liability in these Consolidated Financial Statements. The final proposed dividend for 2023 will amount to €1.25 per share (2022: €1.10 per share).

In line with the Group's dividend policy, the Board paid out an interim dividend in September 2023 of €0.55 per share for the first half of 2023 amounting to €26.0 million. The total dividend for 2023, which includes the proposed final dividend, yet to be approved by shareholders, amounts to €1.80 per share (2022: €1.60 per share).

Based on a resolution adopted by the Annual General Meeting of RHI Magnesita N.V. on 24 May 2023, the final dividend for 2022 amounted to €1.10 per share and was paid out in July 2023, amounting to €51.7 million. The total dividend for 2022 amounted to €1.60 per share.

17. Goodwill

in € million	2023	2022
Carrying amount at beginning of the year	136.9	114.4
Newly acquired businesses	197.0	20.6
Currency translation	(1.6)	1.9
Hyperinflation adjustment	6.9	0.0
Carrying amount at year-end	**339.2**	**136.9**

Impairment of CGUs with significant goodwill

Goodwill is tested for impairment at least annually based on the CGU to which it is allocated. The Group's significant goodwill is assigned to the Steel CGUs and to the Industrial Cement & Lime CGU as shown in the table below.

The impairment test is based on the value in use; the recoverable amount is determined using the discounted cash flow method and incorporates the terminal value. The Group is subject to environmental and other laws and regulations and has established environmental policies and procedures aimed at compliance with these laws. Impairment testing incorporated considerations for increased energy and raw material prices in its budget and the Long-Term Plan and estimates the total increase in investments in research and development costs at approximately €47.8 million. Current technology used by the customer industries requiring advanced heat-resistant materials for their production depend on refractory materials and in our view will remain in use in the observable future.

The cash flows projections used for impairment testing are based on the strategic business and financial planning model of the Group including the 2024 budget, as approved by the Board, and the Long-Term Plan, covering a four-year period. The cash flows are geared to a steady-state business development, which balances out possible economic or other non-sustainable fluctuations in the detailed planning period and forms the basis for the calculation of the terminal value.

The key assumptions used in determining the value in use are:

• Revenue: projected sales were built up with reference to markets and product categories. incorporating projections of developments in key markets.
• EBIT margin: projected margins reflect historical performance, our expectations for future cost inflation and the impact of all completed projects to improve operational efficiency.
• Discount rate before tax: a discount rate that is calculated taking into account the weighted average cost of capital of comparable companies; the corresponding parameters are derived from capital market information. In addition, country-specific risk premiums are considered in the weighted average cost of capital.
• Perpetual annuity growth rate: for the purposes of the Group's value in use calculations, a long-term growth rate into perpetuity was applied immediately at the end of the fifth-year detailed planning period comprising the 2024 budget and the subsequent four-year period covered by the Long-Term Plan. As in the previous year, the terminal value is based on a growth rate derived from the difference between the current and possible degree of asset capacity and utilisation.

Forecast EBIT has been projected using:

• Expected future sales are based on the strategic plan, which was constructed at a market level with input from regional commercial managers. An assessment of the market using external sources for the development of the customer's industries; regional growth rates of the steel production and output of the non-steel clients in combination with the development of the specific refractory consumption including technological improvements.
• Current cost structure and production capacity, which include our expectations for future cost inflation. The assumptions were updated considering the latest economic developments, including energy, freight and raw material prices. The forecasts include cash flows from future investments related to capacity maintenance while expansion investments are excluded.

Working capital is included in the carrying amount of the CGUs; therefore, the recoverable amount only takes into account changes in working capital.

The following table shows the perpetual annuity growth rates and discount rates before tax applied in the value in use determination for CGUs to which significant goodwill is allocated:

			2023			2022
	Discount rate before Tax	Perpetual annuity growth rate	Goodwill in € million	Discount rate before Tax	Perpetual annuity growth rate	Goodwill in € million
Steel - Linings	9.9%	0.9%	212.8	10.8%	0.9%	107.2
Steel - Flow Control	10.0%	0.9%	66.5	11.1%	0.9%	28.5
Industrial - Cement & Lime	10.5%	0.9%	55.1	11.2%	0.9%	0.1

As a sensitivity, the effect of the following downside scenarios to the key assumptions would, in isolation, not result in an impairment of goodwill:

• increase of the estimated discount rate by 10%
• decrease of the perpetual annuity growth rate by 50%
• decrease of revenue by 5%
• decrease of EBIT margin by 10%.

18. Other intangible assets

in € million	Mining rights	Customer relationship	Internally generated intangible assets	Other intangible assets	Prepayments made and intangible assets under construction	Total
Cost at 31.12.2022	151.9	132.1	78.5	156.8	0.0	519.3
Currency translation	1.5	(5.1)	(0.1)	(2.4)	(0.2)	(6.3)
Additions	0.0	0.0	8.0	2.0	0.1	10.1
Additions initial consolidation	0.0	158.9	0.0	6.4	8.0	173.3
Retirements and disposals	(1.0)	0.2	(0.6)	(1.0)	0.0	(2.4)
Reclassifications	0.0	(1.8)	0.0	8.4	14.2	20.8
Cost at 31.12.2023	**152.4**	**284.3**	**85.8**	**170.2**	**22.1**	**714.8**
Accumulated amortisation 31.12.2022	14.5	45.4	48.8	94.0	0.0	202.7
Currency translation	0.0	(0.5)	0.0	0.5	0.0	0.0
Amortisation charges	2.5	20.2	3.6	17.3	0.0	43.6
Retirements and disposals	0.0	0.2	(0.2)	(0.3)	0.0	(0.3)
Reclassifications	0.0	(0.5)	0.0	(0.5)	0.0	(1.0)
Accumulated amortisation 31.12.2023	**17.0**	**64.8**	**52.2**	**111.0**	**0.0**	**245.0**
Carrying amounts at 31.12.2023	**135.4**	**219.5**	**33.6**	**59.2**	**22.1**	**469.8**

in € million	Mining rights	Customer relationship	Internally generated intangible assets	Other intangible assets	Total
Cost at 31.12.2021	139.3	99.2	70.9	145.4	454.8
Currency translation	12.6	4.4	0.1	1.0	18.1
Additions	0.0	0.0	8.7	7.2	15.9
Additions initial consolidation	0.0	28.5	0.0	0.0	28.5
Retirements and disposals	0.0	0.0	(0.8)	(0.7)	(1.5)
Reclassifications	0.0	0.0	(0.4)	3.9	3.5
Cost at 31.12.2022	**151.9**	**132.1**	**78.5**	**156.8**	**519.3**
Accumulated amortisation 31.12.2021	11.1	35.3	44.8	81.0	172.2
Currency translation	0.9	0.7	0.0	0.3	1.9
Amortisation charges	2.5	9.4	4.0	13.0	28.9
Retirements and disposals	0.0	0.0	0.0	(0.7)	(0.7)
Reclassifications	0.0	0.0	0.0	0.4	0.4
Accumulated amortisation 31.12.2022	**14.5**	**45.4**	**48.8**	**94.0**	**202.7**
Carrying amounts at 31.12.2022	**137.4**	**86.7**	**29.7**	**62.8**	**316.6**

Internally generated intangible assets comprise capitalised software and product development costs.

The intangible assets resulting from customer relationships of former Magnesita Group have a carrying amount of €55.0 million (2022: €61.1 million) and a remaining useful life between five to nine years. Information on the customer relationships of the acquired entities in 2023 is provided in Note (42).

Other intangible assets include in particular acquired patents, trademark rights, software, and land-use rights. The land-use rights have a carrying amount of €23.8 million (2022: €20.9 million) and a remaining useful life between 14 to 54 years.

There are no restrictions on the sale of intangible assets.

19. Property, plant and equipment

in € million	Real estate, land and buildings	Technical equipment, machinery	Other plant, furniture and fixtures	Prepayments made and plant under construction	Right-of-use assets	Total
Cost at 31.12.2022	712.2	1,143.1	392.7	231.6	112.4	2,592.0
Currency translation	(0.6)	(1.5)	1.2	3.0	0.2	2.3
Additions[1]	13.5	18.6	10.9	127.1	14.8	184.9
Additions initial consolidation	52.3	51.0	6.3	5.8	21.8	137.2
Retirements and disposals	(35.0)	(23.9)	(15.0)	0.0	(14.7)	(88.6)
Reclassifications	15.5	43.7	20.5	(100.5)	0.0	(20.8)
Cost at 31.12.2023	**757.9**	**1,231.0**	**416.6**	**267.0**	**134.5**	**2,807.0**
Accumulated depreciation 31.12.2022	317.4	767.5	252.1	1.3	50.0	1,388.3
Currency translation	(0.4)	0.5	0.0	0.0	0.7	0.8
Depreciation charges	16.9	66.5	29.7	0.0	20.8	133.9
Impairment charges	0.0	0.4	1.0	0.0	0.0	1.4
Reversal of impairment charges	0.0	0.0	0.0	0.0	(0.4)	(0.4)
Retirements and disposals	(30.1)	(21.0)	(12.9)	0.0	(13.8)	(77.8)
Reclassifications	0.0	0.2	0.5	0.0	0.0	0.7
Accumulated depreciation 31.12.2023	**303.8**	**814.1**	**270.4**	**1.3**	**57.3**	**1,446.9**
Carrying amounts at 31.12.2023	**454.1**	**416.9**	**146.2**	**265.7**	**77.2**	**1,360.1**

1) Including €7.9 million capitalised borrowing costs.

in € million	Real estate, land and buildings	Technical equipment, machinery	Other plant, furniture and fixtures	Prepayments made and plant under construction[1]	Right-of-use assets	Total
Cost at 31.12.2021	670.3	1,143.6	379.4	209.7	87.1	2,490.1
Currency translation	11.0	13.2	4.9	11.2	2.6	42.9
Additions[2]	8.2	14.9	15.1	122.6	20.7	181.5
Additions initial consolidation	6.0	2.9	0.6	0.3	7.0	16.8
Retirements and disposals	(10.8)	(85.0)	(34.5)	(0.5)	(5.0)	(135.8)
Reclassifications	27.5	53.5	27.2	(111.7)	0.0	(3.5)
Cost at 31.12.2022	**712.2**	**1,143.1**	**392.7**	**231.6**	**112.4**	**2,592.0**
Accumulated depreciation 31.12.2021	311.5	793.4	260.3	1.5	33.7	1,400.4
Currency translation	0.3	5.7	1.1	0.1	1.2	8.4
Depreciation charges	15.1	54.1	26.2	0.0	20.2	115.6
Reversal of impairment charges	(1.5)	(3.0)	(0.9)	(0.3)	(0.3)	(6.0)
Retirements and disposals	(8.0)	(82.7)	(34.2)	0.0	(4.8)	(129.7)
Reclassifications	0.0	0.0	(0.4)	0.0	0.0	(0.4)
Accumulated depreciation 31.12.2022	**317.4**	**767.5**	**252.1**	**1.3**	**50.0**	**1,388.3**
Carrying amounts at 31.12.2022	**394.8**	**375.6**	**140.6**	**230.3**	**62.4**	**1,203.7**

1) Prepayments made and plant under construction include €10.2 million relating to intangible assets. €3.5 million was transferred to intangibles assets during the year.
2) Including €1.5 million capitalised borrowing costs.

Prepayments made and plant under construction includes €258.7 million (2022: €212.0 million) mainly relating to the expansion and production optimisation of the plants in Brazil during 2023. The spent in 2022 mainly related to the expansion of a production plant in Austria and a magnesite plant in Brazil.

Please refer to Note (27) for the restrictions on the sale of property, plant and equipment.

The Right-of-use assets per category developed as follows as of 31 December 2023:

in € million	Right-of-use assets land and buildings	Right-of-use assets technical equipment and machinery	Right-of-use assets other equipment, furniture and fixtures	Total
Cost at 31.12.2022	68.8	33.0	10.6	112.4
Currency translation	(0.3)	0.4	0.1	0.2
Additions	8.7	0.8	5.3	14.8
Additions initial consolidation	20.9	0.7	0.2	21.8
Retirements and disposals	(7.5)	(4.8)	(2.4)	(14.7)
Cost at 31.12.2023	**90.6**	**30.1**	**13.8**	**134.5**
Accumulated depreciation 31.12.2022	25.3	19.2	5.5	50.0
Currency translation	0.0	0.5	0.2	0.7
Depreciation charges	11.9	5.3	3.6	20.8
Reversal of impairment charges	0.0	(0.4)	0.0	(0.4)
Retirements and disposals	(7.2)	(4.6)	(2.0)	(13.8)
Accumulated depreciation 31.12.2023	**30.0**	**20.0**	**7.3**	**57.3**
Carrying amounts at 31.12.2023	**60.6**	**10.1**	**6.5**	**77.2**

Notes continued

The Right-of-use assets per category developed as follows as of 31 December 2022:

in € million	Right-of-use assets land and buildings	Right-of-use assets technical equipment and machinery	Right-of-use assets other equipment, furniture and fixtures	Total
Cost at 31.12.2021	47.8	31.9	7.4	87.1
Currency translation	1.0	1.5	0.1	2.6
Additions	16.7	1.2	2.8	20.7
Additions initial consolidation	5.1	0.1	1.8	7.0
Retirements and disposals	(1.8)	(1.7)	(1.5)	(5.0)
Cost at 31.12.2022	**68.8**	**33.0**	**10.6**	**112.4**
Accumulated depreciation 31.12.2021	15.4	14.4	3.9	33.7
Currency translation	0.4	0.6	0.2	1.2
Depreciation charges	11.2	6.1	2.9	20.2
Reversal of impairment charges	0.0	(0.2)	(0.1)	(0.3)
Retirements and disposals	(1.7)	(1.7)	(1.4)	(4.8)

The average lease term is 11 years for land and buildings, six years for technical equipment and three years for other equipment, furniture and fixtures. Impacts resulting from extension and termination options, as well as residual value guarantees are immaterial. Detail on lease liabilities is in Note (28).

20. Other non-current assets

in € million	31.12.2023	31.12.2022
Tax receivables	13.9	18.7
Other non-current assets	22.8	21.3
Other non-current assets	**36.7**	**40.0**

Tax receivables relate to input tax credits, which are expected to be utilised in the medium term. Other non-current assets mainly include deferred mine stripping costs.

21. Inventories

in € million	31.12.2023	31.12.2022
Raw materials and supplies	274.0	303.3
Work in progress	220.5	206.7
Finished products and goods	488.6	526.3
Prepayments made	12.8	12.8
Inventories	**995.9**	**1,049.1**

Net write-down expenses amount to €11.6 million (2022: €8.0 million). Please refer to Note (27) for the restrictions of the disposal of inventories.

22. Trade and other current receivables

in € million	31.12.2023	31.12.2022
Trade receivables	537.6	433.4
Contract assets	3.5	3.5
Other tax receivables	95.4	106.4
Prepaid expenses	8.4	5.9
Other current receivables	40.8	29.7
Trade and other current receivables	**685.7**	**578.9**
thereof financial assets	541.4	433.9
thereof non-financial assets	144.3	145.0

The Group enters into factoring agreements and sells trade receivables to financial institutions. Trade receivables sold at the end of the year was €259.4 million (2022: €245.1 million). These have been derecognised as substantially all risks and rewards as well as control have been transferred. Payments received from customers following the sale are recognised in current borrowings until repaid to the factorer.

Other tax receivables include primarily VAT, as well as receivables from energy tax refunds, and tax research subsidies.

Other current receivables mainly relate to advances for insurance, IT services as well as custom and import-related services and costs.

23. Cash and cash equivalents

in € million	31.12.2023	31.12.2022
Cash at banks and in hand	644.4	471.8
Money market funds	59.1	48.9
Cash and cash equivalents	**703.5**	**520.7**

Cash and cash equivalents include amounts not available for use by the Group totalling €9.9 million at 31 December 2023 (2022: €23.2 million). Cash not available for use by the Group is mainly related to deposits for bank guarantees.

Money market funds with an opening balance of €9.3 million have been reclassified to other current financial assets since their value has significantly changed in the current reporting period and thus do no longer meet the definition of cash equivalents. The reclassification is shown separately in the Consolidated Statement of Cash Flows.

24. Share capital

At 31 December 2023, the authorised share capital of RHI Magnesita N.V. amounts to €100,000,000 divided into 100,000,000 ordinary shares unchanged to prior year. Thereof 47,130,338 (2022: 47,017,695) fully paid-in ordinary shares are issued. In addition, there are 2,347,367 (2022: 2,460,010) treasury shares held by the Company. All issued RHI Magnesita shares grant the same rights. The shareholders are entitled to dividends and have one voting right per share at the Annual General Meeting. There are no shares with special control rights.

25. Group reserves

Treasury shares

At 31 December 2023, RHI Magnesita treasury shares amount to 2,347,367 (2022: 2,460,010).

Additional paid-in capital

At 31 December 2023, as well as at 31 December 2022, additional paid-in capital comprised premiums on the issue of shares less issue costs by RHI Magnesita N.V.

Mandatory reserve

The Articles of Association stipulate a mandatory reserve of €288,699,230.59 which was created in connection with the merger between former RHI Group and former Magnesita Group in 2017. No distributions, allocations or additions may be made and no losses of the Company may be allocated to the mandatory reserve.

Retained earnings

Retained earnings includes the result of the financial year and results that were earned by consolidated companies during prior periods, but not distributed. The difference between the purchase consideration or sale proceeds after tax and the relevant proportion of the non-controlling interest, measured by reference to the carrying amount of the interest's net assets at the date of acquisition or sale, is recognised in retained earnings too.

Notes continued

Accumulated other comprehensive income

Cash flow hedge reserves includes gains and losses from the effective part of cash flow hedges less tax effects. The accumulated gain or loss from the hedge allocated to reserves is only reclassified to the Statement of Profit or Loss if the hedged transaction also influences the result or is terminated.

Reserves for defined benefit plans include the gains and losses from the remeasurement of defined benefit pension and termination benefit plans taking into account tax effects. No reclassification of these amounts to the Statement of Profit or Loss will be made in future periods.

Currency translation includes the accumulated currency translation differences from translating the Financial Statements of foreign subsidiaries, unrealised currency translation differences from monetary items which are part of a net investment in a foreign operation, net of related income taxes, as well as the effective portion of foreign exchange gains or losses when a financial instrument is designated as the hedging instrument in net investment hedge in a foreign operation.

26. Non-controlling interests

Subsidiaries with material non-controlling interests

RHI Magnesita India Ltd., based in New Delhi, India is a listed company on the BSE Limited and NSE Limited. RHI Magnesita India Ltd., including the acquired Hi-Tech business, is the (direct or ultimate) parent company of Dalmia OCL Ltd. (Dalmia OCL), Dalmia Seven Refractories Ltd. and Intermetal which together form the Subgroup India. This Subgroup India is included in the Steel and Industrial segments and the share of the non-controlling interests amounts to 43.9% (2022: 29.8%). Aggregated financial information of Subgroup India as of 31 December 2023 is provided below:

in € million	31.12.2023	31.12.2022[1]
Non-current assets	420.3	50.4
Current assets	257.9	168.3
Non-current liabilities	(18.4)	(2.5)
Current liabilities	(151.8)	(71.7)
Net assets before intragroup eliminations	**508.0**	**144.5**
Intragroup eliminations	(1.6)	0.1
Net assets	**506.4**	**144.6**
Carrying amount of non-controlling interests	**148.6**	**43.1**

1) The disclosed financial information as of 31 December 2022 only relates to RHI Magnesita India Ltd. which is why it is not comparable to this year's financial information.

The aggregated Statement of Profit or Loss and Statement of Comprehensive Income of Subgroup India for financial year 2023 are shown below:

in € million	2023	2022[1]
Revenue	426.9	294.6
Operating expenses, net finance costs and income tax	(410.3)	(257.4)
Profit after income tax before intragroup eliminations	**16.6**	**37.2**
Intragroup eliminations	(1.8)	0.6
Profit after income tax	**14.8**	**37.8**
thereof attributable to non-controlling interests	6.6	11.3

in € million	2023	2022[1]
Profit after income tax	14.8	37.8
Other comprehensive (expense)/income	(32.7)	(8.2)
Total comprehensive income	**(17.9)**	**29.6**
thereof attributable to non-controlling interests	(7.9)	8.8

1) The disclosed financial information for 2022 only relates to RHI Magnesita India Ltd. which is why it is not comparable to this year's financial information.

The following table shows the summarised Statement of Cash Flows of Subgroup India for financial year 2023:

in € million	2023	2022[1]
Net cash flow from operating activities	38.2	21.5
Net cash flow from investing activities	(123.0)	(6.9)
Net cash flow from financing activities	75.3	(6.4)
Total cash flow	**(9.5)**	**8.2**

1) The disclosed financial information for 2022 only relates to RHI Magnesita India Ltd. which is why it is not comparable to this year's financial information.

Net cash flow from financing activities includes dividend payments to non-controlling interests amounting to €2.6million (2022: €1.5 million).

Change of non-controlling interests without a change of control

In 2023 the Group has acquired 100% of the shares of Dalmia OCL Ltd, India, through the non-wholly owned subsidiary RHI Magnesita India Ltd. and 51% of the shares of Dalmia Seven Refractories Ltd ('DSR'), India, in exchange for 27,000,000 newly issued equity shares in RHI Magnesita India Ltd. worth €270.0 million and a cash consideration worth €55.2 million (see Note (42)).

The share issue which has diluted the Group's share in RHI Magnesita India Ltd. resulted in an increase of non-controlling interests by €122.3 million and has created a dilution gain of €147.7 million reported within equity attributable to shareholders of RHI Magnesita N.V. The share issue is a non-cash transaction which had no impact on the Consolidated Statement of Cash Flows.

Subsequently, the increase of non-controlling interests because of the share issue was offset with the decrease of non-controlling interests as result of acquisition of Dalmia OCL and DSR of €68.8 million (refer to Note (42)) resulting in a net increase of non-controlling interests of €53.7 million as presented in the Consolidated Statement of Changes in Equity.

In April 2023, RHI Magnesita India Ltd. issued 15,715,034 equity shares through a Qualified Institutional Placement which raised cash proceeds amounting to €100.0 million. The share issue which has diluted the Group's share in RHI Magnesita India Ltd. resulted in an increase of non-controlling interests by €63.8 million and has created a dilution gain amounting to €36.2 million reported within equity attributable to shareholders of RHI Magnesita N.V. The cash inflow from this share issue is reported within the cash flow from financing activities in the Consolidated Statement of Cash Flows.

in € million	January 2023	April 2023
Consideration received	270.0	100.0
Carrying value of the sold interest in RHI Magnesita India Ltd.	122.3	63.8
Dilution gain recognised in retained earnings	**147.7**	**36.2**

In June 2023, RHI Magnesita India Ltd. issued 2,790,061 equity shares on a preferential basis which raised cash proceeds amounting to €22.5 million. The share issue has diluted the non-controlling shareholder's share in RHI Magnesita India Ltd. and insofar a purchase of non-controlling interests occurred which has decreased non-controlling interests by €3.2 million and increased equity attributable to shareholders of RHI Magnesita N.V. by the same amount. The share issue had no impact on the Consolidated Statement of Cash Flows since the cash proceeds were fully funded by the Group.

Following the acquisition of 51% of the shares of Dalmia Seven Refractories Ltd in January 2023 (see Note (42)) the company was renamed to RHI Magnesita Seven Refractories Ltd. Within the Seven Refractories' business combination which was closed on 24 July 2023, the Group acquired the remaining shares (49%) of RHI Magnesita Seven Refractories Ltd held by the non-controlling shareholders for a cash consideration of €6.9 million (including directly attributable transaction costs of €0.8 million). The difference between the carrying amount of the non-controlling interests' portion of equity acquired and the consideration paid was recorded in retained earnings within equity.

In addition, the Group has acquired non-controlling interests of Seven Refractories' Group and Söğüt Refrakter Malzemeleri Anonim Şirketi (Sörmaş) for a cash consideration of €1.3 million with the difference between the carrying amount of the non-controlling interests' portion of equity acquired and the consideration paid recorded in retained earnings within equity.

27. Borrowings

Borrowings include all interest-bearing liabilities due to financial institutions and other lenders.

In April 2023, the Group successfully issued a Bonded loan ("Schuldscheindarlehen") in the amount of €170.0 million with an average tenor of five years and at competitive pricing. Additionally, the Group has successfully refinanced a bilateral Term Loan, increasing the total loan amount from €115.0 million to €150.0 million and extending the maturity date to 2026.

In November 2023, the Group has issued a new €200.0 million bilateral OeKB-backed Term Loan with final maturity in March 2029, to partially refinance a €70.0 million Term Loan otherwise maturing in February 2024.

All above mentioned instruments are ESG-linked and the margin payable is adjusted based on the Group's EcoVadis ESG rating performance. The proceeds of the new instruments will be used for general corporate purposes, including refinancing and acquisitions.

To further support acquisition financing, the Group has additionally entered into two bilateral Term Loans in December 2022 and January 2023 amounting to INR 13.25 billion (€149.1 million) and which are fully repaid as at 31 December 2023, to fund the Group's acquisition of Hi-Tech and Dalmia OCL (renamed to RHI Magnesita India Refractories Ltd.).

Net debt excluding lease liabilities/Adjusted EBITDA is the key financial covenant of the loan agreements and is shown under Note (38). Compliance with the covenants is measured on a semi-annual basis. In line with the covenant requirements, net debt excluding lease liabilities to Adjusted EBITDA cannot exceed 3.5x. Breach of covenants leads to an anticipated maturity of loans. During 2023 and 2022, the Group met all covenant requirements.

The breakdown of borrowings is presented in the following table:

in € million	Total 31.12.2023	current	non-current
Syndicated & Term Loan	1,114.1	45.5	1,068.6
Bonded loans ("Schuldscheindarlehen")	755.0	35.0	720.0
Other credit lines and other loans	62.9	60.3	2.6
Total liabilities to financial institutions	**1,932.0**	**140.8**	**1,791.2**
Other financial liabilities	18.3	8.9	9.4
Capitalised transaction costs	(1.5)	(0.4)	(1.1)
Borrowings	**1,948.8**	**149.3**	**1,799.5**

in € million	Total 31.12.2022	current	non-current
Syndicated & Term Loan	942.4	130.7	811.7
Bonded loans ("Schuldscheindarlehen")	585.0	0.0	585.0
Other credit lines and other loans	84.6	84.6	0.0
Total liabilities to financial institutions	**1,612.0**	**215.3**	**1,396.7**
Other financial liabilities	9.0	0.1	8.9
Capitalised transaction costs	(1.0)	(0.3)	(0.7)
Borrowings	**1,620.0**	**215.1**	**1,404.9**

Considering interest swaps, 69% (2022: 73%) of the liabilities to financial institutions carry fixed interest and 31% (2022: 27%) carry variable interest.

The following table shows fixed interest terms and conditions, taking into account interest rate swaps, without liabilities from deferred interest:

Interest terms fixed until	Effective annual interest rate	Currency	31.12.2023 Carrying amount in € million	Interest terms fixed until	Effective annual interest rate	Currency	31.12.2022 Carrying amount in € million
2024	EURIBOR + margin	EUR	573.6	2023	EURIBOR + margin	EUR	372.3
	3.10%	EUR	35.0		Variable rate + margin	EUR	34.0
	Various - Variable rate	Various	34.3		Various - Variable rate	Various	27.4
2025	0.50%	EUR	150.0		0.25%	EUR	115.0
2026	3.63%	EUR	264.0	2024	3.10%	EUR	35.0
2027	2.44%	EUR	743.6	2025	0.59%	EUR	177.0
2028	1.90%	EUR	118.5	2027	2.72%	EUR	751.8
2029	1.52%	EUR	8.0	2028	0.92%	EUR	86.5
2031	1.28%	EUR	5.0	2029	1.52%	EUR	8.0
				2031	1.28%	EUR	5.0
			1,932.0				**1,612.0**

The table above shows how long the interest rates are fixed, rather than the maturity of the underlying instruments.

Property, plant and equipment and inventories in the amount of €6.9 million (2022: €0.0 million) have been pledged as security for loans.

28. Other financial liabilities

Other financial liabilities include the negative fair value of derivative financial instruments as well as lease liabilities and fixed-term and puttable non-controlling interests payable in Group companies. Additional explanation on derivative financial instruments is provided under Note (36).

in € million	Current	Non-current	31.12.2023 Total	Current	Non-current	31.12.2022 Total
Forward exchange contracts	0.8	0.0	0.8	0.6	0.0	0.6
Interest rate derivatives	0.0	2.4	2.4	0.0	0.0	0.0
Commodity swaps	1.1	9.9	11.0	0.9	0.2	1.1
Derivatives in open orders	2.9	0.0	2.9	9.5	0.0	9.5
Derivative financial liabilities	**4.8**	**12.3**	**17.1**	**11.0**	**0.2**	**11.2**
Lease liabilities	18.1	51.8	69.9	17.5	46.4	63.9
Fixed-term or puttable non-controlling interests	18.0	69.3	87.3	21.6	46.2	67.8
Other financial liabilities	**40.9**	**133.4**	**174.3**	**50.1**	**92.8**	**142.9**

In line with the Group's accounting policy, the carrying amount of non-controlling interest is reduced to nil and replaced with a financial liability where the Group has provided a written put option (usually together with a call option) or has entered into a forward contract to acquire the shares not controlled by the Group. The carrying amount of the financial liabilities represents the discounted value of the expected settlement for the following non-controlling interest:

Ownership interest held by NCI in € million		31.12.2023	31.12.2022
Horn & Co. Minerals Recovery GmbH & Co.KG	49.00%	7.7	8.4
RHI Magnesita (Chongqing) Refractory Materials Co., Ltd.	49.00%	15.2	21.3
Jinan New Emei Industries Co. Ltd.	35.00%	30.9	0.0
Liaoning RHI Jinding Magnesia Co., Ltd.	16.67%	22.9	26.4
RHI Refractories Liaoning Co., Ltd.	34.00%	10.6	11.7
Other financial liabilities		**87.3**	**67.8**

During the period, €6.5 million (2022: €5.3 million) was recognised as an interest expense on the liability and €6.6 million income (2022: €4.7 million income) was recognised within other net financial expenses as an adjustment to the amount payable where the written put option price or forward price is based on earnings multiple or is affected by a change in the discount rate. See Note (13). Dividends paid to non-controlling interest amounting to €7.4 million (2022: €2.1 million) have reduced the liability in the current reporting period since there is a contractual right to reduce the liability.

29. Provisions for pensions

The net liability from pension obligations in the Consolidated Statement of Financial Position is as follows:

in € million	31.12.2023	31.12.2022
Present value of pension obligations	420.7	395.5
Fair value of plan assets	(186.4)	(186.6)
Deficit of funded plans	**234.3**	**208.9**
Asset ceiling	5.2	3.8
Net liability from pension obligations	**239.5**	**212.7**
Overfunded pension plans	2.0	2.0
Other pension plans	241.5	214.7

The present value of pension obligations by beneficiary groups is as follows:

in € million	31.12.2023	31.12.2022
Active beneficiaries	61.5	64.2
Vested terminated beneficiaries	44.0	43.4
Retirees	315.2	287.9
Present value of pension obligations	**420.7**	**395.5**

Notes continued

The pension obligations are measured using the following actuarial assumptions for the key countries in which the Group operates:

in %	31.12.2023	31.12.2022
Interest rate		
Austria and Germany	3.3%	3.8%
Brazil	10.1%	10.5%
United Kingdom	4.5%	4.8%
USA	4.8%	5.0%
Future salary increase		
Austria	3.9%	4.5%
Germany	2.5%	2.5%
Brazil	4.5%	4.3%
United Kingdom[1)]	n/a	3.3%
USA	3.3%	3.3%
Future pension increase		
Austria	5.3%	3.0%
Germany	2.2%	2.2%
Brazil	4.5%	4.3%
United Kingdom	3.0%	3.4%
USA	2.0%	2.0%

1) No active plan members at 31.12.2023.

These are average values which were weighted with the present value of the respective pension obligation.

The calculation of the actuarial interest rate for the Eurozone countries is based on a yield curve for returns of high-quality corporate bonds denominated in EUR with an average rating of AA, which is derived from pooled index values. The calculation of the actuarial interest rate for the USD and GBP currency area is based on a yield curve for returns of high-quality corporate bonds denominated in USD and GBP with an average rating of AA, which is derived from pooled index values. Where there are very long-term maturities, the yield curve follows the performance of bonds without credit default risk. The interest rate is calculated annually at 31 December, taking into account the expected future cash flows which were determined based on the current personal and commitment data.

The calculation in Austria was based on the AVÖ 2018-P demographic calculation principles for salaried employees from the Actuarial Association of Austria. In Germany, the Heubeck Richttaffeln 2018 G actuarial tables were used as a basis. In the other countries, country-specific mortality tables were applied.

The main pension regulations are described below:

The Austrian group companies account for €80.3 million (2022: €81.2 million) of the present value of pension obligations and for €8.8 million (2022: €18.1 million) of the plan assets. The agreed benefits include pensions, invalidity benefits and benefits for surviving dependents. Commitments in the form of company or individual agreements depend on the length of service and the salary at the time of retirement. For the majority of commitments, the amount of the pension subsidy is limited to 75% of the final remuneration including a pension pursuant to the General Social Insurance Act (ASVG). The Group has concluded pension reinsurance policies for part of the commitments. The pension claims of the beneficiaries are limited to the coverage capital required for these commitments. Pensions are predominantly paid in the form of annuities and are partially indexed. For employees joining the company after 1 January 1984, no defined benefits were granted. Rather, a defined contribution pension model is in place. In addition, there are commitments based on the deferred compensation principle, which are fully covered by pension reinsurance policies and commitments for preretirement benefits for employees in mining operations.

The pension plans of the German group companies account for €107.2 million (2022: €107.7 million) of the present value of pension obligations and for €0.7 million (2022: €0.7 million) of the plan assets. The benefits included in company agreements comprise pensions, invalidity benefits and benefits for surviving dependents. The amount of the pension depends on the length of service for the majority of the commitments and is calculated as a percentage of the average monthly wage/salary of the last 12 months prior to retirement. In some cases, commitments to fixed benefits per year of service have been made. The pensions are predominantly paid in the form of annuities and are adjusted in accordance with the development of the consumer price index for Germany. The pension plans are closed for new entrants, except one contribution-based plan. There is no defined contribution model on a voluntary basis. Individual commitments have been made, with major part of them being retired beneficiaries.

The pension plan of the US group company Magnesita Refractories Company, York, USA, accounts for €71.2 million (2022: €71.6 million) of the present value of pension obligations and for €63.0 million (2022: €63.3 million) of the plan assets. The pension plan is a non-contributory defined benefit plan covering a portion of the employees of the company. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Effective 21 June 1999, the company offered the participants the opportunity to elect to participate in a single enhanced defined contribution plan. Participants who made this election are no longer eligible for future accruals under this plan. All benefits accrued as of the date of transfer will be retained. Employees hired after 21 June 1999 and employees that did not meet the plan's eligibility requirements as of 21 June 1999 are not eligible for this plan. The pensions are predominantly paid in the form of annuities and are adjusted annually based on the US consumer price index. The company's contributions for the year ended 31 December 2021 met, or exceeded, the minimum funding requirements of ERISA.

The pension plan of the UK group company Magnesita Refractories Ltd., Dinnington, United Kingdom, accounts for €41.2 million (2022: €39.0 million) of the present value of pension obligations and holds €45.7 million (2022: €41.2 million) of assets, although no plan assets are reflected on the balance sheet due to the application of International Financial Reporting Interpretations Committee 14 (IFRIC 14) (asset ceiling). The company sponsors a funded defined benefit pension plan for qualifying UK employees. The plan is administered by a separate Board of Trustees which is legally separate from the company. The trustees are composed of representatives of both the employer and employees, plus an independent professional trustee. The trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits. Under the plan, employees are entitled to annual pensions on retirement at age 65. During 2022, the Board of Trustees agreed to a buy-in of the defined benefit obligation with a third-party insurer in the United Kingdom. In terms of the buy-in, the insurer assumed the obligations relating to the plan from July 2022 while the plan assets were liquidated and transferred to the insurer at a value of around €61.7 million. Until the defined benefit scheme is wound up (the buy-out), the Group will continue to recognise the pension obligation and the value of the insurance policy as a plan asset equal to the pension obligation. The surplus plan assets of €4.5 million, at 31 December 2023 are not recognised due to the application of IFRIC 14 and the asset ceiling requirements. It is expected that the remaining surplus, net of adjustments, tax payments and other minor expenses will be refunded to the Group once the plan will be wound up.

The pension liabilities of the Brazilian group company Magnesita Refratários S.A. account for €54.9 million (2022: €49.9 million) of the present value of pension obligations and for €30.6 million (2022: €29.1 million) of the plan assets. The pension plan qualifies as an optional benefit plan. Employees are entitled to contribute to the plan, with the company contributing 1.5 times this value. The agreed benefits include pensions, invalidity benefits and benefits for surviving dependents. Commitments in the form of company or individual agreements depend on the length of service and salary at the time of retirement. For the majority of commitments, the amount of the company pension obligation is limited to 75% of the final remuneration. At retirement, the employee may choose to receive up to 25% of his/her amount at once or receive it on a pro-rata base with different options of monthly quotes.

The following table shows the development of net liability from pension obligations:

in € million	2023	2022
Net liability from pension obligations at beginning of year	**212.7**	**268.1**
Currency translation	2.1	4.5
Additions initial consolidation	11.3	0.0
Pension cost	11.8	8.8
Remeasurement losses/(gains)	22.5	(48.1)
Benefits paid	(16.8)	(17.3)
Employers' contributions to external funds	(4.1)	(3.3)
Net liability from pension obligations at year-end	**239.5**	**212.7**

The present value of pension obligations developed as follows:

in € million	2023	2022
Present value of pension obligations at beginning of year	**395.5**	**495.0**
Currency translation	4.0	11.7
Additions initial consolidation	11.3	0.0
Current service cost	2.2	3.4
Interest cost	19.3	11.8
Remeasurement losses/(gains)		
from changes in demographic assumptions	(0.5)	0.0
from changes in financial assumptions	27.7	(107.5)
due to experience adjustments	(3.1)	13.5
Benefits paid	(35.2)	(33.0)
Employee contributions to external funds	0.6	0.6
Plan amendments	(1.1)	0.0
Present value of pension obligations at year-end	**420.7**	**395.5**

Notes continued

The movement in plan assets is shown in the table below:

in € million	2023	2022
Fair value of plan assets at beginning of year	**186.6**	**255.5**
Currency translation	2.0	6.2
Interest income	9.3	6.8
Administrative costs (paid from plan assets)	(0.4)	(0.4)
Gains/(losses) on plan assets less interest income	2.6	(69.7)
Benefits paid	(18.4)	(15.7)
Employers' contributions to external funds	4.1	3.3
Employee contributions to external funds	0.6	0.6
Fair value of plan assets at year-end	**186.4**	**186.6**

The changes in the asset ceiling are shown below:

in € million	2023	2022
Asset ceiling at beginning of year	**3.8**	**28.6**
Currency translation	0.1	(0.9)
Interest expense	0.1	0.0
Losses/(gains) from changes in asset ceiling less interest expense	1.2	(23.9)
Asset ceiling at year-end	**5.2**	**3.8**

At 31 December 2023, the weighted average duration of pension obligations amounts to 10.5 years (2022: 10.5 years).

The following amounts were recorded in the Consolidated Statement of Profit or Loss:

in € million	2023	2022
Current service cost	1.2	3.4
Interest cost	19.4	11.8
Interest income	(9.3)	(6.8)
Interest expense from asset ceiling	0.1	0.0
Administrative costs (paid from plan assets)	0.4	0.4
Pension expense recognised in profit or loss	**11.8**	**8.8**

The remeasurement results recognised in OCI are shown in the table below:

in € million	2023	2022
Accumulated remeasurement losses at beginning of year	**95.4**	**143.6**
Remeasurement losses/(gains) on present value of pension obligations	24.1	(94.0)
(Gains)/losses on plan assets less interest income	(2.6)	69.7
Losses/(gains) from changes in asset ceiling less interest expense	1.2	(23.9)
Accumulated remeasurement losses at year-end	**118.1**	**95.4**

The present value of plan assets is distributed to the following classes of investments:

			31.12.2023			31.12.2022
in € million	Active market	No active market	Total	Active market	No active market	Total
Insurances	22.0	54.9	76.9	0.0	82.1	82.1
Equity instruments	39.9	0.0	39.9	34.4	0.0	34.4
Debt instruments	44.0	0.4	44.4	22.0	2.5	24.5
Cash and cash equivalents	9.5	0.9	10.4	11.8	0.7	12.5
Other assets	14.6	0.2	14.8	32.0	1.1	33.1
Fair value of plan assets	**130.0**	**56.4**	**186.4**	**100.2**	**86.4**	**186.6**

The present value of the insurances to cover the Austrian pension plans corresponds to the coverage capital. Insurance companies predominantly invest in debt instruments and to a low extent in equity instruments and properties.

Plan assets do not include own financial instruments or assets utilised by the Group.

The Group works with professional fund managers for the investment of plan assets. They act on the basis of specific investment guidelines adopted by the pension fund committee of the respective pension plans. The committees consist of management staff of the finance department and other qualified executives. They meet regularly in order to approve the target portfolio with the support of independent actuarial experts and to review the risks and the performance of the investments. In addition, they approve the selection or the extension of contracts of external fund managers.

The largest part of the other assets is invested in pension reinsurance, which creates a low counterparty risk towards insurance companies. In addition, the Group is exposed to interest risks and longevity risks resulting from defined benefit commitments.

The Group generally endows the pension funds with the amount necessary to meet the legal minimum allocation requirements of the country in which the fund is based. Moreover, the Group makes additional allocations at its discretion from time to time. In the financial year 2024, the Group expects employer contributions to external plan assets to amount to €5.1 million and direct payments to entitled beneficiaries to €17.3 million. In the previous year, employer contributions of €3.1 million and direct pension payments of €16.2 million had been expected for the financial year 2023.

The following sensitivity analysis shows the change in present value of the pension and termination benefit obligations if one key parameter changes, while the other influences are maintained constant. In reality, it is rather unlikely that these influences do not correlate. The present value of the pension obligations for the sensitivities shown was calculated using the same method as for the actual present value of the pension obligations (projected unit credit method).

		31.12.2023		31.12.2022	
in € million	Change of assumption in percentage points or years	Pension plans	Termination benefits	Pension plans	Termination benefits
Present value of the obligations		420.7	36.2	395.5	31.5
Interest rate	+0.25	(9.6)	(0.9)	(9.7)	(1.4)
	(0.25)	10.2	0.9	10.1	0.5
Salary increase	+0.25	0.6	0.9	0.3	0.5
	(0.25)	(0.1)	(0.9)	(0.3)	(1.4)
Pension increase	+0.25	7.8	0.0	8.0	0.0
	(0.25)	(6.6)	0.0	(7.4)	0.0
Life expectancy	+ 1 year	2.7	0.0	9.1	0.0
	(1) year	(1.9)	0.0	(8.1)	0.0

These changes would have no immediate effect on the result of the period as remeasurement gains and losses are recorded in OCI without impact on profit or loss. The assumptions regarding the interest rate are reviewed semi-annually; all other assumptions are reviewed at the end of the year.

30. Other personnel provisions

in € million	31.12.2023	31.12.2022
Termination benefits	33.8	31.5
Service anniversary bonuses	18.7	17.9
Semi-retirements	2.7	2.3
Other personnel provisions	**55.2**	**51.7**

Provisions for termination benefits

The provision for termination benefits relates mainly to employees that joined an Austrian company before 1 January 2003 and are subject to a one-off lump-sum termination benefit under Austrian legislation. This is regarded as a post-employment benefit and accounted for consistently with pensions benefits described above.

Provision for the Austrian termination benefits, which accounts for over 80.0% of the balance (2022: 90.0%) were based on the following measurement assumptions:

in %	31.12.2023	31.12.2022
Interest rate	3.3%	3.8%
Future salary increase	3.3%	3.9%

Notes continued

The interest rate for the measurement of termination benefit obligations in the Euro area was determined taking into account the Company specific duration of the portfolio.

Provisions for termination benefits developed as follows:

in € million	2023	2022
Provisions for termination benefits at beginning of year	**31.5**	**44.1**
Currency translation	0.0	0.1
Additions initial consolidation	2.0	0.4
Current service cost	1.9	1.0
Interest cost	1.6	0.5
Remeasurement (gains)	(0.1)	(9.9)
Benefits paid	(3.1)	(4.7)
Provisions for termination benefits at year-end	**33.8**	**31.5**

Payments for termination benefits are expected to amount to €2.4 million in the year 2024. In the previous year, the payments for termination benefits expected for 2023 amounted to €1.3 million.

The following remeasurement gains and losses were recognised in OCI:

in € million	2023	2022
Accumulated remeasurement losses at beginning of year	**17.8**	**27.7**
Remeasurement (gains)	(0.1)	(9.9)
Accumulated remeasurement losses at year-end	**17.7**	**17.8**

At 31 December 2023 the average duration of termination benefit obligations amounted to 10.6 years (2022: 12.6 years).

Provisions for service anniversary bonuses

The measurement of provisions for service anniversary bonuses relating to employees in Austria and Germany is based on an interest rate of 3.3% (2022: 3.8%) in Austria and 4.2% (2022: 3.8%) in Germany and considers salary increases of 5.2% (2022: 5.6%) in Austria and 2.5% in Germany (2022: 2.5%).

Provisions for semi-retirement

The funded status of provisions for obligations to employees with semi-retirement contracts is shown in the table below:

in € million	31.12.2023	31.12.2022
Present value of semi-retirement obligations	4.2	5.8
Fair value of plan assets	(1.5)	(3.4)
Provisions for semi-retirement obligations	**2.7**	**2.4**

External plan assets are ring-fenced from all creditors and exclusively serve to meet semi-retirement obligations.

31. Other Provisions

The development of provisions is shown in the tables below for 2023 and 2022:

in € million	Onerous/unfavourable contracts	Labour and civil contingencies	Demolition/disposal costs, environmental damages	Restructuring costs	Other	Total
31.12.2022	**62.3**	**8.4**	**23.2**	**12.0**	**4.2**	**110.1**
Currency translation	2.8	0.4	(0.3)	0.0	0.0	2.9
Reversals	(2.0)	(2.6)	(1.0)	(0.7)	(1.3)	(7.6)
Additions	11.4	6.3	7.7	3.1	7.5	36.0
Additions interest	5.6	1.1	1.0	0.0	0.0	7.7
Use	(12.6)	(1.8)	(1.0)	(5.7)	(1.9)	(23.0)
Reclassifications	0.0	(0.6)	0.0	0.0	0.0	(0.6)
31.12.2023	**67.5**	**11.2**	**29.6**	**8.7**	**8.5**	**125.5**
non-current	52.4	11.2	28.0	0.0	0.0	91.6
current	15.1	0.0	1.6	8.7	8.5	33.9

in € million	Onerous/unfavourable contracts	Labour and civil contingencies	Demolition/disposal costs, environmental damages	Restructuring costs	Other	Total
31.12.2021	**53.9**	**7.1**	**19.5**	**33.5**	**4.6**	**118.6**
Currency translation	5.8	0.9	0.5	0.0	(0.1)	7.1
Reversals	(2.6)	(2.4)	(0.4)	(10.5)	0.0	(15.9)
Additions	9.4	5.8	4.3	3.5	1.4	24.4
Additions interest	6.0	1.0	1.4	0.0	0.1	8.5
Use	(10.2)	(5.2)	(2.5)	(14.2)	(1.7)	(33.8)
Reclassifications	0.0	1.2	0.4	(0.3)	(0.1)	1.2
31.12.2022	**62.3**	**8.4**	**23.2**	**12.0**	**4.2**	**110.1**
non-current	49.9	8.4	21.7	0.0	0.0	80.0
current	12.4	0.0	1.5	12.0	4.2	30.1

In November 2017, the Group sold a plant located in Oberhausen, Germany, in order to satisfy the conditions imposed by the European Commission in their approval of the merger of RHI Refractories and Magnesita. Under the terms, the Group remains obligated to provide raw materials at cost and recognised a provision for unfavourable contracts as part of the purchase price allocation to reflect the foregone profit margin and is reflected within onerous/unfavourable contracts. The non-current portion of this contract obligation amounts to €47.7 million as of 31 December 2023 (2022: €49.9 million) and the current portion to €10.6 million (2022: €10.7 million). The unwinding of the discount led to a credit of €5.6 million in 2023 (2022: €6.0 million). In addition, provisions for other unfavourable contracts amount to €9.1 million (2022: €1.7 million), the increase was driven by additional onerous contracts identified mainly in Türkiye, China and Europe.

The provision for labour and civil contingencies primarily comprises labour and civil litigation amounting to €7.8 million (2022: €3.6 million) arising mainly in Brazil.

The provision for demolition and disposal costs and environmental damages primarily includes provisions for the estimated costs of mining site restoration of several mines in Brazil amounting to €9.4 million (2022: €4.7 million) and various sites in the USA amounting to €6.2 million (2022: €7.2 million).

Provisions for restructuring costs amounting to €8.7 million at 31 December 2023 (2022: €12.0 million) primarily consist of estimated benefit obligations to employees due to termination of employment and dismantling costs. €2.8 million (2022: €6.2 million) relates to the remaining redundancy costs at Mainzlar, Germany for employees not subject to the restart of operations, €3.2 million (2022: €3.5 million) relates to the plant closure in Trieben, Austria and €2.0 million (2022: €0.0 million) pertains to the termination of employment as a result of the Group's reorganisation of certain global functions to regional ones.

Other consists mainly of provisions for claims arising from warranties and other similar obligations from the sale of refractory products.

Notes continued

32. Trade payables and other current liabilities

in € million	31.12.2023	31.12.2022
Trade payables	497.9	506.5
Contract liabilities	64.6	61.8
Liabilities to employees	136.4	97.2
Capital expenditure payable	33.0	43.1
Taxes other than income tax	32.6	35.0
Payables from commissions	9.4	7.7
Other current liabilities	46.3	29.0
Trade payables and other current liabilities	**820.2**	**780.3**
thereof financial liabilities	561.2	566.4
thereof non-financial liabilities	259.0	213.9

Trade payables include an amount of €84.1 million (2022: €68.8 million) for raw material purchases subject to supply chain finance arrangements.

Contract liabilities mainly consist of prepayments received on orders. In 2023 €61.8 million (2022: €57.9 million) revenue was recognised that was included in the contract liability balance at the beginning of the period.

The item liabilities to employees primarily consists of obligations for wages and salaries, payroll taxes and employee-related duties, performance bonuses, unused vacation and flextime credits. The increase in liabilities to employees is primarily driven by the newly acquired entities, higher bonus accruals and underlying inflationary effects in wages and salaries.

33. Cash generated from/(used in) operations

in € million	2023	2022
Profit after income tax	171.3	166.8
Adjustments for		
income tax	62.0	103.7
depreciation	133.9	115.6
amortisation	43.6	28.9
write down/(write-up) of property, plant and equipment and intangible assets	1.0	(6.0)
income from the reversal of investment subsidies	(1.3)	(0.7)
(write ups)/impairment losses/loss from sale on securities	(22.5)	1.5
losses from the disposal of property, plant and equipment	4.4	2.4
losses from the disposal of subsidiaries	0.6	1.1
net interest expense, derivatives and valuation call/put options	58.3	47.3
result from disposal of joint ventures and associates	(2.7)	(0.2)
other non-cash changes	46.0	26.1
Changes in working capital		
inventories	182.7	(30.0)
trade receivables	1.7	(12.5)
contract assets	0.0	0.0
trade payables	(118.0)	(156.8)
contract liabilities	(13.9)	4.5
Changes in other assets and liabilities		
other receivables and assets	13.1	25.7
provisions	(24.6)	(49.4)
other liabilities	24.5	19.5
Cash generated from operations	**560.1**	**287.5**

Other non-cash changes include: expenses of the employee long-term incentive programme of €8.7 million (2022: €8.3 million); net interest expenses for defined benefit pension plans amounting to €12.4 million (2022: €5.7 million) and net remeasurement gains of monetary foreign currency positions and derivative financial instruments of €35.6 million (2022: €13.2 million).

34. Net cash flow from financing activities

The reconciliation of movements of financial liabilities and assets to cash flows arising from financing activities for the current and the prior year is shown in the tables below:

		Cash changes	Non-cash changes					
in € million	31.12.2022		Changes in foreign exchange rates	Interest and other fair value changes	Reclassifications	Additions from initial consolidation	Additions and modifications of leases (IFRS 16)	31.12.2023
Borrowings[1]	(1,620.0)	(257.0)	0.9	0.6	0.0	(73.3)	0.0	(1,948.8)
Lease liabilities	(63.9)	22.7	0.7	(2.4)	0.0	(12.2)	(14.8)	(69.9)
Cash and cash equivalents	520.7	196.0	(3.9)	0.0	(9.3)	0.0	0.0	703.5
Net debt	**(1,163.2)**	**(38.3)**	**(2.3)**	**(1.8)**	**(9.3)**	**(85.5)**	**(14.8)**	**(1,315.2)**
Liabilities to fixed-term or puttable non-controlling interests	(67.8)	7.4	4.3	0.3	0.0	(31.5)	0.0	(87.3)

1) As from 1 January 2023 "Borrowings" excludes "financial liabilities from accrued interest" which are now presented under "other current liabilities". Prior period comparatives have been revised to conform with current year presentation.

		Cash changes	Non-cash changes					
in € million	31.12.2021		Changes in foreign exchange rates	Interest and other fair value changes	Reclassifications	Additions from initial consolidation	Additions and modifications of leases (IFRS 16)	31.12.2022
Borrowings[1]	(1,534.7)	(52.5)	(19.5)	(1.3)	0.0	(12.0)	0.0	(1,620.0)
Lease liabilities	(55.5)	20.6	(1.3)	0.0	0.0	(7.0)	(20.7)	(63.9)
Cash and cash equivalents	580.8	(49.8)	(10.3)	0.0	0.0	0.0	0.0	520.7
Net debt	**(1,009.4)**	**(81.7)**	**(31.1)**	**(1.3)**	**0.0**	**(19.0)**	**(20.7)**	**(1,163.2)**
Liabilities to fixed-term or puttable non-controlling interests	(60.0)	2.1	1.6	(0.6)	0.0	(10.9)	0.0	(67.8)

1) As from 1 January 2023 "Borrowings" excludes "financial liabilities from accrued interest" which are now presented under "other current liabilities". Prior period comparatives have been revised to conform with current year presentation.

35. Additional disclosures on financial instruments

The following tables show the carrying amounts and fair values of financial assets and liabilities by measurement category and level and the allocation to the measurement category. In addition, carrying amounts are shown aggregated according to measurement category.

			31.12.2023		31.12.2022	
in € million	Measurement category IFRS 9[1]	Level	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets						
Marketable securities	FVPL	1	11.8	11.8	9.0	9.0
Shares	FVPL	3	0.5	0.5	0.5	0.5
Shares	FVOCI	3	4.6	4.6	0.0	0.0
Interest rate derivatives and commodity swaps designated as cash flow hedges	–	2	20.5	20.5	42.4	42.4
Investments in non-consolidated subsidiaries	FVPL	–	2.4	2.4	3.0	3.0
Other non-current financial assets	AC	–	3.6		0.2	
Trade and other current receivables	AC	–	510.4		387.7	
Trade and other current receivables	FVOCI	–	31.0	31.0	46.2	46.2
Current financial assets						
Marketable securities	FVPL	1	11.3	11.3	0.0	0.0
Derivatives in open orders and Forward exchange contracts	FVPL	2	0.4	0.4	1.1	1.1
Commodity swaps designated as cash flow hedges	–	2	0.4	0.4	0.0	0.0
Other current financial receivables	AC	–	1.6		0.2	
Cash and cash equivalents	AC	–	703.5		520.7	
Financial assets			**1,302.0**		**1,011.0**	
Non-current and current borrowings						
Liabilities to financial institutions	AC	2	1,932.0	1,919.8	1,612.0	1,578.1
Other financial liabilities	AC	–	16.8		8.0	
Non-current and current other financial liabilities						
Lease liabilities	–	–	69.9		63.9	
Commodity swaps designated as cash flow hedges	–	2	11.0	11.0	1.1	1.1
Derivatives in open orders and Forward exchange contracts	FVPL	2	3.8	3.8	10.1	10.1
Interest rate derivatives designated as cash flow hedges	–	2	2.4	2.4	0.0	0.0
Liabilities to fixed-term or puttable non-controlling interests	AC	2/3	33.5	33.5	38.1	38.1
Liabilities to fixed-term or puttable non-controlling interests	FVPL	3	53.7	53.7	29.7	29.7
Trade payables and other current liabilities	AC	–	561.2		566.4	
Financial liabilities			**2,684.3**		**2,329.3**	
Aggregated according to measurement category						
Financial assets measured at amortised cost			1,219.1		908.8	
Financial assets measured at FVOCI			35.6		46.2	
Financial assets measured at FVPL			26.4		13.6	
Financial liabilities measured at amortised cost			2,543.5		2,224.5	
Financial liabilities measured at FVPL			57.5		39.8	

1) FVPL: Financial assets/financial liabilities measured at fair value through profit or loss.
FVOCI: Financial assets measured at fair value through other comprehensive income.
AC: Financial assets/financial liabilities measured at amortised cost.

In the Group, marketable securities, derivative financial instruments and shares are measured at fair value. Interests in subsidiaries not consolidated are recognised at cost, which due to materiality reasons, is considered a reasonable approximation of fair value.

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between market participants in an arm's length transaction on the day of measurement. When the fair value is determined it is assumed that the transaction in which the asset is sold or the liability is transferred takes place either in the main market for the asset or liability, or in the most favourable market if there is no main market. The Group considers the characteristics of the asset or liability to be measured which a market participant would consider in pricing. It is assumed that market participants act in their best economic interest.

The Group takes into account the availability of observable market prices in an active market and uses the following hierarchy to determine fair value:

Level 1:	Prices quoted in active markets for identical financial instruments.
Level 2:	Measurement techniques in which all important data used are based on observable market data.
Level 3:	Measurement techniques in which at least one significant parameter is based on non-observable market data.

The fair value of securities and shares is based on price quotations at the reporting date (Level 1), where such quotations exist. In other cases, a valuation model (Level 3) would be used for such instruments with an exception if such instruments are immaterial to the Group, in which case cost serves as an approximation of fair value.

The fair value of interest derivatives in a hedging relationship (interest rate swaps) is determined by calculating the present value of future cash flows based on current yield curves taking into account the corresponding terms (Level 2).

The fair value of foreign currency derivative contracts correspond to the market value of the forward exchange contracts and the embedded derivatives in open orders denominated in a currency other than the functional currency. These derivatives are measured using quoted forward rates that are currently observable (Level 2).

The fair value of commodity swaps for natural gas reflects the difference between the fixed contract price and the closing quotation of the natural gas price (EEX Base) as of the respective due date of the transaction. The closing price on the stock exchange is used as the input (Level 2).

Liabilities to financial institutions and other financial liabilities are carried at amortised cost in the Consolidated Statement of Financial Position. Liabilities related to fixed-term or puttable non-controlling interests based on a fixed consideration are recognised at amortised cost whereas those liabilities based on a variable consideration are recognised at fair value. The fair values of the liabilities to financial institutions are only disclosed in the Notes and calculated at the present value of the discounted future cash flows using yield curves that are currently observable (Level 2). The carrying amount of other financial liabilities approximate their fair value at the reporting date. In April 2023, the Group recognised a liability related to the commitment to acquire the remaining shares in Jinan New Emei held by other shareholders (see Note 42), amounting to €31.5 million, which will be due in 2026 at the earliest. The fair value is based on the present value of Jinan New Emei's EBITDA performance and certain other variables (see Note 42). The principal valuation parameters are deemed to be non-observable (Level 3).

The carrying amounts of other financial assets approximately correspond to their fair value. Due to the low amounts no material deviation between the fair value and the carrying amount is assumed and the credit default risk is accounted for by forming valuation allowances.

Trade and other current receivables and liabilities as well as cash and cash equivalents are predominantly short-term. Therefore, the carrying amounts of these items approximate fair value at the reporting date.

No contractual netting agreement of financial assets and liabilities were in place as at 31 December 2023 and 31 December 2022.

Net results by measurement category in accordance with IFRS 9

The effect of financial instruments on the income and expenses recognised in 2023 and 2022 is shown in the following table, classified according to the measurement categories defined in IFRS 9:

in € million	2023	2022
Net gain/(loss) from financial assets and liabilities measured at fair value through profit or loss	18.1	(14.6)
Net (loss)/gain from financial assets and liabilities measured at amortised cost	(4.1)	4.6

The net gain from financial assets and liabilities measured at fair value through profit or loss includes income from securities and shares, income from the disposal of securities and shares, impairment losses and income from reversals of impairment losses, fair value gains and losses on the measurement of liabilities to fixed-term or puttable non-controlling interests, fair value gains and losses and realised results of derivative financial instruments outside the scope of hedge accounting.

The net loss from financial assets and liabilities measured at amortised cost includes changes in valuation allowances and losses on derecognitions. Net finance costs include interest income amounting to €19.7 million (2022: €8.3 million) and interest expenses of €75.2 million (2022: €47.5 million), which result from financial assets and liabilities measured at amortised cost.

Other non-current financial assets
Other non-current financial assets consist of the following items:

in € million	31.12.2023	31.12.2022
Interest rate derivatives and commodity swaps	20.5	42.4
Marketable securities and shares	16.9	9.5
Non-current portion of restricted cash	3.4	0.0
Interests in subsidiaries not consolidated	2.4	3.0
Non-current portion of non-current loans	0.2	0.2
Other non-current financial assets	**43.4**	**55.1**

Accumulated impairments on investments, securities and shares amount to €3.7 million (2022: €4.3 million). The increase in marketable securities and shares includes a €4.6 million investment representing a minority stake in MCi Carbon Pty Ltd.

Other current financial assets
This item of the Consolidated Statement of Financial Position consists of the following components:

in € million	31.12.2023	31.12.2022
Marketable securities[1]	11.3	0.0
Derivatives in open orders and forward exchange contracts	0.7	1.1
Current portion of non-current loans	1.3	0.2
Current portion of restricted cash	0.3	0.0
Other current financial assets	**13.6**	**1.3**

1) Money market funds held for trading have been reclassified to other current financial assets in 2023. Refer to Note (23) for details.

36. Derivative financial instruments
Interest rate derivatives
The Group has concluded interest rate swaps and one interest rate collar to hedge the cash flow risk associated with financial liabilities carrying variable interest rates. The combination of the interest rate swaps and the variable interest debt instruments creates synthetic fixed interest debt instruments without exposure to variability in cash flows due to changes of interest rates. The combination of the interest rate collar and the variable interest debt instruments limits the variability of the debt instruments' cash flows due to changes of interest rates to a predetermined range. The Group has designated all interest rate swaps and the interest rate collar as hedging instruments with the variable interest cash flows of the debt instruments as hedged items in individual hedging relationships recognised as cash flow hedges. The economic relationship between the hedging instrument and the hedged item is determined by comparing the critical terms (nominal value, currency, interest payment date, interest reset dates, etc.) of both items. If the critical terms of the hedging instrument and the hedged item are either the same or closely aligned an economic relationship is assumed to exist. The Group has established a hedge ratio of 1:1 and the cash flow changes of the underlying hedged items are balanced out by the cash flow changes of the hedging instruments. Potential hedge ineffectiveness could arise out of differences in critical terms between the hedging instruments and hedged items. Credit risk may affect hedge effectiveness. However, this risk is assessed to be very low as only international banks with high credit ratings are the counterparties to the hedging instruments.

The fair value of all interest rate derivatives was €17.9 million at the reporting date (2022: €42.4 million) and is shown in other non-current financial assets (liabilities) in the Consolidated Statement of Financial Position. For the reporting period of 2023, €14.5 million loss (2022: €59.1 million gain) has been recognised in OCI as fair value movements of the hedging instrument and €10.0 million (2022: €7.2 million) has been reclassified from OCI to profit or loss and recognised within other net financial expenses reflecting the settlement of the hedging instrument when interest on the underlying debt instrument is paid. No ineffectiveness has been recognised in the Consolidated Statement of Profit or Loss.

The financial effect of the hedged item and the hedging instrument for the year 2023 and 2022 is shown as follows:

in € million	Carrying amount	Statement of Financial Position	Change in fair value recognised in Other Comprehensive Income	Nominal amount
2023	17.9	Other non-current financial assets (liabilities)	(14.5)	EUR 1,081.1 million
2022	42.4	Other non-current financial assets	59.1	EUR 709.2 million

in € million	Cash flow hedge reserve within Equity	Balance net of deferred tax
2023	17.9	13.8
2022	42.4	32.7

Commodity swaps

To hedge the cash flow risk associated with commodity price of gas and oil the Group has entered into financial commodity swaps. The Group has designated all commodity swaps as hedging instruments with expected purchases of commodities used in the production as hedged items in individual hedging relationships recognised as cash flow hedges. The economic relationship between the hedged item and the hedging instrument is deemed upright based on the expectations that the values of the hedged item and the hedging instrument will typically move in opposite directions in response to the hedged risk determined by comparing the critical terms (nominal value, currency, commodity purchase date, commodity swaps settlement dates, etc.) of both items. If the critical terms of the hedging instrument and the hedged item are either the same or closely aligned an economic relationship is assumed to exist. The Group has established a hedge ratio of 1:1 and the cash flow changes of the underlying hedged items are balanced out by the cash flow changes of the hedging instruments. Potential hedge ineffectiveness could arise out of differences in critical terms between the hedging instruments and the hedged items. For oil hedges a source of potential ineffectiveness is different but similar underlyings (crude oil vs fuel oil). Credit risk may affect hedge effectiveness. However, this risk is assessed to be very low as only international banks with high credit ratings are the counterparties to the hedging instruments.

The fair value of all commodity swaps was €10.5 million loss at the reporting date and is shown in other non-current and current financial assets (liabilities) in the Consolidated Statement of Financial Position. For the reporting period of 2023, €10.8 million loss has been recognised in OCI as fair value movements of the hedging instrument and €1.4 million has been removed from cash flow hedge reserve and included directly in the carrying amount of the inventory reflecting the net settlement of the hedging instrument when the underlying inventory is purchased. No ineffectiveness has been recognised in the Consolidated Statement of Profit or Loss.

The financial effect of the hedged items and the hedging instruments for the year 2023 is shown as follows:

in € million	Carrying amount	Statement of Financial Position	Change in fair value recognised in Other Comprehensive Income	Nominal amount
2023	(10.5)	Other current and non-current financial assets (liabilities)	(10.8)	Gas 1,141 GWh Oil 700,297 bbl

in € million	Cash flow hedge reserve within Equity	Balance net of deferred tax
2023	(10.5)	(7.9)

Forward exchange contracts

Foreign exchange forward contracts are entered into to reduce the Group's cash flow exposure to currency movements based on the internal risk assessment and analysis conducted. Hedge accounting is not applied to these economic hedges.

The nominal value and fair value of forward exchange contracts as of 31 December 2023 are shown in the table below:

	31.12.2023			
Purchase	Sale	Nominal in	Nominal value in million	Fair value in € million
EUR	ZAR	ZAR	175.0	0.0
MXN	USD	MXN	670.0	0.0
USD	INR	USD	20.0	(0.1)
EUR	USD	USD	150.0	(0.6)
BRL	USD	USD	30.0	(0.1)
CLP	USD	USD	18.5	0.2
EUR	INR	EUR	33.0	(0.1)
CZK	EUR	EUR	16.0	0.2
Forward exchange contracts				**(0.5)**

Notes continued

The nominal value and fair value of forward exchange contracts as of 31 December 2022 are shown in the table below:

Purchase	Sale	Nominal in	Nominal value in million	Fair value in € million
				31.12.2022
EUR	USD	EUR	25.0	0.1
USD	INR	USD	8.5	0.0
INR	EUR	INR	4,000.0	(0.6)
Forward exchange contracts				**(0.5)**

37. Financial risk management

Financial risks are incorporated in the Group's corporate risk management framework and are centrally controlled by Corporate Treasury.

None of the following risks have a significant influence on the going concern premise of the Group.

Credit risks

The maximum credit risk from recognised financial assets amounts to €1,302.0 million (2022: €1,011.0 million) and is primarily related to investments with banks and receivables due from customers.

The credit risk with banks related to investments (especially cash and cash equivalents) is reduced as business transactions are only carried out with prime financial institutions with a good credit rating. Individual counterpart exposures limits are assigned to each financial institution based on a matrix composed of the credit rating (S&P or Moody's) and balance sheet assets.

Trade Receivables are hedged as far as possible through credit insurance and collateral arranged through banks (guarantees, letters of credit) in order to mitigate credit and default risk. Credit and default risks are monitored continuously, and valuation allowance are recognised for risks that have occurred and are identifiable.

This credit risk from trade receivables and contract assets, which is hedged by existing credit insurance and letters of credit, is shown by customer segment in the following table:

in € million	31.12.2023	31.12.2022
Steel	360.0	284.6
Industrial	181.1	148.8
Gross credit exposure	**541.1**	**433.4**
Credit insurance and letters of credit	(235.4)	(214.5)
Net credit exposure	**305.7**	**218.9**

The movement in the valuation allowance in respect of trade receivables and contract assets during the year and the previous year was as follows:

in € million	2023		2022	
	Individually assessed – credit impaired	Collectively assessed – not credit impaired	Individually assessed – credit impaired	Collectively assessed – not credit impaired
Accumulated valuation allowance at beginning of year	**29.4**	**0.9**	**23.2**	**0.6**
Currency translation	0.1	–	0.8	–
Additions initial consolidation	9.1	–	0.3	–
Addition	18.4	–	7.0	0.3
Use	(4.3)	–	(1.3)	–
Reversal	(0.7)	(0.1)	(0.6)	–
Accumulated valuation allowance at year-end	**52.0**	**0.8**	**29.4**	**0.9**

The increase in the valuation allowance in 2023 is mainly driven by €13.4 million from acquired entities in 2023.

For trade receivables and contract assets, for which no objective evidence of impairment exists, lifetime expected credit losses have been calculated using a provision matrix as shown below. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

in € million				Trade receivables and contract assets		
31.12.2023	not past due	less than 30 days	more than 31 days	Collectively assessed – not credit impaired	Individually assessed – credit impaired	Total
Expected credit loss rate in %	0.01 - 0.57%	0.05-1.22%	0.30 - 59.13%			
Gross carrying amount invoiced	414.2	27.8	17.0	459.0	89.5	548.5
Lifetime expected credit loss	(0.6)	(0.1)	(0.1)	-	-	(0.8)
Valuation allowance - credit impaired	-	-	-	-	(52.0)	(52.0)
Carrying amount with either expected credit loss or incurred loss allowance	-	-	-	-	-	495.7
Carrying amount without expected credit loss or incurred loss allowance	-	-	-	-	-	45.4
Total trade receivables and contract assets						541.1

in € million				Trade receivables and contract assets		
31.12.2022	not past due	less than 30 days	more than 31 days	Collectively assessed – not credit impaired	Individually assessed – credit impaired	Total
Expected credit loss rate in %	0.02 - 0.34%	0.07-0.81%	0.31-49.48%			
Gross carrying amount invoiced	385.6	10.8	3.0	399.4	30.1	429.5
Lifetime expected credit loss	(0.5)	(0.1)	(0.4)	-	-	(1.0)
Valuation allowance - credit impaired	-	-	-	-	(29.3)	(29.3)
Carrying amount with either expected credit loss or incurred loss allowance	-	-	-	-	-	399.2
Carrying amount without expected credit loss or incurred loss allowance	-	-	-	-	-	37.7
Total trade receivables and contract assets						436.9

Liquidity risk

Liquidity risk refers to the risk that financial obligations cannot be met when due. The Group's financial policy is based on long-term financial planning and is centrally controlled and monitored continuously at the Group. The liquidity requirements resulting from budget and medium-term planning are secured by concluding appropriate financing agreements. As of 31 December 2023, the Group has a committed Revolving Credit Facility (RCF) of €600.0 million, which was unutilised (2022: committed RCF was €600.0 million and was also unutilised). The RCF is a syndicated facility with multiple international banks and matures in 2028. The liquidity of the Group's subsidiaries is managed regionally but with central steering. Access to liquidity and optimised cash levels is ensured by Corporate Treasury, which supports business needs and lowers borrowing costs. Refer to Note (27) for a description of the consequences if financial covenants embedded in loan agreements are breached. Refer to Note (4) for a description of the potential impacts on the finance costs of ESG-linked loans if the Group's ESG rating gets downgraded.

Non-derivative financial liabilities

An analysis of the terms of non-derivative financial liabilities based on undiscounted cash flows including the related interest payments shows the following expected cash outflows:

			Remaining term		
in € million	Carrying amount 31.12.2023	Cash outflows	up to 1 year	2 to 5 years	over 5 years
Borrowings					
fixed interest	433.1	454.5	48.4	391.0	15.1
variable interest	1,498.9	1,736.0	154.5	1,363.8	217.7
Other financial liabilities	16.8	22.5	13.7	8.8	0.0
Lease liabilities	69.9	77.2	17.9	33.8	25.5
Liabilities to fixed-term or puttable non-controlling interests	87.3	181.2	18.0	13.1	150.1
Trade payables and other current liabilities	561.2	561.2	561.2	0.0	0.0
Non-derivative financial liabilities	**2,667.2**	**3,032.6**	**813.7**	**1,810.5**	**408.4**

in € million	Carrying amount 31.12.2022	Cash outflows	Remaining term up to 1 year	2 to 5 years	over 5 years
Borrowings					
fixed interest	469.0	481.4	118.5	274.3	88.6
variable interest	1,143.1	1,284.7	132.9	1,129.1	22.7
Other financial liabilities	8.0	8.1	(0.2)	8.3	0.0
Lease liabilities	63.9	70.2	18.5	33.6	18.1
Liabilities to fixed-term or puttable non-controlling interests	67.8	182.8	21.6	15.7	145.5
Trade payables and other current liabilities	506.5	506.5	506.5	0.0	0.0
Non-derivative financial liabilities	**2,258.3**	**2,533.7**	**797.8**	**1,461.0**	**274.9**

Derivative financial instruments

The remaining terms of derivative financial instruments as of 31 December 2023 and 31 December 2022 are shown in the table below:

in € million	Carrying amount 31.12.2023	Cash flows	Remaining term up to 1 year	2 to 5 years	over 5 years
Receivables from derivatives with net settlement					
Interest rate derivatives	20.3	20.3	0.0	20.3	0.0
Commodity swaps	0.5	0.5	0.4	0.1	0.0
Forward exchange contracts	0.4	0.4	0.4	0.0	0.0
Liabilities from derivatives with net settlement					
Commodity swaps	11.0	11.0	1.1	9.9	0.0
Derivatives in open orders	2.9	2.9	2.9	0.0	0.0
Interest rate derivatives	2.4	2.4	0.0	1.5	0.9

in € million	Carrying amount 31.12.2022	Cash flows	Remaining term up to 1 year	2 to 5 years	over 5 years
Receivables from derivatives with net settlement					
Interest rate swaps	42.4	42.4	0.0	40.6	1.8
Forward exchange contracts	0.1	0.1	0.1	0.0	0.0
Derivatives in open orders	1.0	1.0	1.0	0.0	0.0
Liabilities from derivatives with net settlement					
Derivatives in open orders	9.5	9.5	9.5	0.0	0.0

Foreign currency risks

Foreign currency risks arise where business transactions (operating activities, investments, financing) are conducted in a currency other than the functional currency of a company. They are monitored at Group level and analysed with respect to hedging options. Usually, the net position of the Group in the respective currency serves as the basis for decisions regarding the use of hedging instruments.

Foreign currency risks arise in financial instruments which are denominated in a currency other than the functional currency and are monetary in nature. These include trade receivables and payables, cash and cash equivalents as well as financial liabilities as shown in the Consolidated Statement of Financial Position. Investments in equity instruments are not of a monetary nature, and therefore not linked to a foreign currency risk in accordance with IFRS 7 'Financial Instruments: Disclosures'.

The majority of foreign currency financial instruments in the Group result from operating activities and intragroup financing transactions. The Group may designate intragroup balances as part of a net investment hedge in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates' with the effective portion of exchange gains and losses recognised in equity. Significant provisions denominated in foreign currencies are also included in the analysis of risk.

The following table shows the foreign currency positions in the Group's major currencies as of 31 December 2023 and 31 December 2022:

in € million	USD	EUR	GBP	INR	Other	Total
Financial assets	729.3	59.6	8.2	2.6	47.8	847.5
Financial liabilities, provisions	(469.8)	(95.3)	(14.8)	(0.8)	(22.4)	(603.1)
Net foreign currency position	**259.5**	**(35.7)**	**(6.6)**	**1.8**	**25.4**	**244.4**

in € million	USD	EUR	GBP	INR	Other	Total
Financial assets	813.3	69.5	11.2	5.2	60.3	959.5
Financial liabilities, provisions	(664.5)	(100.7)	(15.4)	(0.4)	(28.7)	(809.7)
Net foreign currency position	**148.8**	**(31.2)**	**(4.2)**	**4.8**	**31.6**	**149.8**

The disclosures required by IFRS 7 for foreign exchange risks include a sensitivity analysis that shows the effects of hypothetical changes in the relevant risk variables on profit or loss and equity. In general, all non-functional currencies in which Group companies enter into financial instruments are considered to be relevant risk variables. The effects on a particular reporting period are determined by applying the hypothetical changes in these risk variables to the financial instruments held by the Group as of the reporting date. It is assumed that the positions on the reporting date are representative for the entire year. The sensitivity analysis does not include the foreign exchange differences that result from translating the net asset positions of the group companies with a functional currency other than Euro into the Group's reporting currency, the Euro.

A 10% appreciation or devaluation of the relevant functional currency against the following major currencies as of 31 December 2023 would have had the following effect on profit or loss and equity (both excluding income tax):

	Appreciation of 10%		Devaluation of 10%	
in € million	(Loss)/gain	Equity	Gain/(loss)	Equity
US Dollar	(22.0)	(20.3)	26.8	24.9
Euro	1.5	6.1	(1.9)	(7.4)
Indian Rupee	(0.2)	(0.2)	0.2	0.2
Other currencies	(1.7)	(1.7)	2.1	2.1

The effect in equity also includes the exchange effects recorded directly in OCI in line with the Group's policy.

The hypothetical effect on profit or loss and on equity at 31 December 2022 can be summarised as follows:

	Appreciation of 10%		Devaluation of 10%	
in € million	(Loss)/gain	Equity	Gain/(loss)	Equity
US Dollar	(12.9)	(12.9)	15.8	15.8
Euro	1.3	5.9	(1.6)	(7.2)
Indian Rupee	(0.4)	(0.4)	0.5	0.5
Other currencies	(2.5)	(2.5)	3.0	3.0

The effect in equity also includes the exchange effects recorded directly in OCI in line with the Group's policy.

Interest rate risks

The interest rate risk in the Group is primarily related to debt instruments carrying variable interest rates, which may lead to fluctuations in results and cash flows. At 31 December 2023, one interest rate collar with a nominal value of €180.0 million and interest rate swaps with a nominal value of €901.1 million (2022: €709.2 million) existed with the interest rate swaps converting the variable interest rate of the hedged debt instrument into a fixed interest rate. Further information is provided in Note (36).

The exposure to interest rate risks is presented through sensitivity analysis in accordance with IFRS 7. This analysis show the effects of changes in market interest rates on interest payments, interest income and interest expense and on equity.

The Group measures fixed interest financial assets and financial liabilities at amortised cost and did not use the fair value option – a hypothetical change in the market interest rates for these financial instruments at the reporting date would have had no effect on profit and loss or equity.

Changes in market interest rates on debt instruments designated as cash flow hedges to protect against interest rate-related payment fluctuations within the scope of hedge accounting have an effect on equity and are therefore included in the equity-related sensitivity analysis. If the market interest rate as of 31 December 2023 had been 25 basis points higher or lower, equity would have been €1.7 million (2022: €1.1 million) higher or lower considering tax effects.

Changes in market interest rates have an effect on the interest result of primary variable interest debt instruments whose interest payments are not designated as hedged items as a part of cash flow hedge relationships against interest rate risks and are therefore included in the calculation of the result-related sensitivities. If the market interest rate as of 31 December 2023 had been 25 basis points higher or lower, the interest result would have been €0.2 million (2022: €0.1 million) lower or higher.

Commodity price risk

The Group manages its exposure to commodity prices, namely gas and electricity purchases in Europe, by entering into forward fixed price take or pay contracts with various suppliers to mitigate and reduce the impact of price volatility and secure the energy supply for its production process. These contracts are accounted for as executory contracts as the commodities purchases are for own use purposes. The Group's Energy Risk policy sets out thresholds for fixing quantities based on the expected usage which is usually over a five-year period with lower levels of forward purchases in the outer years.

In line with the above strategy, the Group may also enter into financial commodity swap contracts to fix prices for expected purchases not covered by the fixed price take or pay contracts within the overall defined thresholds. Further information is provided under Note (36).

Other market price risk

The Group holds certificates in an investment fund amounting to €11.8 million (2022: €9.0 million) in order to provide the legally required coverage of personnel provisions of its Austrian subsidiaries. The market value of these certificates is influenced by fluctuations of the worldwide volatile stock and bond markets.

38. Capital management

The objectives of the capital management strategy of the Group are to continue as a going concern and to provide a capital base from which to finance growth and investments, to service debt, and to increase shareholders value, including the payment of dividends to shareholders.

The Group manages its capital structure through careful monitoring and assessment of the overall economic framework conditions, credit, interest rate and foreign exchange risks and the requirements and risks related to operations and strategic projects.

	31.12.2023	31.12.2022
Net debt (in € million)[1)2)]	1,303.9	1,163.2
Net gearing ratio (in %)	95.6%	110.9%
Net debt to Adjusted EBITDA	2.40x	2.33x

1) Further information is provided under Note (34).
2) As from 1 January 2023 "Net debt" excludes "financial liabilities from accrued interest" which are now presented under "other current liabilities". Prior period comparatives have been revised to conform with current year presentation.

Net debt, which reflects borrowings and lease liabilities net of cash and cash equivalents and short-term marketable securities held for trading, is managed by Corporate Treasury. The main task of the Corporate Treasury department is to execute the capital management strategy as well as to secure liquidity to support business operations on a sustainable basis, to use banking and financial services efficiently and to limit financial risks while at the same time optimising earnings and costs.

The net gearing ratio is the ratio of net debt to total equity.

Net debt excluding lease liabilities/Adjusted EBITDA is the main financial covenant of loan agreements. The key performance indicator for net debt in the Group is the group leverage, which reflects the ratio of Net debt to Adjusted EBITDA, including lease liabilities. It is calculated as follows:

in € million	31.12.2023	31.12.2022
EBIT	333.9	343.6
Amortisation	43.6	28.9
Restructuring and write-down expenses	19.6	(6.8)
Other operating income and expenses	11.8	18.2
Adjusted EBITA	**408.9**	**383.9**
Depreciation	133.9	115.6
Adjusted EBITDA	**542.8**	**499.5**
Total debt[1)]	1,948.8	1,620.0
Lease liabilities	69.9	63.9
Less: Cash and cash equivalents	703.5	520.7
Less: Marketable securities	11.3	0.0
Net debt[1)]	**1,303.9**	**1,163.2**
Net debt excluding IFRS 16 lease liabilities	**1,234.0**	**1,099.3**
Net debt to Adjusted EBITDA	**2.40x**	**2.33x**
Net debt to Adjusted EBITDA excluding IFRS 16 lease liabilities	**2.27x**	**2.20x**

1) As from 1 January 2023 "Net debt" excludes "financial liabilities from accrued interest" which are now presented under "other current liabilities". Prior period comparatives have been revised to conform with current year presentation.

In both 2023 and 2022, all externally imposed financial covenants have been complied with. The Group has sufficient liquidity headroom within its committed debt facilities.

39. Contingent liabilities

At 31 December 2023, warranties, performance guarantees and other guarantees amount to €70.9 million (2022: €61.9 million). Contingent liabilities have a remaining term of between two months and three years. Based on past experience, the probability that contingent liabilities are realised is considered to be low.

The Group is subject to lawsuits and disputes in the normal course of the business; the Group has assessed these positions and recorded provisions where necessary.

Uncertain tax treatments

The calculation of income taxes is based on the tax laws applicable in the individual countries in which the Group operates. Due to their complexity, the tax items presented in the Consolidated Financial Statements may be subject to different interpretations by local finance authorities. In this context it should be noted that a tax provision is generally recognised when the Group has a present obligation as a result of a past event, and when it is considered probable that there will be a future outflow of funds.

The Group is continually adapting its global presence to improve customer service and maintain its competitive advantage, and leads open discussions with tax authorities about, for example, transfer of functions and related profit between related parties and exit taxation. In this regard, disputes may arise, where the Group management's understanding differs from the positions of the local tax authorities. In such cases, where an appeal is available, management's judgements are based on a likely outcome approach, taking into consideration advice from professional firms and previous experiences when assessing the risks.

The Group is party to several tax proceedings in Brazil which involve estimated contingent liabilities amounting to €271.8 million (2022: €243.0 million). These tax proceedings are as follows:

Income Tax relating to historical corporate transactions

There are three proceedings in which Brazilian Federal Tax Authorities issued tax assessments which rejected the deduction of goodwill generated in two corporate transactions that were undertaken 2007 and 2008, for Corporate Income Taxes. The tax authorities issued assessments arguing that such transactions cannot generate deductions as they do not fulfil the requirements provided by law. Although the Group has been broadly successful, the tax authorities have appealed those outcomes. The final outcome of these proceedings is expected within one and three years. The exposure of €177.2 million (2022: €157.0 million) is limited to the fiscal tax years ended 2018 at which stage all available goodwill tax deductions had been made.

Royalties

The Group is party to 38 proceedings where the Brazilian Mining Authorities ("ANM") challenged the criteria used for calculating and paying the Financial Compensation for Exploration of Mineral Resources ("CFEM"), which are mining royalties payable by every mining company. The authorities have mainly disputed the basis of production costs estimates used in the determination of the royalties that are payable. The claims relate to fiscal years up to 2017, following which the legislation for royalties was changed. The Group, together with its technical and legal advisors continues to challenge ANM assessments. Most of

Notes continued

the procedures are ongoing within the ANM administrative courts. Final decisions of the first cases are expected within four to five years. As of 31.12.2023, the potential risk amounts to €31.5 million (2022: €28.2 million), including interest and penalties.

Corporate income and other taxes

There are several tax audits ongoing in Brazil mainly relating to: offsetting federal tax payables and receivables, social security contributions, as well as offsetting certain federal tax debts with corporate income tax credits. The potential cash outflow resulting from the outcome of these tax audits amount to €63.1 million (2022: €57.8 million).

Civil litigation contingencies

Magnesita Refratários S.A., Contagem, Brazil, is party to a public civil action for damages allegedly caused by overloaded trucks in contravention of Brazilian traffic legislation. In 2017, a decision was rendered in favour of Magnesita Refratários S.A. in the trial court. The decision is being appealed by the Public Attorney of Minas Gerais which requested the suspension of the proceeding until the Brazilian Superior Court of Justice can assess other similar cases. The potential loss from this proceeding amounts to €18.3 million as of 31 December 2023 (2022: €15.5 million).

There are other minor proceedings and lawsuits in which subsidiaries are involved that have no significant impact on the financial position and performance of the Group.

40. Other financial commitments

Capital commitments amount to €9.3 million at 31 December 2023 (2022: €20.4 million) and are exclusively due to third parties. They are shown at nominal value.

In addition, the Group has purchase commitments related to the supply of raw materials, especially for electricity, natural gas, strategic raw materials as well as for the transport of raw materials within the Group. This results in other financial commitments of the nominal value of €307.9 million at the reporting date (2022: €399.7 million). The remaining terms of the contracts amount to up to four years. Purchases from these arrangements are recognised in accordance with the usual course of business. Purchase contracts are regularly reviewed for imminent losses, which may occur, for example, when requirements fall below the agreed minimum purchase volume or when contractually agreed prices deviate from the current market price level.

41. Independent Auditor's remuneration

in € million	2023	2022
Fees in respect of the audit of the Consolidated and Parent Company Financial Statements[1]	(1.1)	(1.1)
Other audit fees, in respect of subsidiaries' audit, to PwC network firms	(2.0)	(1.8)
Total audit fees	**(3.1)**	**(2.9)**
Non-audit services – Interim review[1]	(0.2)	(0.2)
Other non-audit services	(0.3)	0.0
Total fees	**(3.6)**	**(3.1)**

1) Total fees to PricewaterhouseCoopers Accountants N.V. totalled €1.3 million (2022: €1.3 million).

42. Business Combinations

The aggregated transaction costs expensed in the Consolidated Statement of Profit or Loss relating to all business combinations closed in 2023 amounted to €4.5 million.

Acquisition of Horn & Co Minerals Recovery Group (MIRECO)

The purchase price allocation was finalised in 2023 and did not materially differ from the preliminary purchase price allocation disclosed in the last year's Consolidated Financial Statements.

Acquisition of Sörmaş

Last year the Group completed the acquisition of Sörmaş. The preliminary amounts recognised for the acquired assets and liabilities at the acquisition date have been adjusted compared to the Consolidated Financial Statements 2022 during the measurement period in accordance with IFRS 3. The final amounts recognised for each major class of assets and liabilities as a result of this acquisition are the following:

in € million	preliminary value	fair value adjustments	final value
Property plant and equipment	3.6	16.7	20.3
Intangible assets: Customer relationships	10.5	(3.0)	7.5
Intangible assets: Order backlogs	5.9	(1.1)	4.8
Inventories	14.1	0.7	14.8
Other assets	16.2	0.0	16.2
Total assets acquired	**50.3**	**13.3**	**63.6**
Deferred tax liabilities	3.8	3.0	6.8
Other liabilities	8.9	0.3	9.2
Total liabilities assumed	**12.7**	**3.3**	**16.0**
Net identifiable assets acquired	**37.6**	**10.0**	**47.6**
Less: Non-controlling interests	(5.0)	(1.6)	(6.6)
Goodwill	13.8	(8.4)	5.4
Consideration paid	**46.4**		**46.4**

Compared to the preliminary valuation a positive fair value adjustment on property, plant and equipment has been recognised which mainly results from the reassessment of the useful lives of machinery & equipment in use with a carrying amount of close to zero at the acquisition date. The machinery & equipment's fair value was measured using the replacement cost approach based on current cost obtained from third parties and internal information. The negative fair value adjustments related to the order backlog and the customer relationships result from an increase in contributory asset charges associated with the fair value adjustment on property, plant and equipment compared to the preliminary valuation.

Acquisition of Dalmia OCL

In November 2022, the Group signed a share swap agreement stipulating its acquisition of 100% of the shares of Dalmia OCL Ltd, India, through the non-wholly owned subsidiary RHI Magnesita India Ltd. Dalmia OCL owns 51% of the shares of Dalmia Seven Refractories Ltd ('DSR'), India, which were also acquired in the scope of this business combination. The acquisition was closed on 5 January 2023 which is the acquisition date. The remaining 49% of DSR's shares were acquired on 24 July 2023 by the Group, see Note (26). After the acquisition, Dalmia OCL was renamed to RHI Magnesita India Refractories Ltd. and Dalmia Seven Refractories Ltd. ('DSR') was renamed to RHI Magnesita Seven Refractories Ltd.

The acquired companies are one of the leading refractory producers in India engaged in the business of manufacturing and selling alumina bricks as well as basic bricks, non-basic bricks and flow control products with a focus on customers in the Industrial and Steel segments. Dalmia OCL and DSR have five manufacturing facilities.

The acquisition enables the Group to increase its presence in the high growth Indian refractory market considering a forecast steel production growth in India of 12% per annum and a compound annual growth rate of 7-8% until 2030. The production footprint and product offering of the acquired companies is highly complementary to the Group's existing plant locations (four plants) and product range with focus in the Industrial segment, where the Group had been under-represented. Moreover, significant synergies are expected through network benefits and additional production capacities in important industrial locations in the south and west of India, where the Group had no assets.

The consideration transferred amounting to €325.2 million comprises two elements: issued equity shares and cash. RHI Magnesita India Ltd. issued 27,000,000 equity shares with a fair value equivalent of €270.0 million based on the quoted share price (Level 1). The cash consideration amounts to €55.2 million.

The following table shows the final amounts recognised for each major class of assets and liabilities and the fair value adjustments as a result of the acquisition:

Notes continued

in € million	book value	fair value adjustments	(adjusted) value
Property plant and equipment and other intangible assets	30.1	17.5	47.6
Intangible assets: Customer relationships	0.0	106.9	106.9
Intangible assets: prepayments on mining rights	0.0	8.0	8.0
Inventories	42.7	0.0	42.7
Trade and other receivables (gross contractual amounts: €42.2 million)	38.8	0.0	38.8
Cash and cash equivalents	0.1	0.0	0.1
Total assets acquired	**111.7**	**132.4**	**244.1**
Trade and other liabilities	53.3	0.0	53.3
Lease Liabilities	9.9	0.0	9.9
Provisions and deferred tax liabilities	1.6	0.0	1.6
Borrowings	19.7	0.0	19.7
Total liabilities assumed	**84.5**	**0.0**	**84.5**
Net identifiable assets acquired	**27.2**	**132.4**	**159.6**
Plus: net decrease in non-controlling interests[1)]			68.8
Goodwill			96.8
Consideration			**325.2**

Consideration paid, net of cash acquired for purposes of the Consolidated Statement of Cash Flows	55.1
Equity shares issued and transferred	270.0

1) The net decrease in non-controlling interests is explained below.

The fair value of the customer relationships was measured using the multi-period excess earnings method. Under this method, the fair value of the customer relationships is calculated by determining the present value of earnings after tax attributable to the acquired companies' existing customers. The customer relationships in the Industrial segment are amortised over the estimated useful life of 10 years, while the customer relationships in the Steel segment are amortised over the estimated useful life of 20 years.

The goodwill recognised as a result of this acquisition is attributable to the expected synergies mentioned above and is not tax deductible.

The Group measures goodwill as the excess of RHI Magnesita N.V.'s share in the consideration transferred plus non-controlling interests over the acquired identifiable net assets. RHI Magnesita N.V.'s share in the consideration transferred amounts to €189.2 million which has been determined on the basis of its calculated ownership interests in Dalmia OCL and DSR under a 'look-through' approach immediately after the share swap. Accordingly, RHI Magnesita N.V.'s share of the consideration attributable to Dalmia OCL amounts to 60.11%, whereas its share of the consideration attributable to DSR amounts to 30.66%.

Consistent with the 'look-through' approach the Group recognises non-controlling interests for this acquisition amounting to €67.2 million which were measured at the calculated share in Dalmia OCL's and DSR's net assets attributable to the non-controlling shareholders (39.89% for Dalmia OCL and 69.34% for DSR). The consideration transferred attributable to the non-controlling shareholders amounting to €136.0 million is eliminated against non-controlling interests. Both the recognition and the elimination have decreased non-controlling interests on acquisition by €68.8 million.

The impact of the share swap on the non-controlling interests in RHI Magnesita India Ltd. is described in Note (26).

Since the date of inclusion of the acquired companies in the Group's Consolidated Financial Statements, revenues have increased by €115.3 million, Adjusted EBITA has increased by €9.5 million and net income has decreased by €2.8 million. The acquired companies form part of the Steel and Industrial reportable segments.

Acquisition of Hi-Tech

In October 2022, the Group signed an agreement stipulating its acquisition of the refractory business of Hi-Tech Chemicals Ltd ('Hi-Tech'), India, via an asset deal. The acquisition was closed on 31 January 2023 which is the acquisition date.

Hi-Tech is a leading specialty refractory producer in India engaged in the business of manufacturing and selling of premium flow control products like ISO, slide-gate plates, shrouds, plugs apart from castables, nozzle opening compound or tundish monolithics with a focus on customers in the Steel segment. Hi-Tech operates a state-of-the-art manufacturing facility in the city of Jamshedpur, India.

This acquisition enables the Group to expand its presence and participate in the high growth refractory market in India and the wider region considering a forecast steel production growth in India of 12% per annum and a compound annual growth rate of 7-8% until 2030. Through the acquisition the Group can expand its flow control product offering and enlarge its production capacities based on a low cost and semi-automised production. Moreover, substantial synergies are expected through economies of scale and additional production capacities for a strategic market segment.

The cash consideration paid upon closing of the acquisition amounts to €87.0 million.

The following table shows the final amounts recognised for each major class of assets and liabilities and the fair value adjustments as a result of the acquisition:

in € million	book value	fair value adjustments	(adjusted) value
Property plant and equipment	11.7	10.7	22.4
Intangible assets: Customer relationships	0.0	23.8	23.8
Inventories	7.8	0.0	7.8
Trade and other receivables	0.1	0.0	0.1
Total assets acquired	**19.6**	**34.5**	**54.1**
Trade and other liabilities	0.3	0.0	0.3
Deferred tax liabilities	0.0	1.9	1.9
Total liabilities assumed	**0.3**	**1.9**	**2.2**
Net identifiable assets acquired	**19.3**	**32.6**	**51.9**
Goodwill			35.1
Consideration			**87.0**
Consideration paid, net of cash acquired for purposes of the Consolidated Statement of Cash Flows			87.0

The fair value of the customer relationships was measured using the multi-period excess earnings method. Under this method, the fair value of the customer relationships is calculated by determining the present value of earnings after tax attributable to the acquired refractory business' existing customers. The customer relationships are amortised over the estimated useful life of 20 years.

The goodwill recognised as a result of this acquisition is attributable to the expected synergies mentioned above and is not tax deductible.

Since the date of inclusion of the acquired refractory business in the Consolidated Financial Statements, revenues have increased by €25.8 million, Adjusted EBITA has increased by €2.8 million and net income has increased by €0.6 million. The acquired refractory business forms part of the Steel reportable segment.

Acquisition of Jinan New Emei

In January 2023, the Group signed a share purchase agreement stipulating its acquisition of 65% of the shares of Jinan New Emei Industries Co Ltd. ('Jinan New Emei'), China. Jinan New Emei owns 100% of the shares of Jinan Emei Metallurgical Materials Co Ltd ('JEMM'), China, which were also acquired in the scope of this acquisition. The acquisition was closed on 26 April 2023 which is the acquisition date.

The acquired companies are leading manufacturers of refractory slide gate plates and systems, nozzles and mixes for steel flow control applications serving customers in the Steel segment. The recently commissioned state-of-the-art and highly automated plant in Laiwu, Shandong province, is a major part of the acquisition.

The acquisition enables the Group to expand its flow control product range and its solutions contract offering in the Chinese domestic market, both of which are key strategic priorities. Moreover, the acquisition gives access to substantial new customer relationships in China and deliver additional production capacity for increasing supply of refractories in both China and the wider East Asia region.

The consideration payable in cash amounts to €22.9 million. Thereof an amount of €19.8 million was paid upon closing of the acquisition. The remaining amount of €3.1 million is a liability towards the former owner which reflects deferred cash consideration and estimated post-closing adjustments related to working capital and net debt, payable one year after the closing date.

The following table shows the final amounts recognised for each major class of assets and liabilities and the fair value adjustments as a result of the acquisition:

in € million	book value	fair value adjustments	(adjusted) value
Property plant and equipment	19.3	0.3	19.6
Intangible assets: Customer relationships	0.0	5.9	5.9
Other intangible assets	4.8	0.0	4.8
Inventories	16.4	(0.3)	16.1
Trade and other receivables (gross contractual amounts: €64.8 million)	64.5	(3.9)	60.6
Cash and cash equivalents	5.7	0.0	5.7
Total assets acquired	**110.7**	**2.0**	**112.7**
Trade and other liabilities	66.4	2.7	69.1
Borrowings	15.2	0.0	15.2
Total liabilities assumed	**81.6**	**2.7**	**84.3**
Net identifiable assets acquired	**29.1**	**(0.7)**	**28.4**
Less: Non-controlling interests			(9.9)
Goodwill			4.4
Consideration			**22.9**
Consideration paid, net of cash acquired for purposes of the Consolidated Statement of Cash Flows			14.1
Liability towards former owner			3.1

The fair value of the customer relationships was measured using the multi-period excess earnings method. Under this method, the fair value of the customer relationships is calculated by determining the present value of earnings after tax attributable to the acquired companies' existing customers. The customer relationships are amortised over the estimated useful life of around eight years.

The goodwill recognised as a result of this acquisition is attributable to synergies resulting from the integration of the acquired companies into the existing refractories business in China and is not tax deductible.

The Group recognises non-controlling interests for this acquisition measured at the present ownership instruments' proportionate share in Jinan New Emei's net assets. These were derecognised to zero in line with the Group's accounting policy related to fixed term or puttable non-controlling interests, see Note (3).

Since the date of inclusion of the acquired companies in the Consolidated Financial Statements, revenues have increased by €49.3 million, Adjusted EBITA has decreased by €1.1 million and net income has decreased by €0.9 million. Had the inclusion of the acquired companies taken place as of 1 January 2023, revenues would have increased by €74.8 million, Adjusted EBITA would have increased by €0.1 million and net income would have decreased by €1.7 million. The acquired companies form part of the Steel reportable segment.

The Group has also signed a commitment to purchase the remaining shares (35%) of Jinan New Emei in exchange for a contingent consideration. The purchase may be executed no earlier than three years after the closing date and no later than four years after the closing date. The contingent consideration is calculated based on an agreed multiple of the average annual EBITDA delivered by Jinan New Emei over the three-year period from 2023 to 2025 (assuming that the purchase is executed in 2026), its future net debt and its future working capital compared to a target working capital. Due to a contractual cap the contingent consideration cannot exceed an amount equivalent to €127.8 million (CNY 1 billion).

For this contingent consideration on the closing date the Group recognised a financial liability amounting to €31.5 million, subsequently measured at fair value through profit or loss and payable in 2026 at the earliest. The Group has concluded, based on the terms and pricing of the commitment, that the risks and rewards of ownership associated with the outstanding shares have not been transferred to the Group; refer to Note (3).

Acquisition of Dalmia GSB

In March 2023, the Group signed an agreement stipulating its acquisition of 100% of the shares of Dalmia GSB Refractories GmbH ('Dalmia GSB'), Germany. The acquisition was closed on 28 April 2023 which is the acquisition date.

Dalmia GSB is a leading supplier of monolithic lances and other precast products to European steel customers for use in the desulphurisation and homogenisation of molten steel, based in Bochum, Germany.

The acquisition enables the Group to expand its product range offered to customers in the Steel segment and to gain a market share in the European lances market. Moreover, attractive potential synergies are expected to be realised through the inclusion of additional products within the Group's heat management solutions offering and from cross-selling, procurement and logistics benefits.

The consideration paid in cash amounts to €13.1 million. Additionally, the Group repaid borrowings on behalf of Dalmia GSB in the amount of €7.2 million upon closing of the acquisition. Since under the purchase agreement the Group is obliged to repay the borrowings, the repaid amounts are included in the net cash outflow related to the acquisition which after deduction of the cash acquired amounts to €18.1 million.

The fair value adjustments of assets and liabilities based on the final purchase price allocation as a result of the acquisition have decreased the net assets of Dalmia GSB from €1.6 million to €-1.7 million. The difference between the consideration paid and the (adjusted) negative net assets is allocated to goodwill amounting to €14.8 million. The goodwill recognised as a result of this acquisition reflects the acquired market share and expected synergies mentioned above and is allocated to the Steel segment. The goodwill is not tax deductible. The acquired company forms part of the Steel reportable segment.

Acquisition of Seven Refractories Group

In April 2023, the Group signed a share purchase agreement for the acquisition of 75.5% of the shares of Seven Refractories Deutschland GmbH, Germany and 100% of the shares of Seven Refractories d.o.o, Slovenia. Seven Refractories d.o.o owns equity investments with non-controlling interests in six companies located in Italy, Cyprus, the USA and the United Kingdom which were also acquired in the scope of this business combination.

The acquisition was closed on 17 July 2023 which is the acquisition date.

Seven Refractories Group is a specialist supplier of non-basic monolithic refractory mixes serving customers in the Industrial and Steel segments. Products offered by Seven Refractories Group range from low temperature fireclay to ultra-high temperature zircon mixes, high-grade alumina mixes and sustainable taphole clay with a low CO_2 footprint. Seven Refractories Group has three production sites in Slovenia, India and the US and sales offices and service centres in Cyprus, Germany, Italy and the United Kingdom.

The acquisition will enable the Group to offer a broader range of non-basic refractory mixes and is expected to be highly complementary to the Group's existing non-basic portfolio. Attractive potential synergies are expected through cross-selling opportunities, logistics improvements, increased recycling usage, procurement efficiencies and low capital intensity brownfield expansion projects. Lastly, the acquisition gives access to substantial new customer relationships in 45 countries.

The consideration paid in cash amounts to €84.4 million.

Until the date the Consolidated Financial Statements were authorised for issue, the initial consolidation is incomplete because the purchase price allocation and the measurement of assets and liabilities has not been finalised. The outstanding measurement considerations mainly relate to customer relationships and trade receivables. The fair value adjustments of assets and liabilities based on the preliminary purchase price allocation as a result of the acquisition are the following:

in € million	book value	fair value adjustments	(adjusted) value
Property plant and equipment and other intangible assets	10.5	0.0	10.5
Intangible assets: Customer relationships	0.0	26.4	26.4
Loan receivables	8.9	(7.6)	1.3
Inventories	11.0	0.0	11.0
Trade and other receivables	34.2	0.0	34.2
Cash and cash equivalents	6.7	0.0	6.7
Total assets acquired	**71.3**	**18.8**	**90.1**
Trade and other liabilities	22.6	0.0	22.6
Deferred tax liabilities	0.1	5.1	5.2
Borrowings	29.6	0.0	29.6
Total liabilities assumed	**52.3**	**5.1**	**57.4**
Net identifiable assets acquired	**19.0**	**13.7**	**32.7**
Less: Non-controlling interests			(3.0)
Goodwill			54.7
Consideration			**84.4**
Consideration paid, net of cash acquired for purposes of the Consolidated Statement of Cash Flows			77.7

The amounts recognised for the acquired assets and liabilities on the closing date and the resulting goodwill are preliminary and subject to adjustment for a period of one year from the closing date as allowed under the accounting standards. On finalisation of the purchase price allocation, adjustments, including tax impacts, if any, will be reflected against goodwill. The initial accounting for this acquisition including the purchase price allocation is expected to be finalised by the end of June 2024.

The preliminary fair value of the customer relationships was measured using the multi-period excess earnings method. Under this method, the fair value of the customer relationships is calculated by determining the present value of earnings after tax attributable to the acquired companies' existing customers. The customer relationships are amortised over the estimated useful life of 15 years.

The preliminary goodwill recognised as a result of this acquisition is attributable to the synergies mentioned above and is not tax deductible.

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The Group recognises non-controlling interests for this acquisition measured at the present ownership instruments' proportionate share in the acquired companies' net assets.

Since the date of inclusion of the acquired companies in the Consolidated Financial Statements, revenues have increased by €41.8 million, Adjusted EBITA has increased by €0.9 million and net income has decreased by €0.5 million. Had the inclusion of the acquired companies taken place as of 1 January 2023, revenues would have increased by €94.2 million and net income would have decreased by €1.6 million. The acquired companies form part of the Steel and Industrial reportable segments.

Acquisition of P-D Refractories

In August 2023, the Group signed a purchase agreement for the acquisition of the refractory business of Wetro GmbH ('Wetro'), Germany, via an asset deal, of 100% of the shares of P-D Refractories GmbH, Germany, and 86.77% of the shares of P-D Refractories CZ a.s., Czech Republic. P-D Refractories CZ a.s. owns 50% of the shares of P-D Kremen d.o.o, Slovenia, which were also acquired in the scope of this business combination. P-D Kremen d.o.o unlike the other P-D companies is a joint venture under IFRS 11 and the Group therefore accounts for the investment in this company under the equity method.

The acquisition was closed on 2 October 2023 which is the acquisition date.

P-D Refractories is a producer of high-quality alumina-based refractories for industrial applications in process industries, with a leading market position in the glass and aluminium sectors. Previously part of the Preiss-Daimler Group, the assets acquired include refractory plants in Germany and Czech Republic and clay, quartzite and silica raw material sites in Czech Republic and Slovenia.

The acquisition will increase the Group's capabilities in alumina-based refractories and its presence in process industries, where the Group had been under-represented compared to other customer sectors. Substantial synergies are expected to be generated through access to new customers and cross-selling opportunities, production network and logistics efficiencies, vertical integration benefits, recycling, technology transfer and procurement savings.

The consideration paid in cash amounts to €44.5 million. Additionally, the Group repaid borrowings on behalf of P-D Refractories GmbH in the amount of €22.3 million upon closing of the acquisition. Since under the purchase agreement the Group is obliged to repay the borrowings, the repaid amounts are included in the net cash outflow related to the acquisition.

Until the date the Consolidated Financial Statements were authorised for issue, the initial consolidation is incomplete because the purchase price allocation and the measurement of assets and liabilities has not been finalised. The outstanding measurement considerations mainly relate to property, plant and equipment and inventories. The fair value adjustments of assets and liabilities based on the preliminary purchase price allocation as a result of the acquisition are the following:

in € million	book value	fair value adjustments	(adjusted) value
Property plant and equipment and Investments	53.2	(32.5)	20.7
Deferred tax assets	0.0	10.5	10.5
Inventories	81.7	(12.6)	69.1
Trade and other receivables	38.2	0.0	38.2
Cash and cash equivalents	3.6	0.0	3.6
Total assets acquired	**176.7**	**(34.6)**	**142.1**
Trade and other liabilities	41.9	0.0	41.9
Other provisions	3.1	0.0	3.1
Provisions for pensions	14.5	(3.2)	11.3
Deferred tax liabilities	1.3	(1.3)	0.0
Borrowings	28.3	0.0	28.3
Total liabilities assumed	**89.1**	**(4.5)**	**84.6**
Net identifiable assets acquired	**87.6**	**(30.1)**	**57.5**
Less: Non-controlling interests			(5.5)
Bargain purchase gain			(7.5)
Consideration			**44.5**
Consideration paid less cash acquired plus repaid borrowings for purposes of the Consolidated Statement of Cash Flows			63.2

The amounts recognised for the acquired assets and liabilities on the closing date and the resulting bargain purchase gain are preliminary and subject to adjustment for a period of one year from the closing date as allowed under the accounting standards. On finalisation of the purchase price allocation, adjustments, including tax impacts, if any, will be reflected against the bargain purchase gain. The initial accounting for this acquisition including the purchase price allocation is expected to be finalised by the end of June 2024.

The fair value adjustments of assets and liabilities based on the preliminary purchase price allocation as a result of the acquisition have decreased the net assets of the acquired companies from €87.6 million to €57.5 million. These include the devaluation of obsolete inventories, an adjustment of the acquired fixed assets' carrying amount and the impact from the remeasurement of assumed provisions for pensions. Taking into account these adjustments and the respective tax impacts the acquisition has resulted in the recognition of a preliminary bargain purchase gain amounting to €7.5 million within other income. This gain mainly reflects the expected tax benefits resulting from the future reversal of temporary differences associated with the mentioned adjustments.

The Group recognises non-controlling interests for this acquisition measured at the present ownership instruments' proportionate share in P-D Refractories CZ a.s.'s net assets.

Since the date of inclusion of the acquired companies in the Consolidated Financial Statements, revenues have increased by €32.3 million, Adjusted EBITA has decreased by €0.6 million and net income has decreased by €1.7 million. Had the inclusion of the acquired companies taken place as of 1 January 2023, revenues would have increased by €164.1 million and net income would have decreased by €1.0 million. The acquired companies mainly form part of the Industrial reportable segment.

43. Transactions with related parties

Related companies include subsidiaries that are not consolidated, joint ventures, associates and MSP Foundation, Liechtenstein, as a shareholder of RHI Magnesita N.V., since it exercises significant influence based on its shareholding of more than 25% in RHI Magnesita N.V. The personnel welfare foundation of Stopinc AG, Switzerland, as well as Chestnut Beteiligungs GmbH, Germany and FEWI Beteiligungs GmbH, Germany (shareholders of the Group, which are related to a director) are considered related companies.

Related persons are persons having authority and responsibility for planning, directing and controlling the activities of the Group (key management personnel) and their close family members. Key management personnel comprises members of the Board of Directors of RHI Magnesita N.V. and the Executive Management Team (EMT).

Related companies

In 2023 and 2022, the Group conducted the following transaction with its related companies:

	Joint ventures		Associates	
in € million	2023	2022	2023	2022
Revenue from the sale of goods and services	2.2	0.7	0.0	0.0
Purchase of raw materials	5.5	4.0	0.0	0.0
Interest income	0.0	0.0	0.0	0.7
Trade liabilities	1.0	0.5	0.0	0.0

In 2023 and 2022, no transactions were carried out between the Group and MSP Foundation, FEWI Beteiligungs GmbH or Chestnut Beteiligungs GmbH, with the exception of the dividend paid.

A service relationship with respect to the company pension scheme of the employees of Stopinc AG exists between the personnel welfare foundation of Stopinc AG and the fully consolidated subsidiary Stopinc AG. Stopinc AG makes contribution payments to the plan assets of the foundation to cover pension obligations. The pension plan is recognised as a defined benefit plan and is included in Note (29). At 31 December 2023, no current accounts receivable existed (2022: €0.0 million). In the past reporting period, employer contributions amounting to €0.6 million (2022: €0.6 million) were made to the personnel welfare foundation. At 31 December 2023, a net asset from overfunded pension plans of €1.7 million (2022: €1.7 million) is recognised.

Related persons

Remuneration of key management personnel of the Group comprises the remuneration of the active Board of Directors and the EMT.

in € million	2023	2022
Executive Directors and EMT		
Short-term employee benefits	9.7	7.9
Share-based payments	6.4	4.6
Total	**16.1**	**12.5**
Non-Executive Directors[1]	1.2	1.1

(1) Compensation paid to Non-Executive Directors mainly reflects fees for services as Directors.

Employee representatives acting as Non-Executive Directors do not receive additional compensation for these services and are not included in the above table.

Share dealing reports of persons discharging managerial responsibilities are published on the website of RHI Magnesita N.V. and announced via regulatory news services. The Group maintains Directors' & Officers' liability insurance for the Board of Directors and Company officers.

The Group and a close relative of a Non-Executive Director agreed a non-remunerated consultancy agreement to advise the Group on the economic and political framework in countries in which it does not yet have strong business links.

44. Material events after the reporting date

After the reporting date on 31 December 2023, there were no events of special significance which may have a material effect on the financial position and performance of the Group.

Statement of the Board of Directors

Statement pursuant to Article 5:25c, paragraph 2, subsection c. of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht").

The Consolidated Financial Statements for the year ended 31 December 2023, have been prepared on a going concern basis and in accordance with IFRSs, as issued by the IASB and interpretations issued by the IFRIC, and as endorsed by the European Union (EU).

To our knowledge,

- the Consolidated Financial Statements referred to above give a true and fair view of the assets, liabilities, financial position, and profit of RHI Magnesita N.V. and the undertakings included in the consolidation as a whole; and

- the Annual Report for RHI Magnesita Group (comprising RHI Magnesita NV and its affiliated companies whose details are included in its Financial Statements) for the year ended 31 December 2023 gives a true and fair view of the state of affairs as of the balance sheet date, the development and course of business during the financial year, and that the Annual Report describes the material risks that the RHI Magnesita Group faces.

Vienna, 28 February 2024

Executive Directors

Stefan Borgas

Ian Botha

Non-Executive Directors

Herbert Cordt

John Ramsay

Janet Ashdown

David Schlaff

Stanislaus Prinz zu Sayn-Wittgenstein Berleburg

Janice "Jann" Brown

Karl Sevelda

Marie-Hélène Ametsreiter

Wolfgang Ruttenstorfer

Employee Representative Directors

Karin Garcia

Martin Kowatsch

Michael Schwarz

Company Financial Statements of RHI Magnesita N.V.

Company Balance Sheet as at 31 December 2023

(before appropriation of result)

in € million	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Property, plant and equipment		0.3	0.2
Non-current financial assets	(A)	1,196.2	943.3
Securities		0.5	0.5
Deferred tax assets		6.9	10.8
Total non-current assets		**1,203.9**	**954.8**
Current assets			
Receivables from group companies		8.6	52.2
Other current receivables		1.3	0.4
Cash and cash equivalents	(B)	0.8	1.6
Total current assets		**10.7**	**54.2**
Total assets		**1,214.6**	**1,009.0**
EQUITY AND LIABILITIES			
Equity			
Share capital	(C)	49.5	49.5
Treasury shares	(D)	(110.7)	(116.1)
Additional paid-in capital	(E)	361.3	361.3
Legal and mandatory reserves	(F)	86.3	86.3
Other reserves		650.7	464.5
Result for the period	(L)	164.6	155.7
Shareholders' Equity		**1,201.7**	**1,001.2**
Non-current liabilities			
Non-current liabilities	(G)	0.3	0.2
Current liabilities			
Current liabilities	(H)	12.6	7.6
Total liabilities		**12.9**	**7.8**
Total equity and liabilities		**1,214.6**	**1,009.0**

Company Statement of Profit or Loss for the period 1 January 2023 to 31 December 2023

in € million	Note	2023	2022
General and administrative expenses	(I)	(29.7)	(22.0)
Result before taxation		**(29.7)**	**(22.0)**
Net financial result	(J)	(0.4)	0.0
Loss before income tax		**(30.1)**	**(22.0)**
Income tax		(3.3)	(18.8)
Net result from investments	(K)	198.0	196.5
Net result for the period	**(L)**	**164.6**	**155.7**

Movements in Shareholders' Equity

in € million	Share capital	Treasury shares	Additional paid-in capital	Legal and mandatory reserves: Cash flow hedges	Legal and mandatory reserves: Currency translation	Legal and mandatory reserves: Mandatory reserve	Other reserves: Retained earnings	Net result	Equity attributable to shareholders
31.12.2022	**49.5**	**(116.1)**	**361.3**	**31.8**	**(148.6)**	**288.7**	**378.9**	**155.7**	**1,001.2**
Appropriation of prior year result	–	–	–	–	–	–	155.7	(155.7)	–
Net result	–	–	–	–	–	–	–	164.6	164.6
Share transfer / Vested LTIP	–	5.4	–	–	–	–	(5.4)	–	–
Share-based expenses	–	–	–	–	–	–	8.7	–	8.7
Dividends	–	–	–	–	–	–	(77.7)	–	(77.7)
Net income / (expense) recognised directly in equity	–	–	–	(25.8)	(14.0)	–	144.7	–	104.9
31.12.2023	**49.5**	**(110.7)**	**361.3**	**6.0**	**(162.6)**	**288.7**	**604.9**	**164.6**	**1,201.7**

in € million	Share capital	Treasury shares	Additional paid-in capital	Legal and mandatory reserves: Cash flow hedges	Legal and mandatory reserves: Currency translation	Legal and mandatory reserves: Mandatory reserve	Other reserves: Retained earnings	Net result	Equity attributable to shareholders
31.12.2021	**49.5**	**(117.0)**	**361.3**	**(7.1)**	**(197.3)**	**288.7**	**164.7**	**243.1**	**785.9**
Appropriation of prior year result	–	–	–	–	–	–	243.1	(243.1)	–
Net result	–	–	–	–	–	–	–	155.7	155.7
Share transfer / Vested LTIP	–	0.9	–	–	–	–	(0.9)	–	–
Share-based expenses	–	–	–	–	–	–	8.3	–	8.3
Dividends	–	–	–	–	–	–	(70.5)	–	(70.5)
Net income / (expense) recognised directly in equity	–	–	–	38.9	48.7	–	34.2	–	121.8
31.12.2022	**49.5**	**(116.1)**	**361.3**	**31.8**	**(148.6)**	**288.7**	**378.9**	**155.7**	**1,001.2**

Notes

to the Company Financial Statements 2023

General

RHI Magnesita N.V. (the "Company"), is a public limited company incorporated under the laws of the Netherlands (naamloze vennootschap), having its official seat (statutaire zetel) in Arnhem, the Netherlands, and its office at Kranichberggasse 6, 1120 Vienna, Austria, registered with the Dutch Trade Register under number 68991665.

The shares of RHI Magnesita N.V. (ISIN code NL0012650360) are listed on the Main Market of the London Stock Exchange and are included in the FTSE 250 index. The Company holds a secondary listing on the Vienna Stock Exchange (Wiener Börse).

Basis of preparation

The Company Financial Statements have been prepared in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code. The Company uses the option of Section 362, subsection 8 of Part 9, Book 2, of the Dutch Civil Code to prepare the Company Financial Statements on the basis of the same accounting principles as those applied for the Consolidated Financial Statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU (i.e. only IFRS that is adopted for use in the EU at the date of authorisation) as explained further in the Notes to the Consolidated Financial Statements.

Fiscal Unity

For corporate income tax purposes, RHI Magnesita N.V., Vienna Branch, acts as the head of a corporate tax group in Austria with the following companies:

- RHI Magnesita GmbH
- Veitscher Vertriebsgesellschaft m.b.H
- Veitsch-Radex Vertriebgesellschaft m.b.H
- Refractory Intellectual Property GmbH
- Veitsch-Radex GmbH
- Radex Vertriebsgesellschaft m.b.H
- RHI Refractories Raw Material GmbH
- Lokalbahn Mixnitz-St. Erhard GmbH

According to the Group and tax compensation agreement, which forms a legal requirement for the Austrian corporate tax group, tax compensation payments within the corporate tax group are calculated based on the stand-alone method, without charging negative tax compensations. In case of a taxable profit, the respective tax group member has to pay a tax compensation to RHI Magnesita N.V. as the head of the corporate tax group amounting to the legally applicable corporate tax rate (24.0% for 2023). In case of a taxable loss, the respective tax group member does not receive a negative tax compensation by RHI Magnesita N.V., but rather the taxable loss is carried forward internally and reduces the calculation base for any future tax compensation payment by the respective tax group member to RHI Magnesita N.V. (group internal carry forward of losses). Any tax compensation payment by tax group members to RHI Magnesita N.V. is reduced by withholding taxes paid by the respective group member, which RHI Magnesita N.V. could credit against any corporate income tax due in Austria. For cases of termination of the corporate tax group or cases in which a tax group member leaves the corporate tax group, the group and tax compensation agreement foresees a final tax compensation true-up.

The corporate income tax rate for the Company is 24.0% (2022: 25.0%). The effective tax rate is 2.0% (2022: 86.0%) with an income tax expense of €3.3 million (2022: €18.8 million expense) on a loss before income tax of €30.1 million (2022: €22.0 million loss). The low effective income tax rate is mainly attributable to a substantial non-taxable income derived from investments in subsidiaries (€198.0 million). Still, the Company, as head of a fiscal unity, consolidated the taxable results of the other unity members and recognised a tax expense of €3.3 million.

All income and expenses are settled through their intercompany (current) accounts.

Significant accounting policies

Non-current financial assets

In the Company Financial Statements, investments in Group companies are stated at net asset value, in accordance with the equity method, if the Company effectively exercises influence of significance over the operational and financial activities of these investments. The net asset value is determined on the basis of the accounting principles applied by the Company. In case the net asset value of an investment in a Group company is negative, any existing loans to Group companies considered as net investment are impaired. A provision for any remaining equity deficit is recognised when an outflow of resources is probable and can be reliably estimated.

Receivables from Group companies

Accounts receivables are measured at fair value and are subsequently measured at amortised cost, less allowance for credit losses. The carrying amount of the accounts receivable approximates the fair value.

Net result from investments

The share in the result of investments comprises the share of the Company in the result of these investments.

Non-current financial assets

(A) Non-current financial assets

The financial fixed assets comprise investments in:

		31.12.2023	31.12.2022
Name and registered office of the company	Country of core activity	Share in %	Share in %
RHI Magnesita Deutschland AG, Wiesbaden, Germany	Germany	12.5	12.5
RHI Refractories Raw Material GmbH, Vienna, Austria	Austria	25.0	25.0
RHI Magnesita GmbH, Vienna, Austria	Austria	100.0	100.0

The investments have developed as follows:

in € million	2023	2022
At beginning of year	943.3	644.8
Transactions with non-controlling interests without change of control	161.0	(5.2)
Changes from currency translation and cash flow hedges	(39.8)	87.7
Changes from defined benefit plans	(16.3)	39.5
Dividend distribution	(50.0)	(20.0)
Net result from investments	198.0	196.5
Balance at year-end	**1,196.2**	**943.3**

Notes

to the Company Financial Statements 2023

The following list, prepared in accordance with the relevant legal requirements (Dutch Civil Code, Book 2, Sections 379), shows all companies in which RHI Magnesita N.V. holds a direct or indirect share of at least 20%:

		31.12.2023		31.12.2022	
Ser. no.	Name and registered office of the company	Share-holder	Share in %	Share-holder	Share in %
1.	RHI Magnesita N.V., Arnhem, Netherlands				
2.	Agellis Group AB, Lund, Sweden	39.	100.0	39.	100.0
3.	Baker Refractories Holding Company, Delaware, USA	28.	100.0	28.	100.0
4.	Baker Refractories I.C., Inc., Delaware, USA	3.	100.0	3.	100.0
5.	Dalmia GSB Refractories GmbH, Bochum, Germany	53.	100.0	–	0.0
6.	Didier Société Industrielle de Production et de Construction – "D.S.I.P.C.", Valenciennes, France	53.	100.0	53.	100.0
7.	Dutch Brasil Holding B.V., Arnhem, Netherlands	99.	100.0	99.	100.0
8.	Dutch MAS B.V., Arnhem, Netherlands	53.	100.0	53.	100.0
9.	Dutch US Holding B.V., Arnhem, Netherlands	99.	100.0	99.	100.0
10.	Feuerfestwerk Bad Hönningen GmbH, Wiesbaden, Germany	103.	100.0	103.	100.0
11.	Foreign Enterprise "VERA", Dnepropetrovsk, Ukraine	39.	100.0	39.	100.0
12.	GIX International Limited, Dinnington, United Kingdom	104.	100.0	104.	100.0
13.	Horn & Co. RHIM Minerals Recovery GmbH, Siegen, Germany	54.	51.0	54.	51.0
14.	Indresco U.K. Limited, Dinnington, United Kingdom	12.,78.	100.0	12.	100.0
15.	Intermetal Engineers (India) Private Limited, Mumbai, India	55.	100.0	55.	99.9
16.	Jinan New Emei Industries Co. Ltd., Jinan, PR China	49.	65.0	–	0.0
17.	Liaoning RHI Jinding Magnesia Co., Ltd, Dashiqiao, PR China 1)	39.	100.0	39.	83.3
18.	Lokalbahn Mixnitz-St. Erhard GmbH, Vienna, Austria	76.	100.0	76.	100.0
19.	LWB Refractories Hagen GmbH, Wiesbaden, Germany	103.	100.0	103.	100.0
20.	LWB Refractories Holding France S.A.S., Valenciennes, France	103.	100.0	103.	100.0
21.	Magnesita Asia Refractory Holding, Limited, Hong Kong, Hong Kong	20.	100.0	20.	100.0
22.	Magnesita Finance S.A., Luxembourg, Luxembourg	7.,35.	100.0	7.	100.0
23.	Magnesita Malta Finance Ltd., St. Julians, Malta	24.,103.	100.0	24.,103.	100.0
24.	Magnesita Malta Holding Ltd., St. Julians, Malta	29.,103.	100.0	29.,103.	100.0
25.	Magnesita Mineração S.A., Brumado, Brazil	22.,35.	100.0	35.	100.0
26.	Magnesita Refractories (Canada) Inc., Montreal, Canada	3.	100.0	3.	100.0
27.	Magnesita Refractories (Dalian) Co., Ltd., Dalian, PR China	22.	100.0	22.	100.0
28.	Magnesita Refractories Company, York, USA	40.	100.0	40.	100.0
29.	Magnesita Refractories GmbH, Wiesbaden, Germany	103.	100.0	103.	100.0
30.	Magnesita Refractories Limited, Dinnington, United Kingdom	3.	100.0	3.	100.0
31.	Magnesita Refractories México, S.A. de C.V., Monterrey, Mexico	3.,4.	100.0	3.,4.	100.0
32.	Magnesita Refractories Middle East Free Zone Establishment, Dubai, United Arab Emirates	22.	100.0	22.	100.0
33.	Magnesita Refractories S.C.S., Valenciennes, France	20.,103.	100.0	20.,103.	100.0
34.	Magnesita Refractories S.R.L., Milano, Italy	103.	100.0	103.	100.0
35.	Magnesita Refratários S.A., Contagem, Brazil	7.	100.0	7.	100.0
36.	Magnesita Resource (Anhui) Company Ltd., Chizhou, PR China	21.,49.	100.0	49.	100.0
37.	P-D Refractories CZ a.s., Velké Opatovice, Czech Republic	54.	86.8	–	0.0
38.	Producción RHI México, S. de R.L. de C.V., Ramos Arizpe, Mexico	71.,104.	100.0	71.,104.	100.0
39.	Radex Vertriebsgesellschaft m.b.H., Leoben, Austria	101.	100.0	101.	100.0
40.	Rearden G Holdings Eins GmbH, Wiesbaden, Germany	22.	100.0	22.	100.0
41.	Refractarios Argentinos S.A, Industrial Comercial Y Minera (I.C.M.), San Nicolás, Argentina 2)	7.,9.,104.	100.0	7.,42.	100.0
42.	Refractarios Magnesita Colombia S.A.S., Sogamoso, Colombia	7.,35.	100.0	7.	100.0
43.	Refractarios Magnesita Perú S.A.C., Lima, Peru	7.,35.	100.0	7.,42.	100.0
44.	Refractory Intellectual Property GmbH, Vienna, Austria	54.	100.0	54.	100.0

		31.12.2023		31.12.2022	
Ser. no.	Name and registered office of the company	Share-holder	Share in %	Share-holder	Share in %
45.	Refractory Intellectual Property GmbH & Co KG, Vienna, Austria	44.	100.0	44.,54.	100.0
46.	RHI Canada Inc., Burlington, Canada	104.	100.0	104.	100.0
47.	RHI Chile S.A., Santiago, Chile	41.,12.,104.	100.0	12.,104.	100.0
48.	RHI Italia S.R.L., Brescia, Italy	54.	100.0	54.	100.0
49.	RHI Magnesita (China) Co., Ltd., Shanghai, PR China	39.	100.0	39.	100.0
50.	RHI Magnesita (Chongqing) Refractory Materials Co., Ltd. , Chongqing, PR China	49.	51.0	49.	51.0
51.	RHI Magnesita Belgium NV , Evergem, Belgium	58.,83.	100.0	58.,83.	100.0
52.	RHI Magnesita Bochum GmbH, Bochum, Germany	53.	100.0	–	0.0
53.	RHI Magnesita Deutschland AG, Wiesbaden, Germany	1.,39.	100.0	1.,39.	100.0
54.	RHI Magnesita GmbH, Vienna, Austria	1.	100.0	1.	100.0
55.	RHI Magnesita India Limited, New Delhi, India	7.,9.,104.	56.1	7.,9.,104.	70.2
56.	RHI Magnesita India Refractories Limited, Rajgangpur, India	55.	100.0	–	0.0
57.	RHI Magnesita RE Limited, Guernsey, United Kingdom	39.	100.0	39.	100.0
58.	RHI Magnesita Sales Germany GmbH, Wiesbaden, Germany	83.	100.0	83.	100.0
59.	RHI Magnesita Seven Refractories Limited, Dseven, India	56.	100.0	–	0.0
60.	RHI Magnesita Switzerland AG, Hünenberg, Switzerland	39.,53.	100.0	39.,53.	100.0
61.	RHI Magnesita Trading B.V., Rotterdam, Netherlands	1.,54.	100.0	54.	100.0
62.	RHI Magnesita Turkey Refrakter Ticaret Anonim Sirketi, Eskisehir, Türkiye 3)	18.,39.,99.	100.0	39.	100.0
63.	RHI Magnesita Vietnam Company Limited, Ho Chi Minh City, Vietnam	70.	100.0	70.	100.0
64.	RHI Magnesita Wetro GmbH, Puschwitz, Germany	54.	100.0	–	0.0
65.	RHI Marvo S.R.L., Bucharest, Romania	39.,99.	100.0	39.,99.	100.0
66.	RHI Refractories (Dalian) Co., Ltd., Dalian, PR China	39.,49.	100.0	39.	100.0
67.	RHI Refractories (Site Services) Limited, Dinnington, United Kingdom	78.	100.0	14.	100.0
68.	RHI Refractories Africa (PTY) LTD, Sandton, South Africa	39.	100.0	39.	100.0
69.	RHI Refractories Andino, C.A., Puerto Ordaz, Venezuela	104.	100.0	104.	100.0
70.	RHI Refractories Asia Pacific Pte. Ltd, Singapore, Singapore	54.	100.0	54.	100.0
71.	RHI Refractories España, S.L., Lugones, Spain	8.,53.	100.0	8.,53.	100.0
72.	RHI Refractories France SA, Valenciennes, France	53.,58.,89.	100.0	89.	100.0
73.	RHI Refractories Ibérica, S.L., Oviedo, Spain	89.	100.0	89.	100.0
74.	RHI Refractories Liaoning Co., Ltd., Bayuquan, PR China	39.,49.	100.0	39.	66.0
75.	RHI Refractories Nord AB, Stockholm, Sweden	89.	100.0	89.	100.0
76.	RHI Refractories Raw Material GmbH, Vienna, Austria	1.,39.,54.	100.0	1.,39.,54.	100.0
77.	RHI Refractories Site Services GmbH, Wiesbaden, Germany	53.	100.0	53.	100.0
78.	RHI Refractories UK Limited, Bonnybridge, United Kingdom	53.	100.0	53.	100.0
79.	RHI Refratários Brasil Ltda., Contagem, Brazil	7.,35.,104.	100.0	9.,35.	100.0
80.	RHI Trading (Dalian) Co., Ltd, Dalian, PR China	39.,49.	100.0	39.	100.0
81.	RHI Ukraina LLC, Dnepropetrovsk, Ukraine	39.,99.	100.0	39.,99.	100.0
82.	RHI United Offices America, S.A. de C.V., Monterrey, Mexico	61.,71.	100.0	61.,71.	100.0
83.	RHI Urmitz AG & Co. KG, Mülheim-Kärlich, Germany	53.,77.	100.0	53.,77.	100.0
84.	RHI US Ltd., Delaware, USA	9.	100.0	9.	100.0
85.	RHI Wostok Limited Liability Company, Moscow, Russia	39.,54.	100.0	39.,54.	100.0
86.	RHI Wostok Service Limited Liability Company, Moscow, Russia	39.,54.	100.0	39.,54.	100.0
87.	RHIM Mireco Mitterdorf GmbH, St.Barbara im Mürztal, Austria	13.	100.0	13.	100.0
88.	RHI-Refmex, S.A. de C.V., Ramos Arizpe, Mexico	71.,104.	100.0	71.,104.	100.0

		31.12.2023		31.12.2022	
Ser. no.	Name and registered office of the company	Share-holder	Share in %	Share-holder	Share in %
89.	Sapref AG für feuerfestes Material, Basel, Switzerland	104.	100.0	104.	100.0
90.	Seven Lakeway Refractories LLC, Huron, USA	92.,94.	100.0	-	0.0
91.	Seven Refractories (UK) Ltd, Rotherham, United Kingdom	92.	76.0	-	0.0
92.	Seven Refractories d.o.o, Divača, Slovenia	54.	100.0	-	0.0
93.	Seven Refractories Deutschland GmbH, Düsseldorf, Germany	54.,92.	100.0	-	0.0
94.	Seven Refractories Holding, Inc., Huron, USA	92.	100.0	-	0.0
95.	Seven Refractories Limited, Nicosia, Cyprus	92.	51.0	-	0.0
96.	Seven Refractories S.r.l., Castellazzo Bormida, Italy	92.	100.0	-	0.0
97.	Sipra S.p.A., Bergamo, Italy	92.	52.0	-	0.0
98.	Sörmaş Söğüt Refrakter Malzemeleri Anonim Şirketi, Söğüt / Bilecik, Türkiye	39.	91.0	39.	89.2
99.	Veitscher Vertriebsgesellschaft m.b.H., Vienna, Austria	54.	100.0	54.	100.0
100.	Veitsch-Radex GmbH, Vienna, Austria	54.	100.0	54.	100.0
101.	Veitsch-Radex GmbH & Co OG, Vienna, Austria	54.	100.0	54.,100.	100.0
102.	Veitsch-Radex Vertriebsgesellschaft m.b.H., Vienna, Austria	54.	100.0	54.	100.0
103.	Vierte LWB Refractories Holding GmbH, Hilden, Germany	40.	100.0	40.	100.0
104.	VRD Americas B.V., Arnhem, Netherlands	39.,54.	100.0	39.,54.	100.0
105.	Zimmermann & Jansen GmbH, Wiesbaden, Germany	53.	100.0	53.	100.0
106.	Dr.-Ing. Petri & Co. Unterstützungs-Gesellschaft m.b.H., Wiesbaden, Germany	53.	100.0	53.	100.0
107.	Horn & Co Polska sp. z o.o., Chorzów, Poland	13.	100.0	13.	100.0
108.	Mag Tec Participações Ltda., Contagem, Brazil i.l.	35.	98.7	35.	98.7
109.	Magnesita Refractories Private Limited, Mumbai, India	40.,103.	100.0	40.,103.	100.0
110.	Magnesita Refractories S.A. (Pty) Ltd., Middleburg, South Africa	29.	100.0	29.	100.0
111.	Minerals and Metals Recovering - Mireco Aktiebolag, Fagersta, Sweden	13.	100.0	13.	100.0
112.	Mireco SARL, Entzheim, France	13.	100.0	13.	100.0
113.	Mireco SH.P.K, Lebushe, Kosovo	13.	100.0	13.	100.0
114.	RHI Réfractaires Algérie, Sidi Amar, Algeria	72.	100.0	72.	100.0
115.	Rudgruvans Industrier Aktiebolag, Fagersta, Sweden	13.	100.0	13.	100.0
	Equity-accounted joint ventures and associated companies	.		.	
116.	Chongqing Boliang Refractory Materials Co., Ltd., Chongqing, PR China	49.	51.0	49.	51.0
117.	Magnesita-Envoy Asia Ltd., Kaohsiung, Taiwan	3.	50.0	3.	50.0
118.	P-D Kremen d.o.o., Šentjernej, Slovenia	37.	50.0	-	0.0

1) In accordance with IAS 32, fixed-term or puttable non-controlling interests are shown under liabilities.
2) Further shareholder is Magnesita Refratários S.A., Contagem, Brazil.
3) Further shareholders are VRD Americas B.V., Arnhem, Netherlands and Dutch MAS B.V., Arnhem, Netherlands.
i.l. in liquidation

Current assets

(B) Cash and cash equivalents

Cash and cash equivalents are at RHI Magnesita N.V.'s free disposal.

Equity

(C) Share capital

The Company's authorised share capital amounts to €100.000.000, comprising 100,000,000 ordinary shares, each of €1 nominal value. As at 31 December 2023, RHI Magnesita N.V.'s issued and fully paid-in share capital consists of 47,130,338 ordinary shares (2022: 47,017,695 ordinary shares). For additional information on treasury shares see (D).

(D) Treasury shares

As at 31 December 2023, RHI Magnesita treasury shares amount to 2,347,367 (2022: 2,460,010).

(E) Additional paid-in capital

Additional paid-in capital comprises premiums on the issue of shares less issue costs by RHI Magnesita N.V.

(F) Legal, mandatory and other reserves

Cash flow hedges

The item cash flow hedges include gains and losses from the effective part of cash flow hedges less tax effects. Further information on hedge accounting is included in Note (36) and Note (37) of the Consolidated Financial Statements.

Currency translation

Currency translation includes the accumulated currency translation differences from translating the Financial Statements of foreign subsidiaries as well as unrealised currency translation differences from monetary items which are part of a net investment in a foreign operation, net of related income taxes. If foreign companies are deconsolidated, the currency translation differences are recognised in the Statement of Profit or Loss as part of the gain or loss from the sale of shares in subsidiaries. In addition, when monetary items cease to form part of a net investment in a foreign operation, the currency translation differences of these monetary items previously recognised in OCI are reclassified to profit or loss.

The cash flow hedge reserve and the currency translation reserve are legal reserves and are restricted for distribution.

Legal and mandatory reserve

The Articles of Association stipulate a mandatory reserve of €288,699,230.59 which was created in connection with the merger of RHI Refractories and Magnesita in 2017.

No distributions, allocations or additions may be made, and no losses of the Company may be allocated to the mandatory reserve.

Legal and mandatory reserves represent legal and statutory reserves in line with Chapter 7 'Decree on financial statements formats' of the Dutch Civil Code.

Retained earnings

Retained earnings includes the result of the financial year and results that were earned by consolidated companies during prior periods, but not distributed. The difference between the purchase consideration or sale proceeds after tax and the relevant proportion of the non-controlling interest, measured by reference to the carrying amount of the interest's net assets at the date of acquisition or sale, is recognised in retained earnings too.

Net income recognised directly in equity represents the additions to consolidated companies and change of non-controlling interests without a change of control through the year (€181.8 million), netted of by other changes as described in the Group Consolidated Statement of Changes in Equity (€22.8 million) and by the defined benefit plan (€16.3 million).

Non-Current liabilities

(G) Non-current liabilities

in € million	31.12.2023	31.12.2022
Personnel provisions	0.1	0.1
Provisions for pensions	0.2	0.1
Total non-current liabilities	**0.3**	**0.2**

Current liabilities

(H) Current liabilities

in € million	31.12.2023	31.12.2022
Trade payables	1.2	1.2
Payables to group companies	4.7	0.4
Accrued liabilities	6.7	6.0
Total current liabilities	**12.6**	**7.6**

The current liabilities are due in less than one year. The fair value of other current liabilities approximates the book value, due to their short-term character.

(I) General and administrative expenses

in € million	2023	2022
External services/consulting expenses	(5.5)	(2.0)
Personnel expenses	(21.1)	(18.4)
Other expenses	(3.1)	(1.6)
Total general and administrative expenses	**(29.7)**	**(22.0)**

in € million	2023	2022
Wages and salaries	(18.7)	(16.5)
Social security charges	(1.4)	(1.1)
Pension contributions	(0.5)	(0.4)
Other employee costs	(0.5)	(0.4)
Total wages and salaries	**(21.1)**	**(18.4)**

(J) Net financial result
The 2023 net financial result amounts to €0.4 million (2022: €0.0 million).

(K) Net results from investments
In 2023, the full year results of the investments amount to a profit of €198.0 million (2022: €196.5 million) and are recognised in the Company Statement of Profit or Loss.

(L) Net result for the period
In 2023, there are no differences in the result between the Company Financial Statements and the Consolidated Financial Statements.

Proposed appropriation of result

It is proposed that, pursuant to Article 27 clause 1 of the Articles of Association of the Company, as approved in the AGM 2023, the result shown in RHI Magnesita N.V. income statement is appropriated as follows:

in € million	2023
Profit attributable to shareholders	164.6
In accordance with Article 27 clause 1 to be transferred to reserves	0.0
At the disposal of the General Meeting of Shareholders	**164.6**

For 2023, the Board of Directors will propose a final dividend of €1.25 per share for the shareholders of RHI Magnesita N.V. The proposed dividend is subject to approval by the Annual General Meeting in May 2024.

Other notes

Number of employees
The average number of employees of RHI Magnesita N.V. during 2023 amounts to 9 (2022: 8); all employees are working outside the Netherlands.

Off balance sheet commitments
RHI Magnesita N.V. as an ultimate parent company, provided a corporate guarantee of €2,008.4 million (2022: €1,549.4 million) for the borrowings of the Group. The Borrowings are as disclosed in Note (27). Additionally €20.0 million (2022: €20.1 million) of corporate guarantees are issued in favour of customers and suppliers of the Group.

The Company has issued a declaration of joint and several liability as referred to in section 403, Book 2 of the Dutch Civil Code in respect of one of its consolidated participations, namely RHI Magnesita Trading B.V.

Other information
Information regarding independent auditor's fees, the number of employees of RHI Magnesita Group and the remuneration of the Board of Directors is included in Note (41), (10) and (43) of the Consolidated Financial Statements.

The Company opened a branch (RHI Magnesita N.V.) in Vienna, Austria and, as of February 2020, started to employ staff in the branch office and undertake services.

Material events after the reporting date

There were no material events after the reporting date other than those disclosed in Note (44) of the Consolidated Financial Statements.

Vienna, 28 February 2024

Board of Directors

Executive Directors

Stefan Borgas

Ian Botha

Non-Executive Directors

Herbert Cordt

John Ramsay

Janet Ashdown

David Schlaff

Stanislaus Prinz zu Sayn-Wittgenstein Berleburg

Janice "Jann" Brown

Karl Sevelda

Marie-Hélène Ametsreiter

Wolfgang Ruttenstorfer

Employee Representative Directors

Karin Garcia

Martin Kowatsch

Michael Schwarz

Other information

Provisions of the articles of association on profit and distributions

The stipulations of Article 27 and 28 of the Articles of Association concerning profit and distributions are:

27 Profit and distributions

27.1 The Board may resolve that the profits realised during a financial year will fully or partially be appropriated to increase and/or form reserves. With due regard to Article 26.2, a deficit may only be offset against the reserves prescribed by law to the extent this is permitted by law.

27.2 The allocation of profits remaining after application of Article 27.1 shall be determined by the General Meeting. The Board shall make a proposal for that purpose. A proposal to make a distribution of profits shall be dealt with as a separate agenda item at the General Meeting.

27.3 Distribution of profits shall be made after adoption of the annual accounts if permitted under the law given the contents of the annual accounts.

27.4 The Board may resolve to make interim distributions and/or to make distributions at the expense of any reserve of the Company, other than the Mandatory Reserve.

27.5 Distributions on shares may be made only up to an amount which does not exceed the amount of the Distributable Equity. If it concerns an interim distribution, the compliance with this requirement must be evidenced by an interim statement of assets and liabilities as referred to in Section 2:105 paragraph 4 of the Dutch Civil Code. The Company shall deposit the statement of assets and liabilities at the Dutch Trade Register within eight days after the day on which the resolution to make the distribution is published.

27.6 Distributions on shares payable in cash shall be paid in Euro, unless the Board determines that payment shall be made in another currency.

27.7 The Board is authorised to determine that a distribution on shares will not be made in cash but in kind or in the form of shares, or to determine that shareholders may choose to accept the distribution in cash and/or in the form of shares, all this out of the profits and/or at the expense of reserves, other than the Mandatory Reserve, and all this if and in so far the Board has been designated by the General Meeting in accordance with Article 6.1. The Board shall set the conditions under which such a choice may be made.

28 Release for payment

Distributions of profits and other distributions shall be made payable four weeks after adoption of the relevant resolution, unless the Board or the General Meeting at the proposal of the Board determine another date.

Independent auditor's report

To: the general meeting of RHI Magnesita N.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion:

- the consolidated financial statements of RHI Magnesita N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of RHI Magnesita N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of RHI Magnesita N.V., Arnhem. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the following statements for 2023: the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2023;
- the company statement of profit or loss for the period 1 January 2023 to 31 December 2023; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of RHI Magnesita N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

RHI Magnesita N.V. is a global supplier of high-grade refractory products, systems and solutions. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

In 2023, the Group experienced challenging conditions resulting from reduced demand from steel and cement customers for refractories. The Group responded by focussing on operational excellence, strategic cost-saving initiatives, strict cashflow management and resilient pricing. They also focused on acquiring and integrating new businesses as part of the overall growth strategy. The six acquisitions concluded by the Group in 2023 resulted in an overall growth of revenues, gross profit and operational results compared to 2022. These developments affected the scope of our group audit and our audit procedures, as described in section 'The scope of our audit' and 'Key audit matters'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change.

In note 3 of the consolidated financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in respect of the valuation of goodwill, the recognition and valuation of purchase price allocation balances resulting from acquisitions and the valuation of uncertain tax positions, we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report.

RHI Magnesita N.V. assessed the possible effects of climate change and its plans to meet a zero-waste product life cycle strategy on its financial position; refer to the sections 'Principal risks' and 'Sustainability' of the Group's Strategic Report where management defined potential physical as well as transitional risks, risk mitigating activities, risk governance, strategy and metrics.

We discussed RHI Magnesita N.V.'s climate risk impact assessment and governance thereof with the board of directors as well as the audit committee and evaluated the potential impact on the financial position including underlying assumptions and estimates, for example with respect to the valuation of goodwill. Please also refer to the Key audit matter 'Valuation of goodwill' where the impact and the approach thereon is described.

Management acknowledged that the inherent likelihood of the climate change related risk has risen over the years due to the increasing regulatory complexity in various countries and stakeholders' expectations. The potential reputational risk remains high and the financial impact of this risk was further assessed during 2023.

Climate change initiatives and commitments impact the preparation of the Group's financial statements in a variety of ways, all with inherent uncertainties. In the reporting period management further expanded its analysis of the impact of climate related risks (physical and transitional) on major assumptions incorporated in forecasts and disclosures in the financial statements. The Company assessed specific financial risks, in particular the introduction of the European Carbon Border Adjustment Mechanism ('CBAM'), as well as the opportunities from recycling and other initiatives to lower carbon emissions for its customers.

In note 4 of the consolidated financial statements, management highlighted that it incorporated considerations around climate change and the energy transition in its financial planning assumptions. The most important transitional risk impact is expected to be higher operating costs due to an increase in the level or scope of carbon pricing and changes to regulatory frameworks, particularly in Europe. Management also sees climate-related opportunities, such as increased demand for its products arising from the transition by its customers to lower-carbon emitting industrial processes and increased demand for refractory products that are produced with a lower carbon footprint. The Group is also investing in the research and development of new technologies for the manufacturing of refractories which may enable it over the long term to avoid or capture its CO2 emissions and thereby mitigate the impact of higher carbon prices. In the context of the financial statements management assessed the key areas of climate impacts that potentially have longer-term effects on amounts recognised at 31 December 2023. These areas are impairment of CGUs and goodwill, recognition of restoration provisions, valuation of deferred tax assets and the finance cost with respect to ESG linked loans.

As we have not been engaged in expressing assurance over the sustainability reporting, our procedures in this context consisted primarily of making inquiries with officers of the entity and determining the plausibility of the information reported.

During our planning procedures we made enquiries of management to understand and assess the extent of potential impact of climate related risk on the Group's financial statements. We challenged the appropriateness of management's assessment of the potential impact (e.g. estimated useful life of assets, potential diminished access to financing) on major accounting estimates.

Apart from key audit matters and the impact from the climate change on our audit, as described above, other areas of focus in our audit were the asset impairment considerations on ongoing construction projects and the application of the own use exemption for energy supply contracts. In addition, we performed audit procedures on the items marked 'audited' in the 2023 Directors' Remuneration Report.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of an international industrial products company. We therefore included experts and specialists in the areas of, among others, valuations, employee benefits, IT and corporate income taxes in our team.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: €14 million.

Audit scope

- We conducted audit work in 11 locations. We paid particular attention to the significant acquisitions that were concluded in 2023.
- Site visits were conducted to Austria, China, India and the Global Shared Services (Oviedo, Spain). We have also performed (remote) file reviews for Austria, Brazil, China, India and the United States of America.
- Audit coverage: 79% of consolidated revenue, 79% of consolidated total assets and 86% of consolidated profit before tax.

Key audit matters

- Recognition and valuation of purchase price allocation balances resulting from acquisitions;
- Recognition and valuation of uncertain tax positions; and
- Valuation of goodwill.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€14.0 million (2022: €14.0 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 5% of profit before tax adjusted for exceptional items.
Rationale for benchmark applied	We used profit before tax adjusted for exceptional items (i.e. restructuring, certain items included in other income and expenses and financial expenses as well as amortization of intangible assets) as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that profit before tax adjusted for exceptional items is the most relevant metric for the financial performance of the Group.
Component materiality	Based on our judgement, we allocate materiality that is less than our overall group materiality to each component in our audit. The range of materiality allocated across components was between €1.5 million and €12.5 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors and the audit committee that we would report to them any misstatement identified during our audit above €1.0 million (2022: €0.8 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

RHI Magnesita N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of RHI Magnesita N.V.

We tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

Our audit primarily focussed on the significant components of the Group: RHI Magnesita GmbH (Austria), RHI US Ltd (United States of America), and Magnesita Refratários S.A. (Brazil). We subjected these three components to audits of their complete financial information since these components are individually financially significant to the Group. Another eight components were also subjected to audits of their complete financial information to achieve appropriate coverage on financial statements line items in the consolidated financial statements.

Finally, we selected fifteen components to perform specified audit procedures on selected financial statements line items to achieve appropriate coverage on those financial statements line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	79%
Total assets	79%
Profit before tax	86%

None of the remaining components individually represented more than 3% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of component audit teams in full audit scope both during the year and upon conclusion of their work. During these calls, we discussed the financial performance of the components, significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, that could be of relevance for the consolidated financial statements.

The group engagement team visits the component teams and local management on a rotational basis. In the current year, the group engagement team visited the RHI Magnesita finance functions in Austria, China and India given the size of these operating locations or the conclusion of significant acquisitions. We also visited the Global Shared Services location in Spain in view of the centralised transactional processing function carried out for the Group. During these visits we met with local management and component auditors, discussed significant business developments, accounting matters and the areas of significant risks. Furthermore, we reviewed selected working papers of the component auditors in Austria, Brazil, China, India and the United States of America. We also conducted a series of video conference meetings with local management along with our component teams. During these meetings we discussed the strategy and financial performance of the local businesses as well as the audit plan and execution, significant risks and other relevant audit topics.

The group engagement team performed full scope audit procedures for the parent company RHI Magnesita N.V., specified audit procedures for the subsidiaries RHI Magnesita Trading B.V. and Seven Refractories d.o.o., and specified audit procedures for the Global Shared Services activities in Spain on areas such as property, plant & equipment, cash and cash equivalents and certain aspects of accounts payable and accounts receivable. In addition, the group engagement team performed audit work over the headquarter-related activities in Vienna.

This includes the audit of IT systems, group consolidation, inventory valuation, financial statement disclosures, remuneration disclosures and several complex accounting items, such as goodwill impairment testing, share based compensation and compliance of accounting positions taken by the Group in accordance with EU-IFRS.

By performing the procedures outlined above at the components, combined with the additional procedures exercised at Group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included the board of directors' risk assessment process, the board of directors' process for responding to the risks of fraud and monitoring the internal control system and how the board of directors exercised oversight, as well as the outcomes. We refer to section 'Effective risk management' of the Group's Strategic report for management's fraud risk assessment and section 'Sustainability governance — Ethics and Compliance' of the Strategic report in which management reflects on this fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistle-blower procedures, incident registration process, among other things. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

Our evaluation included the following procedures:

- We performed an inquiry of the audit committee as to fraud risks and related party transactions to identify the areas of their concerns in relation to fraud.
- We inquired with the Chief Audit Executive about fraud cases identified throughout the year and reviewed the reports of the Internal Audit Function relevant to the reporting period. Where we deemed appropriate, we performed followed-up procedures on these fraud cases. We also assessed the matters reported through the Group's whistleblowing and complaints procedure and results of management's investigation and follow-up on such matters.
- We inquired with board of directors, Group and local executives and sales managers, and other members of management as to whether they have any knowledge of (suspected) fraud, their views on overall fraud risks within the Group and their perspectives on the Group's mitigating controls addressing the risk of fraud.
- We assessed the IT environment around key systems. We paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	*Our audit work and observations*
Risk of management override of controls It is generally presumed that management is in a unique position to perpetrate fraud because of the available opportunity to manipulate accounting records and prepare fraudulent financial statements by overriding manual controls, such as those related to journal entries, related party transactions, significant accounting estimates, etc. Adjusted EBITDA and adjusted EBITA are key financial measures that the executive management and Directors use to assess the performance of the Group. Adjusted EBITA and adjusted operating cash flow are also a key financial target for executive management. Focus on meeting financial targets could provide to management an incentive for bypassing of controls.	Where relevant to our audit, we evaluated the design and effectiveness of controls in the processes of generating and processing journal entries. We assessed whether deficiencies in controls may create additional opportunities for fraud and incorporated respective corroborative procedures in our audit approach. We paid specific attention to non-routine transactions and areas of significant management judgement. We also paid specific attention to the access safeguards in the IT system, possibility of functional segregation and together with management followed up on business rationale for conflicting user rights granted within the IT environment. We considered the outcome of our audit procedures over the estimates and significant accounting areas and assessed whether control deficiencies and misstatements identified could be indicative of fraud. Where necessary, we planned and performed additional auditing procedures to ensure that fraud risks are sufficiently addressed in our audit. We evaluated key accounting estimates and judgements used in accounting areas where management judgement is applied (e.g., timing of acquisition of group companies, valuation of provisions) for biases, including retrospective reviews of prior year's estimates where available. We performed data analysis focused on journal entries using defined fraud risk-criteria identified as part of our fraud risk assessment. Where we identified instances of unexpected journal entries, we performed additional audit procedures. We evaluated whether the business rationale (or lack thereof) of the significant transactions concluded in 2023 suggests that the Group may have entered into those to engage in fraudulent financial reporting or to conceal misappropriation of assets. We incorporated an element of unpredictability in the nature, timing, and extent of audit procedures. We performed substantive testing procedures over the consolidation entries. Our audit procedures did not identify indications of specific fraud or suspicions of fraud with respect to management override of controls.
Risk of fraud in revenue recognition As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we considered the risk of fraud in revenue recognition.	We discussed and inquired with the audit committee and executive management about their views on overall fraud risks within the Group, their perspectives on the Group's mitigating controls addressing the risk of fraud in revenue and whether they have any knowledge of (suspected) fraud. Where relevant to our audit, we have evaluated the design of the internal

This relates to the presumed management incentive that exists to overstate revenue in order to meet financial targets, guidance provided to the market or shareholder expectations.

In this context, we consider this as a risk of fraud focussed to overstate revenue through the recording of non-existent transactions.

control measures that are intended to mitigate the risk of fraud in revenue recognition and assessed the effectiveness of those measures.

We also paid specific attention to the processes surrounding the relevant IT systems. Through data analysis using defined risk- criteria, we tested unexpected journal entries across all relevant revenue streams.

We tested, on a sample basis, the performance and transaction prices of the revenue transactions based on sales agreements, delivery documents, sales invoices and/or cash receipts. We tested the receivable balances at year end via external confirmations or alternative procedures if these were not received.

We did not identify specific indications of fraud or suspicion of fraud in respect of revenue recognition.

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

As disclosed in section 'Principles and Methods" on page 181 of the consolidated financial statements, the board of directors performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks).

Our procedures to evaluate the board of directors' going concern assessment included, amongst others:

- Review of the board of directors' going-concern assessment and sensitivity analysis. We corroborated the board of directors' analysis with the approved budget 2024 and facts and circumstances that came to our attention from our auditing procedures.
- Review of the board of directors' analysis of the forecasted levels of net debt, available undrawn borrowing facilities, compliance with debt covenants and the debt maturity profile.
- Corroboration of consistency between the board of directors' going-concern analysis, the analysis of the forecasted levels of net debt with the future cash flow forecast as incorporated in the goodwill impairment test. In evaluating the board of directors' forecasts and cash flows we performed a look-back analysis to assess the accuracy of the forecasting process.
- An analysis of the financial position at balance sheet date in comparison to prior year to assess whether events or circumstances exist that may lead to a going-concern risk.
- Consideration of the potential indications of the component's going-concern uncertainty based on audit procedures performed by the component auditors. We evaluated the impact of such indications on the overall use of the going-concern assumption applied by the Group.
- Inquiries of the board of directors, other Group and local management as to their knowledge of going-concern risks beyond the period of the board of directors' assessment.

Our procedures did not result in outcomes contrary to the board of directors' assumptions and judgements used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors and the audit committee. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Compared to the key audit matters identified in previous year's report, a new key audit matter is introduced with respect to the recognition and valuation of purchase price allocation balances resulting from acquisitions. This is the result of the significant increase in acquisitions realised by the Group during 2023, which required significant attention from the group engagement team and component auditors in view of the judgements involved with respect the accounting for such business combinations. On the other hand the key audit matter related to the recognition and valuation of uncertain tax positions covers, contrary to last year's key audit matter, solely the work performed over uncertain tax positions and no longer the deferred tax asset position in view of the reduced level of judgement involved. The key audit matter with respect to the valuation of goodwill identified in the previous year's report continues to be relevant and important for the audit of the Group's financial statements.

Key audit matter	*Our audit work and observations*
Recognition and valuation of purchase price allocation balances resulting from acquisitions *Refer to notes 3, 26 and 42 of the consolidated financial statements* The Group concluded 6 acquisitions of subsidiaries throughout the year, most notably a 100% interest in Dalmia OCL Ltd. in India for a consideration of €325.2 million, a 65% interest in Jinan New Emei Industries Co Ltd. in China for a consideration of €22.9 million, business acquired through an asset deal regarding Hi-Tech Chemicals Ltd. in India for a consideration of €87.0 million, a majority interest in Seven Refractories companies in various territories for a consideration of €84.4 million and a majority interest in P-D Refractories companies in Europe for a consideration of €44.5 million. In accordance with IFRS 3, 'Business Combinations' the accounting for these acquisitions requires management to perform a purchase price allocation which requires significant judgement by management to determine the fair value of the identifiable assets and liabilities and the resulting goodwill. As part of the valuation process, management involved external valuation experts to assist in the determination of the purchase price allocation and valuation of identified assets and liabilities. The purchase price allocations performed for these six acquisitions resulted in the recognition of intangible assets of €173.3 million and goodwill of €197.0 million. Furthermore, the structure of the Dalmia acquisition in India, whereby the Group applied the partial goodwill allocation method, resulted in a complex non-controlling interest calculation. For the P-D Refractories acquisition that was concluded in December 2023, the Group performed a preliminary purchase price allocation that resulted in a bargain purchase. As such a bargain purchase gain of €7.5 million was recorded in the consolidated statement of profit or loss. The valuation of the purchase price allocation balances arising as a result of acquisitions was a matter of significance due to the judgement and complexity involved in performing the purchase price allocations, specifically the underlying estimates involved in forecasting cash flows and other significant assumptions used in the valuation. Therefore, we considered the accounting for the recognition and valuation of the purchase price allocation balances resulting from acquisitions as a key audit matter.	With support of our internal valuation experts, we performed the following procedures: We agreed transaction details to supporting documentation such as signed purchase agreements and proof of payment. And evaluated the competence, capabilities and objectivity of valuation experts engaged by the Group. We assessed the appropriateness of the identifiable intangible assets identified by management and their valuation experts based on our knowledge of the business models of acquired businesses. We furthermore assessed the reasonableness of the fair value measurements prepared by management and their valuation experts by corroborating and where appropriate benchmarking key data and assumptions used in the valuation model, such as pre-acquisition carrying values, royalty rates and retention rates for identified intangible assets. We compared the assumptions and data underlying the weighted average cost of capital (WACC) with our own assumptions and publicly available data and tested the computational accuracy of the fair value measurement calculations prepared by management and their valuation experts. We tested the reasonability of future cash flow forecasts and underlying management assumptions by reconciling the resulting valuation to the purchase consideration. We furthermore assessed and discussed with management the rationale for the bargain purchase realised in connection with the P-D Refractories acquisition. We also assessed and recalculated the non-controlling interest balances for the acquisitions whereby minority interests were to be accounted for. We tested the related financial statement disclosures against the disclosure requirements of IFRS 3. In respect of the audit procedures specified above, no material findings were identified.
Recognition and valuation of uncertain tax positions *Refer to notes 3, 14, and 39 of the consolidated financial statements* As described in Note 39 of the consolidated financial statements the Group is party to several tax proceedings in Brazil which involve estimated contingent liabilities amounting to €271.8 million. Given that the tax legislation in Brazil is complex and unpredictable, this could give rise to significant uncertainties and the Group's estimate of tax liabilities may differ from interpretations by the relevant tax authorities as to how regulations should be applied to actual transactions. Judgement is therefore required by management to determine whether it is probable that an uncertain tax position should be recognised and or will not be sustained. Due to the inherent level of uncertainty, significant judgement involved, potential limitations in the recoverability of uncertain tax positions, we considered the recognition and valuation of uncertain tax positions to be a key audit matter for our audit.	With regard to recognition and valuation of uncertain tax positions we have requested and obtained management's valuation of tax positions, reviewed correspondence with the tax authorities, independent legal and tax opinions and latest available tax filings. We also corroborated tax assessment with the group management and local auditors. We analysed the outcomes of resolution of tax disputes within the territory (Brazil) where uncertain tax positions were identified. Where significant management estimates and judgements involved are susceptible to management bias, we have critically reviewed the underlying facts to assess recognition and assessed the recoverability of the deferred tax assets and uncertain tax positions. Based on the audit procedures performed, we found the Group's estimates and judgement used in the recognition and valuation of uncertain tax positions to be supported by the available evidence. We assessed and corroborated the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

Valuation of goodwill

Refer to notes 3, 14, and 17 of the consolidated financial statements

The Group recognised goodwill of €339.2 million, mainly related to the historical acquisition of the Magnesita Group in 2017 and the new acquisitions concluded in 2023, which increased goodwill by €197.0 million. This goodwill forms part of cash- generating units ('CGUs') to the extent that they independently generate cash inflows. If and to the extent to which these CGUs include goodwill, or show signs of impairment, the recoverable amount is assessed.

Annual planning process data is used to make assumptions on the discount rates, profitability as well as growth rates and sensitivity analysis are carried out regarding any accounting effects. The assessment did not result in an impairment.

As disclosed in note 4 of the consolidated financial statements, the Group has considered the long-term impact of climate change, in particular by considering a long-term growth rate in the estimation of the terminal value in line with the change in steel and cement demand on the longer term based on the specific characteristics of the businesses involved.

Management also considered and modelled the potential impact of the European Carbon Border Adjustment Mechanism (CBAM) regulation on its assets located within Europe and modelled the impact thereof.

We identified the valuation of goodwill as a key audit matter due to significant estimates and assumptions used with respect to, among others, discount rates, profitability forecasts and growth rates.

As part of our audit procedures, we have evaluated and challenged the composition of management's future cash flow forecast and process applied to identify and define cash-generating units, recalculated the recoverable amount, tested for impairment, recalculated the capital cost rate and the growth rate as well as evaluated the calculation model.

We have reconciled the assumed future cash flows used in the budget planning with the information included in the forecast made by management.

Given that the areas where significant management estimates and judgements involved are susceptible to management bias and creates opportunities for fraud, we, with the support of our valuation specialists, have evaluated management's assumptions such as revenue and margin, the discount rate, terminal value, operational and capital expenditure. We have obtained corroborative evidence for these assumptions.

We performed analysis to assess the reasonableness of forecasted revenues and margins and obtained further explanations when considered necessary. We also compared the forecast to prior year's forecast and actuals. We compared the long-term growth rates used in determining the terminal value with economic and industry forecasts. We have reperformed calculations, compared the methodology applied with generally accepted valuation techniques, assessed appropriateness of the cost of capital for the company and comparable assets, as well as considered territory specific factors. Finally, we assessed the appropriateness of the disclosure of the key assumptions and sensitivities underlying the tests.

Based on the audit procedures performed, we found the assumptions to be reasonable and supported by the available evidence.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements, except for the audit procedures performed on information in the Annual report on remuneration marked 'audited'.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The board of directors is responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of RHI Magnesita N.V. This followed the passing of a resolution by the shareholders at the annual general meeting held on 4 October 2017. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of seven years.

European Single Electronic Format (ESEF)

RHI Magnesita N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the marked-up consolidated financial statements, as included in the reporting package by RHI Magnesita N.V., complies in all material respects with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby the board of directors combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 41 to the consolidated financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The audit committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 28 February 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A. F. Westerman RA

Appendix to our auditor's report on the financial statements 2023 of RHI Magnesita N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors 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. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Alternative performance measures ("APMs")

Definitions of APMs used by the Group are set out below. The purpose and usefulness of each APM and a reconciliation to the nearest IFRS equivalent measure, or a reference to a reconciliation appearing elsewhere in this document. In general, APMs are presented externally to meet investor and analyst requirements for clarity and transparency of the Group's underlying financial performance. APMs are also used internally in the management of the Group's business performance, budgeting and forecasting. APMs are non-IFRS measures which enable investors and other readers to review alternative measurements of financial performance, but they should not be used in isolation from the main financial statements. Commentary within the Annual Report, including the Financial Review, the Consolidated Financial Statements and the accompanying notes, should be referred to in order to fully appreciate all the factors and context affecting the Group's financial performance. Readers are strongly encouraged not to rely on any single financial measure and to carefully review the Group's reporting in its entirety.

Performance APMs

Adjusted EBITDA

Adjusted EBITDA is a key non-IFRS measure that the Executive Management Team (EMT) and Directors use internally to assess the underlying financial performance of the Group and is viewed as relevant to capital intensive industries. The ratio of Net Debt to Adjusted EBITDA is used as a measure of financial gearing.

Adjusted EBITDA is defined as EBIT, as presented in the Condensed Consolidated Statement of Profit or Loss, before amortisation, depreciation, and Excluded Items (see definition below).

Pro Forma Adjusted EBITDA

Pro Forma Adjusted EBITDA is used to assess financial gearing and includes a full year of Adjusted EBITDA contribution from businesses acquired during the year.

Adjusted EBITA

Adjusted EBITA is a key non-IFRS measure that the EMT and Directors use internally to assess the underlying performance of the Group.

Adjusted EBITA is determined consistently with Adjusted EBITDA, but includes depreciation expense of property, plant and equipment to reflect the wear and tear cost and future replacement of productive assets.

Adjusted EPS

Adjusted EPS is a key non-IFRS measure and one of the Group's KPIs. Adjusted EPS is used to assess the Group's underlying operational performance, post tax and non-controlling interests on a per share basis.

This measure is based on Adjusted EBITA after finance income and expenses, taxes, share of profit or loss from associates and joint ventures and non-controlling interest. Share of profit or loss from associates and joint ventures is adjusted to exclude impairments and gains or losses recognised on disposals.

Adjusted EPS excludes finance income and expenses and certain foreign exchange effects, that are not directly related to operational performance. This includes the non-cash present value adjustments for the Oberhausen provision.

Taxes are calculated by applying the effective tax rate normalised for restructuring expenses and impairments.

Excluded items

Items that are excluded (Excluded Items) in arriving at the Group's Adjusted measures of Adjusted EBITA, EBITDA and EPS include:

Other income, other expenses and restructuring expenses as reflected on the Consolidated Statement of Profit or Loss as well as gains and losses within interest income, interest expenses and other net financial expenses that are non-recurring in nature and not reflective of the underlying operational performance of the business. Excluded items include restructuring related provisions, costs in relation to corporate transactions and other non-recurring costs. The tax impacts of the above Excluded Items are also adjusted for.

Cash flow performance measures

Adjusted operating cash flow and Free cash flow

Adjusted operating cash flow is a key non-IFRS measure used by the EMT and the Directors to reflect the operational cash generation capacity of the Group before the cash impacts of Excluded Items (see definition above).

Adjusted operating cash flow is defined as Adjusted EBITDA adjusted for working capital items, changes in other assets and liabilities and capital expenditure and other non-cash items, such as share based payments.

This APM is reconciled to Net Cash flow from operating activities as follows:

€m	**2023**	2022
Adjusted operating cash flow (APM)	413	155
Add: Capital expenditure[1]	180	157
Less: Income Taxes paid[1]	(60)	(54)
Other income/expenses and restructuring items[1]	(32)	(24)
Net cash flow from operating activities[1]	**500**	**234**

1. As reflected in the Consolidated Statement of Cash Flows.

Free cash flow is determined from the IFRS measures of Net cash flow from operating activities, net cash used in investing activities and net cash (used in)/provided by financing activities and excludes the cash impacts of purchases and disposals of business and subsidiaries, dividends paid to equity shareholders of the Group, share capital transactions with shareholders, proceeds and repayment of borrowings and current borrowings and repayment of leases.

Free cash flow is reconciled to Cash changes in Net debt in the table in the Cash flow and working capital section. Cash changes in Net debt is reconciled to Change in cash and cash equivalents in the Net Debt APM reconciliation.

Balance sheet

Liquidity

Liquidity comprises cash and cash equivalents, short term marketable securities and undrawn committed credit facilities.

€m	**2023**	2022
Cash and cash equivalents[1]	704	521
Add: Revolving credit facility (RCF)	600	600
Liquidity (APM)	**1,304**	**1,121**

1. As reflected in the Consolidated Statement of Financial Position.

Net Debt

Net Debt is the excess of current and non-current borrowings, associated debt derivatives for which hedge accounting is applied and lease liabilities over cash and cash equivalents and short-term marketable securities. The Board uses this measure for the purpose of capital management. A reconciliation of Net Debt is included in Note 34 to the Condensed Consolidated Interim Financial Statements.

€m	2023	2022
Cash changes in net debt	**(41)**	**(82)**
Proceeds from borrowings[1]	336	344
Repayment of borrowings[1]	(16)	(278)
Change in current borrowings[1]	(63)	(14)
Repayment of lease obligations[1]	(20)	(21)
Change in cash and cash equivalents[1]	**196**	**(50)**

1. As reflected in the Consolidated Statement of Cash Flows.

Working capital

Working capital consists of inventories plus trade receivables and other receivables minus trade payables and other payables. Working capital intensity provides a measure of how efficient the Company is in managing operating cash conversion cycles. It is measured as Working capital divided by trailing three-month revenues (annualised) and is expressed as a percentage.

€m	2023	2022
Inventories (Note 21)	**996**	**1,049**
Trade receivables (Note 22)	538	433
Contract assets (Note 22)	4	4
Contract liabilities (Note 32)	(65)	(62)
Accounts receivables	**477**	**375**
Trade payables (Note 32)	**(498)**	**(507)**
Total working capital	**974**	**918**

Return on invested capital (ROIC)

ROIC reflects the annualised return on invested capital of the Group. The Group has amended its definition of ROIC to use Average Invested Capital, being the average of the level of Invested Capital at the beginning and end of the financial year. ROIC is calculated as NOPAT (net operating profit after tax) divided by average invested capital of the year.

€m	2023	2022
Revenue[1]	**3,572**	**3,317**
Cost of sales[1]	(2,714)	(2,554)
Selling and marketing expenses[1]	(153)	(131)
General and administrative expenses[1]	(339)	(277)
Income taxes paid[2]	(60)	(54)
NOPAT	**305**	**301**

1. As reflected in the Consolidated Statement of Profit and Loss.
2. As reflected in the Consolidated Statement of Cash Flows.

Invested Capital €m	2023	2022
Goodwill[3]	**339**	**137**
Other intangible assets[3]	470	317
Property, plant and equipment[3]	1,360	1,204
Investments in joint ventures and associates[3]	6	6
Other non-current assets[3]	**37**	**40**
Deferred tax assets[3]	**152**	**128**
Inventories[3]	**996**	**1,049**
Trade and other receivables[3]	**686**	**579**
Income tax receivables[3]	**43**	**39**
Deferred tax liabilities[3]	**(63)**	**(62)**
Trade and other current liabilities[3]	**(820)**	**(780)**
Income tax liabilities[3]	**(51)**	**(38)**
Current provisions[3]	**(34)**	**(30)**
Invested Capital	**3,122**	**2,587**
Average invested capital	**2,854**	**2,439**
Return on average invested capital	**10.7%**	**12.3%**

3. As reflected in the Consolidated Statement of Financial Position.
4. NOPAT divided by average invested capital of the year. Invest Capital in 2021 €2,291 million

Glossary

AC	Audit & Compliance Committee
AFM	Dutch Authority for the Financial Markets
AGM	Annual General Meeting
AI	Artificial Intelligence
APM	Alternative Performance Measures
BF	Blast Furnace
BOF	Basic Oxygen Furnace
CAE	Chief Audit Executive
CAGR	Compound Annual Growth Rate
capex	Capital Expenditure
CBAM	Carbon Border Adjustment Mechanism
CCO	Chief Customer Officer
CCUS	Carbon Capture, Utilisation & Storage
CDP	Global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts
CEO	Chief Executive Officer
CERO	Continuous Economic Recycling Optimisation
CFO	Chief Financial Officer
CIA	Certified Internal Auditor
CO	Carbon monoxide
CO_2	Carbon dioxide
CoGS	Cost of Goods Sold
CoRe	Complexity Reduction Program
COP 27	The 2022 United Nations Climate Change Conference
COVID-19	Coronavirus disease 2019
CIS	Commonwealth of Independent States
CREST	Certificateless Registry for Electronic Share Transfer
CSC	Corporate Sustainability Committee
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CTO	Chief Technology Officer
DACH	Three Central European countries of Germany (D), Austria (A), and Switzerland (CH)
DBM	Dead Burned Magnesia
DBRL	Dalmia Bharat Refractories Limited
DEI	Diversity, equity and inclusion
DGSB	Dalmia GSB Refractories GmbH
DCGC	Dutch Corporate Governance Code 2016
DNSH	Do-No-Significant-Harm criteria
DRI	Direct Reduced Iron
DSR	Dalmia Seven Refractories Ltd
DTR	Disclosure & Transparency Rules (UK)
E2E	End-to-End
EAF	Electric Arc Furnace
EBIT	Earnings Before Interest and Taxes
EBITA	Earnings Before Interest, Taxes and Amortisation
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ED	Executive Director
EEC	Environment, Energy and Chemicals
EMT	Executive Management Team
EPS	Earnings Per Share
ERD	Employee Representative Director
ERP	Enterprise Resource Planning system
ESEF	European Single Electronic Format
ESF	Electric Smelting Furnace
ESG	Environmental Social Governance
ETR	Effective Tax Rate
ETS	Emissions Trading Schemes
EU	European Union
FRC	UK Financial Reporting Council
FTSE	Financial Times Stock Exchange
FX	Foreign Exchange
GAAP	Generally Accepted Accounting Principles
GHG	Greenhouse Gas Protocol
GRI	Global Reporting Initiative
GSS	Global Shared Services
Hi-Tech	Hi-Tech Chemicals Ltd
IAS	International Accounting Standards
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IMS	Integrated Management System
IPCC	Intergovernmental Panel on Climate Change
IPO	Initial Public Offering
ISO	Isostatically pressed
ISSB	International Sustainability Standards Board

Jinan New Emei	Jinan New Emei Industries Co. Ltd
Ktpa	Thousand tonnes per annum
KPI	Key Performance Indicator
LES	Lining Evaluation Scan
LPG	Liquefied Petroleum Gas
LTIF	Lost Time Injury Frequency
LTIP	Long-Term Incentive Plan
MCi Carbon	Mineral Carbonation International Pty Ltd.
M&A	Mergers and Acquisitions
MES	Manufacturing Execution Systems
MIRECO	Horn & Co. RHIM Minerals Recovery GmbH
MSCI	Morgan Stanley Capital International
MSS	Minimum Social Safeguards
NAM	one of the RHIM strategic regions including North America and Central America
NCI	Non-Controlling Interest
NED	Non-Executive Directors
NFM	Non-Ferrous Metals
NG	Natural Gas
NGO	Non-governmental Organisation
NMEA	Near Middle East and Africa
NOx	Nitrogen oxides
NOPAT	Net Operating Profit After Tax
NPS	Net Promoter Score
OCF	Operating Cash Flow
Oberhausen	Unfavourable contract required to satisfy EU remedies at the time of the combination of RHI and Magnesita to form RHI Magnesita
OeKB	Oesterreichische Kontrollbank AG
OES	Operations Excellence System
OIE	Other Income and Expenses
OMV	Austrian petroleum company — OMV AG
ONS	UK office for National Statistics
OT	Operations Technology
PCF	Product Carbon Footprint
PCR	Post-Consumer Recycled
P-D Refractories	P-D Refractories CZ a.s.
PIFOT	Process In Full On Time
PPE	Property Plants & Equipment/Personal Protective Equipment
PROIL	A digital solution offered by RHIM that optimises steel or metal flow to reduce scrap rate and achieve higher quality, improve energy and CO_2 efficiency
PVA	Present Value Adjustment
QIP	Qualified Institutional Placement, a mechanism used for equity issuance in India
R&D	Research & Development
RCF	Revolving Credit Facility
Rhône Capital	Refers to the group of a number of limited partnerships, parallel investment and co-investment vehicles which are ultimately controlled by Rhône Capital L.L.C.
ROIC	Return On Invested Capital
RR	Recycling Rate
SAM	One of the RHIM strategic regions: South America
SAR+	Refractory Application System
SDGs	United Nations Sustainable Development Goals
Seven Refractories	Seven Refractories d.o.o.
SFDR	Sustainable Finance Disclosure Regulation
SG&A	Selling, General and Administrative Expenses
SID	Senior Independent Director
SMART	SMART maintenance uses digital tools to make maintenance and servicing more efficient
SOx	Sulphur oxides
SÖRMAŞ	Söğüt Refrakter Malzemeleri Anonim Şirketi
SRM	Secondary Raw Materials
SS	Scrap Steel
TCFD	Task Force on Climate-related Financial Disclosures
TRACE	A leading anti-bribery standard-setting organisation.
TRIF	Total Recordable Injury Frequency
TRL	Technology Readiness Level
TSR	Total Shareholder Return
UK	United Kingdom
UKCGC	UK Corporate Governance Code 2018
UN	United Nations
UNGC	United Nations Global Compact
US/USA	United States of America
WRA	World Refractories Association
WSA	World Steel Association

Shareholder information

RHI Magnesita N.V. is a public company with limited liability under Dutch law and was incorporated on 20 June 2017.

It has its corporate seat in Arnhem, the Netherlands, its administrative seat in Vienna, Austria and its registered office at Kranichberggasse 6, 1120 Vienna, Austria.

The telephone number of the Issuer is +43 50 2136200.

The Company shares, represented by depository interests, of RHI Magnesita N.V, are listed on the Premium Segment of the Official List on the Main Market of the London Stock Exchange and RHI Magnesita N.V holds a secondary listing on the Prime Segment of the Vienna Stock Exchange (Wiener Börse).

Ticker symbol: RHIM
ISIN Code: NL 0012650360

Investor information

The Company's website www.rhimagnesita.com provides information for shareholders and should be the first port of call for general queries. The Investors section here contains details. contains details on the current and historical share price, analyst presentations, shareholder meetings as well as a "Shareholders Information" section. Annual and Interim Reports can also be downloaded from this section.

You can also subscribe to an "Investors mail alert service" to automatically receive an email when significant announcements are made.

Shareholding information

Please contact our Registrar, Computershare for all administrative enquiries about your shareholding, such as dividend payments, or a change of address:

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Financial calendar

Q1 Trading Update	2 May 2024
Annual General Meeting	2 May 2024
Half Year Results	24 July 2024

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