Report on the first half year 2023

sgl carbon

Highlights H1 2023

Sales growth in H1 2023 to €560.5 million (+1.9 % year-on-year) driven in particular by increased demand from the semiconductor industry and the encouraging sales performance of the PT and CS business units.

Adjusted EBITDA remains on the prior-year level despite the lower earnings contribution from CF. PT and CS extend positive trend and compensate for earnings gap. Impairment loss at CF of €44.7 million due to continued weakness in demand from wind business.

Refinancing of the corporate bond (due September 2024; €237.4 million outstanding as of June 30, 2023) by issuing a further convertible bond (€118.7 million). Extension of the maturity profile until June 2028.

Solid equity ratio of 36.1 % (year-end 2022: 38.5 %). Net debt almost unchanged at €169.9 million (-0.5 % compared to year-end 2022).

Confirmation of the annual guidance for 2023. PT and CS in particular impress with business development well above expectations.

Financial Highlights H1 2023

€ million	1st Half Year 2023	2022	Change
Sales revenue	560.5	549.8	1.9%
EBITDA pre [1]	88.0	87.9	0.1%
EBITDA pre-margin	15.7%	16.0%	-0.3%-points
EBIT	12.0	69.6	-82.8%
Consolidated net result (attributable to shareholders of the parent company)	-10.0	48.8	-
Free cash flow	20.1	7.5	>100%

€ million	Jun 30, 23	Dec 31, 22	Change
Total assets	1,564.3	1,480.3	5.7%
Equity (attributable to the shareholders of the parent company)	565.2	569.3	-0.7%
Net financial debt	169.9	170.8	-0.5%
Return on capital employed (ROCE) [2]	11.0%	11.3%	-0.3%-points
Leverage ratio [3]	1.0	1.0	-
Equity ratio	36.1%	38.5%	-2.4%-points

Share price in €	1st Half Year 2023	Financial year 2022	Change
High	9.37	8.07	16.1%
Low	7.09	4.59	54.5%
Closing price at end of period	8.42	6.93	21.5%

[1] Adjusted for one-off effects and non-recurring items. For more details, please refer to the business development section
[2] EBIT pre for the last twelve months to average capital employed (total of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity and working capital)
[3] Net financial debt divided by EBITDA pre of the last 12 months

Content

Interim Group Management Report

Economic Environment

The economic forecast published by the Organization for Economic Cooperation and Development (OECD) in June 2023 sees the global economy in a very subdued recovery with a long way to go to return to strong and sustainable growth. Global GDP growth slowed significantly from 6.1% in 2021 to 3.3% in 2022, and the OECD expects growth to slow further to 2.7% in 2023, well below the average growth rate in the decade before the Corona pandemic. Falling energy prices and inflation rates, easing supply bottlenecks and the revival of the Chinese economy may contribute to a likely recovery. Nevertheless, the recovery will be weaker than in previous phases. The effects of higher interest rates worldwide are also increasingly noticeable, particularly on the real estate and financial markets.

In the USA, the sharp rise in interest rates since the end of 2021 has been reflected in a slowdown in domestic final demand growth. Business investment is also showing signs of declining. Lower savings rates and strong employment growth are still helping to sustain private consumption growth. However, the OECD expects a slowdown in the future. Annual GDP growth in the United States is expected to be 1.6% this year (2022: 2.1%), according to the OECD.

The major European economies came under strong pressure from the war in the Ukraine, as energy prices have risen and uncertainty has increased. Macroeconomic policy is now becoming less supportive, with higher key interest rates and ongoing fiscal consolidation. For the euro area, the OECD forecasts growth of 0.9% in 2023, which is significantly lower than the 3.5% achieved in 2022. The OECD expects headline inflation in the euro area to decline rapidly as food and energy inflation will be negative year-on-year, but core inflation is projected to decline only slowly, returning to around 3% only toward the end of 2024.

According to OECD forecasts, the German economy will stagnate in 2023. High inflation is reducing real incomes and savings and dampening private consumption. Export growth will recover by the end of 2023 as supply chain bottlenecks ease and order backlogs reach record levels. Investment will pick up despite rising interest rates, mainly due to high corporate savings and investment needs related to supply chain relocation and renewable energy expansion, rising public investment, and strong tax incentives for green investment.

For China, the OECD expects the strongest positive growth shift of all G20 economies between 2022 and 2023, mainly due to the removal of COVID-19 restrictions. Growth is expected to rise to 5.4% in 2023 from 3.0% in 2022.

Overall, the OECD sees intensifying risks for 2023 and 2024. Inflation as well as interest rates could remain high for longer than expected. Another risk, especially in Europe, stems from gas prices and possible gas rationing next winter. This would lead to severe production disruptions.

Key Events of the Business Development

Impairment Test

Demand for carbon fibers for the wind industry has declined sharply since the beginning of the year. According to current estimates, the expected recovery in demand in H2 2023 will not materialize for the time being. SGL Carbon expects customer demand from the wind industry to pick up in 2024. This triggered an event-driven impairment test for property, plant and equipment for the cash generating unit (CGU) Carbon Fibers. Against this background, an impairment loss in the business unit CF (Carbon Fibers) was required as of June 30, 2023 in the amount of €44.7 million.

Successful placement of a convertible bond

On June 28, 2023, SGL Carbon SE successfully placed non-subordinated and unsecured convertible bonds with a total nominal amount of €118,7 million and a maturity date in June 2028. The conversion price was set at €9.7051, representing a 25% premium to the reference price of €7.7641. The fair value of the conversion rights amounting to €14.9 million was transferred to the capital reserve upon issuance of the convertible bond and simultaneously deducted from the bond liability. The coupon is 5.75% p.a. and is payable semi-annually in arrears, for the first time on December 28, 2023.

The proceeds of €118.7 million received in June 2023 from the newly placed convertible bond, together with the €75.0 million drawn on the syndicated loan in July and the available liquidity, were used to repurchase the corporate bond (due 2024) at a nominal value of €237.4 million.

Early redemption of 3.0% convertible bonds (09/2023)

On March 31, 2023, SGL Carbon SE prematurely repurchased convertible bonds that had their scheduled maturity in September 2023 at their total nominal amount of €31.6 million. This financial instrument has thus been repaid in full.

Sale of the operating business activities at the Gardena site (USA) and in Pune (India)

The assets and liabilities of the operating activities of SGL Composites Inc. at the Gardena site (USA), which were classified as held for sale as of December 31, 2022, were sold to an external buyer on February 16, 2023, and are therefore no longer included in the consolidated financial statements.

The sale of SGL CARBON INDIA Pvt. Ltd., Maharashtra (Pune, India) was completed on April 28, 2023. The currency translation effects of approximately €1.6 million, which had previously been recognized directly in equity, were expensed as of the date of disposal.

The income and expenses of minus €1.0 million of both sites for the period from January 1, 2023 to closing are included in the reporting segment Corporate.

Business Development

Group Business Development

Condensed consolidated income statement

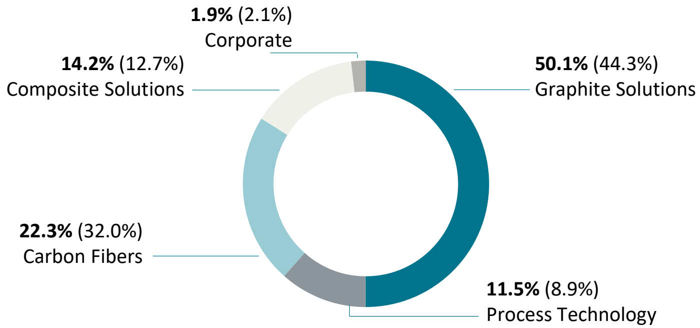
€ million	2023	1st Half Year 2022	Change
Sales revenue	**560.5**	**549.8**	**1.9%**
Cost of sales	-436.4	-419.6	4.0%
Gross profit	**124.1**	**130.2**	**-4.7%**
Selling, administrative and R&D expenses	-84.8	-85.4	-0.7%
Other operating income/expenses	8.6	4.7	83.0%
Result from investments accounted for At-Equity	11.0	9.5	15.8%
EBIT pre	**58.9**	**59.0**	**-0.2%**
Impairment loss	-44.7		-
One-off effects/Non-recurring items	-2.2	10.6	-
EBIT	**12.0**	**69.6**	**-82.8%**

Double-digit sales growth in GS, PT and CS compensate for weak demand in CF business unit

SGL Carbon generated sales revenue of €560.5 million in H1 2023 (H1 2022: €549.8 million). This corresponds to an increase of €10.7 million or 1.9 % compared to the prior-year period (2.9 % adjusted for currency effects). The main drivers were volume and product mix effects as well as price adjustments. This was offset by negative sales effects resulting from the sale of the Gardena and Pune sites.

With sales of €280.6 million, the business unit Graphite Solutions (GS) accounts for the largest share of sales with 50.1 % (previous year: 44.3 %). Carbon Fibers (CF) contributed 22.3 % (previous year: 32.0 %) to Group sales, followed by Composite Solutions (CS) and Process Technology (PT) with 14.2 % (previous year: 12.7 %) and 11.5 % (previous year: 8.9 %), respectively. The share of sales accounted for by the Corporate segment decreased slightly to 1.9 % (previous year: 2.1 %).

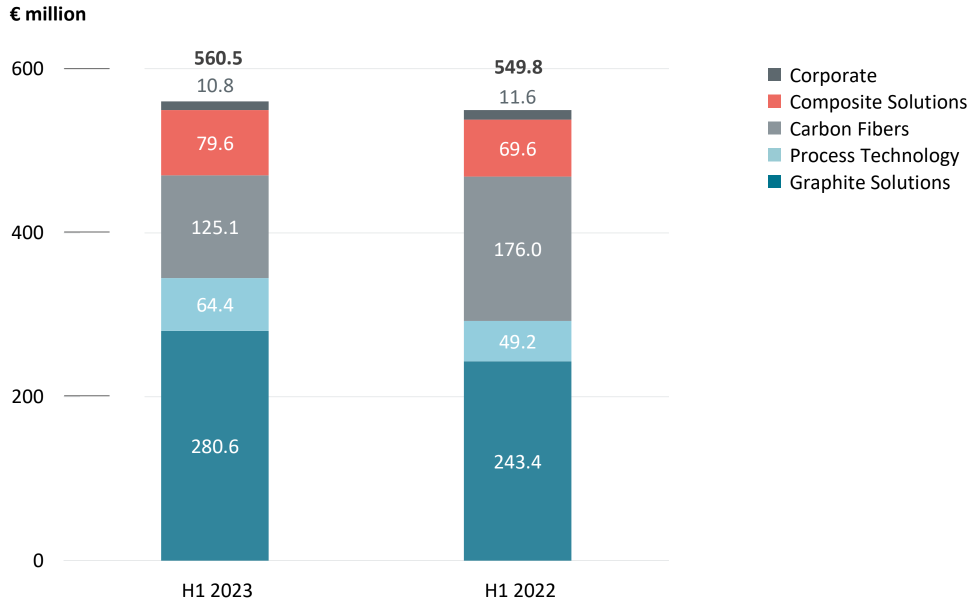
Sales by reporting segments H1 2023 (H1 2022)



Particularly noteworthy is the increase in sales of the largest business unit, Graphite Solutions, from €243.4 million to €280.6 million. This corresponds to an increase of €37.2 million or 15.3 %. The two business units Process Technology (+€15.2 million or 30.9 %) and Composite Solutions (+€10.0 million or 14.4 %) also performed well. The increase in sales of the three business units was based on both volume and price effects. The largest increase was recorded in sales to customers in the semiconductor industry. Consequently, the Digitization market segment now represents 22.3 % of Group revenues (H1 2022: 15.1 %). A detailed presentation of the revenue shares by market segment can be found in the segment reporting in the notes to this half-year report.

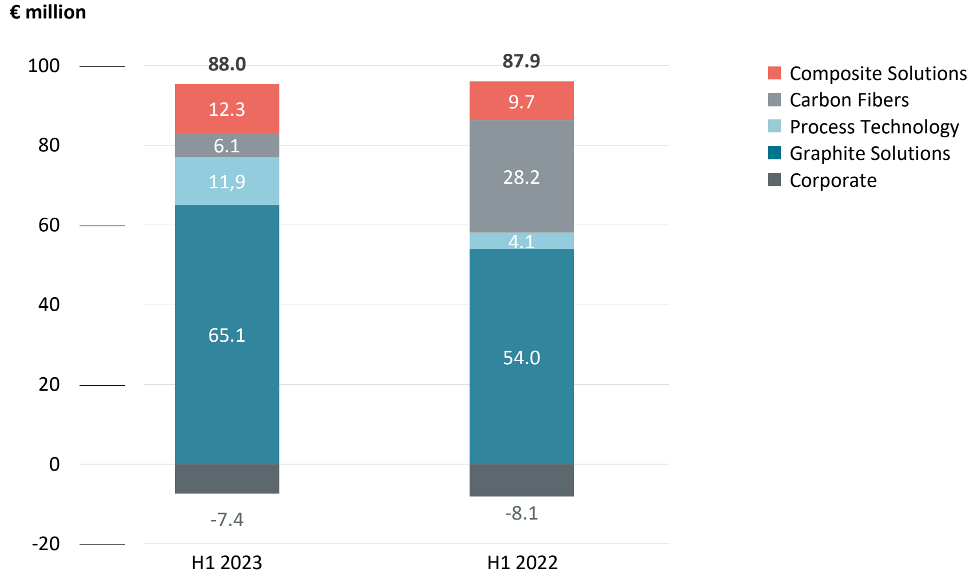
By contrast, sales of the Carbon Fibers business unit decreased significantly by 28.9 % to €125.1 million in H1 2023 (H1 2022: €176.0 million). This is due to the expiration of the attractive supply contract for the BMW i3 at the end of H1 2022. In the second half of 2022, the production capacities freed up as a result were offset by new customer orders from the wind power industry. Due to an unsatisfactory market situation in the approval and construction of new wind turbines in Europe since then, demand for carbon fibers and thus sales with these customers slumped significantly in the 1st half of 2023. While sales with wind customers were still €56.9 million in H2 2022, they dropped to only €32.8 million in the reporting period. Sales in the Industrial Applications market segment also decreased from €33.8 million to €25.3 million in the first half of 2023. Further details on the sales performance of the business units can be found in the segment reporting in this half-year report.

Group sales development



Earnings situation of the Group

Results development – EBITDA pre



Despite the slightly positive sales development (+1.9 %), SGL Carbon's adjusted EBITDA remained almost unchanged year-on-year at €88.0 million (H1 2022: €87.9 million). Operational earnings improvements in the GS, PT and CS business units were offset by the negative trend at CF. Accordingly, the adjusted EBITDA margin decreased slightly from 16.0 % to 15.7 %. It should be noted that the costs of price hedging transactions in the CF business unit amounting to €9.2 million were included in adjusted EBITDA in the first half of 2022.

Adjusted EBITDA of the GS business unit developed disproportionately to sales growth (+15.3 %) and contributed €65.1 million to the Group's adjusted EBITDA (H1 2022: €54.0 million). This corresponds to an increase of €11.1 million or 20.6 %. PT also performed positively, with adjusted EBITDA improving by €7.8 million to €11.9 million year-on-year, almost tripling compared to the same period last year. CS also contributed to the Group's adjusted EBITDA with an increase of €2.6m or 26.8 % to €12.3m. Due to the good sales and earnings performance of the three business units in H1 2023, the decline in earnings at CF was almost fully offset. CF' adjusted EBITDA decreased year-on-year from €28.2 million to €6.1 million. This is attributable in particular to significantly lower volumes. As already explained in the section on sales development, the production and installation shutdowns currently prevailing in the European wind industry are leading to an almost complete standstill in customer demand. The associated low utilization of production capacities is additionally burdening the CF business unit with high fixed costs. Detailed information on the development of earnings in all four operating business units can be found in the segment reporting in this half-year report.

Looking at the income statement of SGL Carbon, the following developments can be seen:

- The cost of sales rose by 4.0 % and thus slightly higher in proportion to the increase in sales to €436.4 million (H1 2022: €419.6 million), mainly due to higher energy and personnel costs. Accordingly, the gross margin decreased to 22.1 % in the half-year comparison (H1 2022: 23.7 %).

- Selling, administrative and R&D expenses remained almost unchanged at €84.8 million (-0.7 %). Slightly higher expenses for research and development in the first half of 2023 were offset by lower administrative costs, in particular from lower expenses for variable remuneration.

- In the first half of 2023, other operating income includes a significant increase in government grants totaling €7.3 million, primarily for increased energy costs and reimbursements of expenses as part of the second European IPCEI funding program.

- Due to the positive business development of the Brembo SGL joint venture, the income from investments accounted for At-Equity improved significantly year-on-year to €11.0 million (H1 2022: €9.5 million)

The reconciliation from adjusted EBITDA to EBIT is shown in the following table:

	1st Half Year		
€ million	2023	2022	Change
EBITDA pre	**88.0**	**87.9**	**0.1 %**
Depreciation and amortization	-29.1	-28.9	0.7 %
EBIT pre	**58.9**	**59.0**	**-0.2 %**
One-off effects/Non-recurring items	-46.9	10.6	-
EBIT	**12.0**	**69.6**	**-82.8 %**

One-off effects and non-recurring items not included in adjusted EBITDA or adjusted EBIT amounted to a net total of minus €46.9 million (H1 2022: €10.6 million). The impairment on the assets of the CF business unit amounted to €44.7 million. In addition, the effects from the amortization of the purchase price allocations of the SGL Composites companies of minus €0.6 million (H1 2022: minus €5.2 million) had a negative impact. Since the scheduled termination of a major supply contract at the end of the first half of 2022, the amortization from the purchase price allocation has decreased significantly. The cumulative negative currency effects of €1.6 million from the disposal of net assets of the site in India and Gardena were recognized as a one-off effect in the first half of 2023. The previous year's period mainly included income from the cancellation of the heritable building right in Frankfurt-Griesheim of €11.7 million as well as a one-off effect of €5.7 million for a terminated rental agreement, for which the contract costs were lower than planned.

EBIT decreased significantly to €12.0 million in the 1st half of 2023 compared with €69.6 million in the prior-year period as a result of the significantly lower one-off effects/non-recurring items in the reporting period of minus €46.9m (H1 2022: €10.6m) due to the positive non-recurring item from the cancellation of the heritable building right (€11.7 million) and from the terminated lease agreement included in the prior-year figure. Return on capital employed ROCE (adjusted EBIT over the past 12 months based on average capital employed) decreased slightly from 11.3% at December 31, 2022 to 11.0% at June 30, 2023.

Financial result decreased slightly

€ million	2023	1st Half Year 2022	Change
Interest income	1.9	0.3	>100%
Interest on financial liabilities and other interest expense	-9.4	-8.6	9.3%
Imputed interest convertible bond	-1.7	-1.4	21.4%
Imputed interest on lease liabilities and other financial liabilities	-1.2	-0.8	50.0%
Interest component of additions to provisions for pensions	-3.4	-1.4	>100%
Interest expense, net	**-13.8**	**-11.9**	**16.0%**
Amortization of refinancing costs	-1.1	-1.1	0.0%
Foreign currency valuation of intercompany loans	-0.7	-2.3	-69.6%
Other operating expense/income	-0.2	-1.3	-84.6%
Other financial result	**-2.0**	**-4.7**	**-57.4%**
Financial result	**-15.8**	**-16.6**	**-4.8%**

Financial result amounted to minus €15.8 million in the first half of 2023, a slight decrease by 4.8% compared with the prior year period. Higher interest expense resulted from increased interest expense for pensions and higher interest on financial debt, partly offset by higher interest income. This led to an increase in the net interest expenses to minus €13.8 million (H1 2022: minus €11.9 million). In contrast, the other financial result improved significantly to minus €2.0 million (H1 2022: minus €4.7 million), mainly due to lower expenses for currency valuation of intercompany loans.

Condensed consolidated income statement (continued)

€ million	2023	1st Half Year 2022	Change
EBIT	**12.0**	**69.6**	**-82.8%**
Financial result	-15.8	-16.6	-4.8%
Result from continuing operations before income taxes	**-3.8**	**53.0**	**-**
Income tax expense	-5.9	-5.2	13.5%
Result from continuing operations	**-9.7**	**47.8**	**-**
Result from discontinued operations, net of income taxes	0.0	1.3	-
Net result for the period	**-9.7**	**49.1**	**-**
Attributable to:			
Non-controlling interests	0.3	0.3	0.0%
Consolidated net result (attributable to shareholders of the parent company)	-10.0	48.8	-
Earnings per share - basic and diluted (in €)	-0.08	0.40	-

Result before income taxes and net result

Due to the lower EBIT caused by the impairment, the result before income taxes decreased from € 53.0 million in the same period of the previous year to minus €3.8 million. Income tax expense amounts to €5.9 million (H1 2022: €5.2 million) and was determined for H1 2023 based on an estimate of the weighted average annual income tax rate in the respective countries applied to the pre-tax result of the interim period. The income tax expenses arose from Group companies with positive profit contributions, mainly in China.

After tax, the net result for the first half of 2023 was minus €10.0 million compared to €48.8 million in the same period of the previous year. Accordingly, earnings per share will be lower in H1 2023 at minus €0.08 (H1 2022: €0.40).

Balance Sheet Structure

ASSETS € million	Jun 30, 23	Dec 31, 22	Change
Non-current assets	665.8	693.0	-3.9%
Current assets	898.5	776.0	15.8%
Assets held for sale	0.0	11.3	-
Total assets	**1,564.3**	**1,480.3**	**5.7%**

EQUITY AND LIABILITIES € million			
Equity attributable to the shareholders of the parent company	565.2	569.3	-0.7%
Non-controlling interests	9.2	9.3	-1.1%
Total equity	**574.4**	**578.6**	**-0.7%**
Non-current liabilities	703.1	600.8	17.0%
Current liabilities	286.8	298.1	-3.8%
Liabilities in connection with assets held for sale	0.0	2.8	-
Total equity and liabilities	**1,564.3**	**1,480.3**	**5.7%**

Total assets increased by €84.0 million or 5.7% to €1,564.3 million as of June 30, 2023, compared to December 31, 2022. The increase in total assets resulted from higher level of cash and cash equivalents due to the issue of the new convertible bond in June 2023 totaling €118.7 million and from the increase in inventories (€ +43.0 million). This was offset by the impairment of non-current assets in the CF business unit totaling €44.7 million, the disposal of assets sold in the USA and India totaling €11.3 million, and currency effects, particularly from the weaker US dollar, which led to a decrease in balance sheet values totaling €11.9 million.

Non-current liabilities increased significantly by €102.3 million. This resulted on the one hand from the present value of the newly issued convertible bond with a nominal value of €118.7 million and on the other hand from an increase of €12.3 million in non-current advance payments for customer-specific orders (contract liabilities). On the other hand, provisions of €8.8 million were reclassified from non-current to current. Furthermore, pension provisions decreased by €3.0 million compared with the end of the financial year to €199.3 million, in particular due to the payment of the full present value of the defined benefit obligation to a former Executive Board member.

The decrease of €11.3 million in current liabilities is mainly due to the repayment of interest bearing loans of €36.4 million. On the other side, trade payables and contract liabilities increased by €19.3 million and other liabilities by €0.7 million.

Working Capital

€ million	Jun 30, 23	Dec 31, 22	Change
Inventories	367.0	324.0	13.3%
Trade receivables and contract assets	184.7	182.4	1.3%
Trade payables and contract liabilities	-192.7	-161.1	19.6%
Working Capital	**359.0**	**345.3**	**4.0%**

Working capital rose to €359.0 million (+4.0%) as of June 30, 2023. Changes resulted in particular from the increase in inventories (+€43.0 million) and in trade receivables and contract assets (+€2.3 million), which was offset by an increase in trade payables and contract liabilities (+€31.6 million).

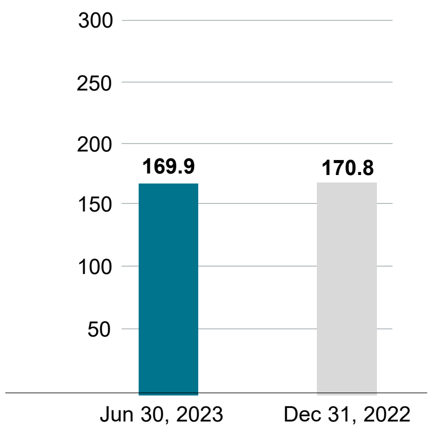
Decrease in equity

As of June 30, 2023, equity attributable to shareholders of the parent company decreased slightly by €4.1 million (-0.7%) to €565.2 million (December 31, 2022: €569.3 million). The decrease is mainly attributable to the negative consolidated net result of €10.0 million. In addition, negative currency translation effects, mainly from the weaker US dollar, led to a reduction of €6.0 million. In contrast, the fair value of the conversion rights in the amount of €14.9 million, determined upon issuance of the new convertible bond, has led to an increase in equity. As a result, the equity ratio decreased to 36.1% as of June 30, 2023 (December 31, 2022: 38.5%). Adjusted for the repayment of the corporate bond after the balance sheet date using the proceeds from the term loan facility and the liquidity on hand the equity ratio as of June 30, 2023 would have been approx. 40%.

Net financial debt / Free cash flow

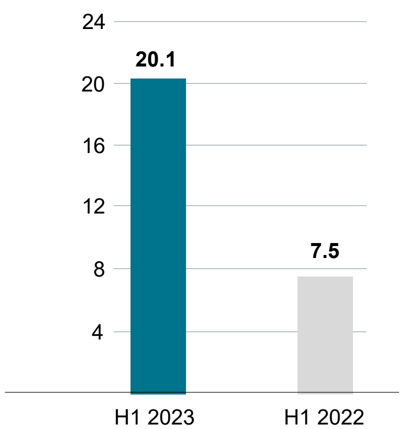
Net financial debt

€ million



Free cash flow

€ million



Net financial debt

€ million	Jun 30, 23	Dec 31, 22	Change
Carrying amount of current and non-current financial liabilities	444.4	377.4	17.8%
Remaining imputed interest for the convertible bonds	30.4	17.0	78.8%
Accrued refinancing cost	5.6	3.7	51.4%
Total financial debt (nominal amount)	**480.4**	**398.1**	**20.7%**
Cash and cash equivalents	310.5	227.3	36.6%
Net financial debt	**169.9**	**170.8**	**-0.5%**

SGL Carbon's net financial debt decreased slightly by €0.9 million (-0.5 %) to €169.9 million as of June 30, 2023. The decrease is based on the significantly improved free cash flow of €20.1 million compared to the prior-year period, less interest payments of €10.3 million, lease payments of €4.2 million and payments for the extension of the syndicated credit facility and the issuance of the convertible bond of €3.2 million. A total of €36.4 million was paid for the early repurchase of the remaining outstanding amounts from the 2018/2023 convertible bond and other financial debt.

Free cash flow

€ million	1st Half Year 2023	2022
EBIT	12.0	69.6
Depreciation/amortization expense	29.1	28.9
Impairment loss	44.7	
Changes in working capital	-10.4	-26.7
Changes in provisions	-16.1	-21.9
Miscellaneous items	-14.5	-24.4
Cash flow from operating activities	**44.8**	**25.5**
Payments to purchase intangible assets and property, plant & equipment	-40.4	-18.3
Proceeds from the sale of intangible assets and property, plant & equipment	8.2	0.3
Dividend payments from investments accounted for At-Equity	7.5	0.0
Cash flow from investing activities	**-24.7**	**-18.0**
Free cash flow	**20.1**	**7.5**

Cash flow from operating activities reflects the positive operating earnings performance in the first half year of 2023 and improved by €19.3 million to €44.8 million. The main influencing factors were a significantly lower increase in working capital compared to the same period of the previous year and significantly lower payments for variable compensation for the past financial year. In the first half of 2023, the GS business unit received advance payments of €17 million from contracts with customers, which resulted in an increase in contract liabilities of €12 million after netting with corresponding contract assets of €5 million.

Cash flow from investing activities increased from minus €18.0 million in the previous year to minus €24.7 million in the reporting period. Despite the significant increase in capital expenditures, the cash outflow was limited by the purchase price payments received for the sold Gardena (USA) and Pune (India) sites and the dividend received from the BSCCB joint venture in the amount of €7.5 million. The capital expenditures mainly concern the GS business unit in the amount of €27.4 million, primarily for the capacity expansions for SiC semiconductor customers in the USA, Germany and China, and the CF business unit in the amount of €7.7 million, primarily for the construction of a biomass plant.

Free cash flow improved significantly by €12.6 million to €20.1 million (H1 2022: €7.5 million) due to the above mentioned effects.

Employees

As of June 30, 2023, the number of employees worldwide was 4,752 (Dec. 31, 2022: 4,760) and remained almost unchanged to the previous year. Due to the sale of the operating business at the Gardena site (USA) and in Pune (India), the number of employees decreased by 90 in the first half of 2023. On the other hand, employees were increased at the sites in the USA and Germany due to the high order backlog of the business unit Graphite Solutions.

Headcount	Jun 30, 23	Dec 31, 22	Change
Graphite Solutions	2,629	2,527	4.0%
Process Technology	493	517	-4.6%
Carbon Fibers	1,069	1,131	-5.5%
Composite Solutions	433	454	-4.6%
Corporate	128	131	-2.3%
Total SGL Carbon	**4,752**	**4,760**	**-0.2%**

Headcount	Jun 30, 23	Dec 31, 22	Change
Germany	2,066	2,051	0.7%
Europe excluding Germany	1,403	1,375	2.0%
USA	736	781	-5.8%
Asia	547	553	-1.1%
Total SGL Carbon	**4,752**	**4,760**	**-0.2%**

Segment Reporting

Reporting segment Graphite Solutions

	1st Half Year		
€ million	2023	2022	Change
Sales revenue	280.6	243.4	15.3%
EBITDA pre	65.1	54.0	20.6%
EBITDA pre-margin	23.2%	22.2%	+1.0%-points
EBIT	51.9	40.0	29.8%

The business unit **Graphite Solutions (GS)** continues to develop very favorably and increased its sales to €280.6 million in H1 2023 (H1 2022: €243.4 million). This corresponds to an increase of €37.2 million or 15.3% compared to the first half of the previous year.

With an increase in sales of 51.3% to €125.4 million, the market segment "LED and Semiconductor" (digitization) in particular contributed to the positive development and now accounts for almost 45% of total GS sales (first half of 2022: around 35%). In contrast, the share of sales with customers from the solar industry decreased from around 5.5% to 3.7% due to the reallocation of production capacities from the Solar segment to the growing and higher-margin demand for components for the semiconductor industry. The Industrial Applications market segment, which comprises a large number of graphite products for a wide range of industries, remains GS' second largest market segment with almost unchanged half-year sales of around 30%.

Due to the increase in sales, combined with higher capacity utilization and changes in the product mix, adjusted EBITDA of the GS business unit rose significantly by 20.6% year-on-year to €65.1 million (H1 2022: €54.0 million). The adjusted EBITDA margin improved by 1.0 percentage point year-on-year to 23.2% (H1 2022: 22.2%).

Reporting segment Process Technology

€ million	2023	1st Half Year 2022	Change
Sales revenue	64.4	49.2	30.9 %
EBITDA pre	11.9	4.1	>100 %
EBITDA pre-margin	18.5 %	8.3 %	+10.2 %-points
EBIT	11.2	3.1	>100 %

With a significant increase in sales of 30.9 % to €64.4 million (H1 2022: €49.2 million), the **Process Technology (PT)** business unit continued its upward trend. All three regions EMEA, Americas and Asia, in which PT operates, contributed to this development. In contrast, PT sales were negatively impacted by the sale of the Pune site on April 28, 2023. PT mainly serves customers in the chemical industry. Order intake increased slightly by 1.1 % year-on-year and remains at a high level due to orders received for major projects. We expect capacity utilization in the business unit to remain good in the coming months.

The significant sales growth and PT' continued strict cost management are also reflected in the profitability of the business unit. Adjusted EBITDA increased significantly year-on-year from €4.1 million to €11.9 million. The adjusted EBITDA margin more than doubled to 18.5 % in H1 2023 (H1 2022: 8.3 %) due to higher capacity utilization combined with beneficial product mix effects.

Reporting segment Carbon Fibers

€ million	2023	1st Half Year 2022	Change
Sales revenue	125.1	176.0	-28.9 %
EBITDA pre	6.1	28.2	-78.4 %
EBITDA pre-margin	4.9 %	16.0 %	-11.1 %-points
EBIT	-47.4	15.1	-

Sales of the business unit **Carbon Fibers (CF)** amounted to €125.1 million in the first half of 2023, down significantly (-28.9 %) from €176.0 million in the prior-year period. The decline is partly due to the scheduled expiry of an attractive supply contract for the BMW i3 at the end of June 2022. Accordingly, the Automotive market segment's share of CF sales fell from over 40 % to 26.7 %.

The production capacities freed up in the 2nd half of 2022 were offset by new customer orders from the wind industry. This trend did not continue in the first six months of the current fiscal year. The construction of wind turbines is currently stalling in Germany as well as in the rest of Europe. In 2022 less than half the planned energy output was realized. The reasons for the delays include regulatory obstacles and a significant increase in manufacturing costs for wind turbines due to high energy and raw material prices. In line with the developments described, demand from our wind industry customers in the 1st half of 2023 was significantly lower than in the two previous quarters.

As current estimates indicate that the previously expected recovery in demand in the wind energy market segment will not materialize in the 2nd half of 2023, an impairment test was carried out on the assets of the business unit. This resulted in an impairment requirement of €44.7 million, which was recognized under non-recurring items and one-off effects.

However, in line with the importance of wind energy in addressing climate change and, in particular, the implementation of the European Green Deal, we expect this to be a temporary downturn and, in the medium term, with falling energy and commodity prices and simplified approval procedures, the construction of wind farms will pick up again.

Adjusted EBITDA in the CF business unit decreased accordingly by €22.1 million or 78.4 % year-on-year to €6.1 million (H1 2022: €28.2 million). Lower sales in almost all market segments, product mix effects due to the expiry of the high-margin i3 supply contract, and declining selling prices due to the current global overcapacities weighed on adjusted EBITDA in H1 2023. In a year-on-year comparison, it should be noted that adjusted EBITDA in the 1st half of 2022 included a negative one-time effect from energy price hedging transactions in the amount of €9.2 million. The impairment of €44.7 million results in EBIT of minus €47.4 million, significantly below the prior-year period (H1 2022: €15.1 million).

Reporting segment Composite Solutions

€ million	1st Half Year 2023	2022	Change
Sales revenue	79.6	69.6	14.4%
EBITDA pre	12.3	9.7	26.8%
EBITDA pre-margin	15.5%	13.9%	+1.6%-points
EBIT	8.7	6.3	38.1%

The **Composite Solutions (CS)** business unit continued its positive sales development of the past two years. Sales increased by 14.4% to €79.6 million in the first six months of 2023 (H1 2022: €69.6 million). The increase was based in particular on stronger customer demand from the automotive sector, CS' most important and largest market segment. Among other things, the business unit develops and produces customized vehicle components made of various composite materials for customers in Europe and North America. The sale of the operating business of the Gardena site (USA) in Q1 2023, which had contributed sales of around €30 million in the full fiscal year 2022, had a negative impact on sales. In the future, the CS business unit will operate its North American business from the Arkadelphia site (USA), which is being expanded as a hub for the production of composite components, particularly for large-volume orders from North American automotive customers.

The volume driven increase in sales led to a significant year-on-year rise in adjusted EBITDA at CS by €2.6 million or 26.8% to €12.3 million (H1 2022: €9.7 million). This improvement is all the more pleasing against the backdrop of the completed sale of the Gardena business and compensation received from automotive customers for early project terminations in the 1st half of the previous year amounting to €3.7 million, which was not repeated this year. Accordingly, the adjusted EBITDA margin improved from 13.9% in the comparative period to 15.5% in the 1st half of 2023.

Reporting segment Corporate

€ million	1st Half Year 2023	2022	Change
Sales revenue	10.8	11.6	-6.9%
EBITDA pre	-7.4	-8.1	-8.6%
EBIT	-12.4	5.1	-

Sales in the **Corporate** reporting segment declined slightly from €11.6 million in the prior-year period to €10.8 million. It should be noted that the sales of the Gardena (USA) and Pune (India) operations, which have since been sold, are no longer presented in the respective business units in the 1st half of 2023, but have been allocated to the Corporate reporting segment. The operating activities of the Gardena (USA) site were sold on February 16, 2023. The Pune site (India) was sold on April 28, 2023. EBIT included in the Corporate segment for both sites was minus €1.0 million. By contrast, the 1st half of the prior year benefited from a partial realization of advance payments for completed dismantling measures at the Meiningen site in connection with the termination of the lease by Showa Denko (€6.6 million).

Adjusted EBITDA at Corporate improved slightly year-on-year from minus €8.1 million to minus €7.4 million. Among other things, this is attributable to the above-mentioned allocation of the sites held for sale. It was also due to higher service income (€2.2 million) from the former Gardena site and from the BSCCB joint venture. EBIT deteriorated significantly as the prior-year period included positive one-off effects from the sale of the Griesheim site and from the termination of the contract with Showa Denko.

Opportunities and Risks

With regard to existing opportunities and risks, we refer to the detailed statements made in the Annual Report 2022.

With regard to risks from the financial position, there is no longer any risk of significantly increased financing costs for the remainder of the fiscal year. In June 2023, the refinancing was successfully completed following the issue of a further convertible bond maturing in 2028 with a coupon of 5.75% p.a. A stable financing structure has thus been created for the expansion of the profitable business areas.

Risks from price and volume developments and from impairments remain high, particularly in the Carbon Fibers business unit, due to the continuing weakness in demand in the wind energy market.

There have been no significant changes in the other risks since then.

Based on the information currently available, we do not believe that there are any significant individual risks either at present or in the foreseeable future that could jeopardize the Company as going concern. Even the cumulative view of the current individual risks does not jeopardize the continued existence of SGL Carbon.

Outlook

Despite the significant decline in sales and earnings in the Carbon Fibers business unit, we achieved a slight increase in sales of 1.9% and stable adjusted EBITDA in H1 2023. In line with the business performance and our expectations for the 2nd half of 2023, we confirm the sales and earnings guidance for the Group given at the beginning of the year.

While the expiration of the supply contract for the BMW i3 on June 30, 2022 could be compensated by new orders from customers in the wind industry in the second half of 2022, demand for carbon fibers from this industrial sector came to an almost complete standstill in the reporting period. High energy and raw material prices, hesitant approval procedures, and an uncertain regulatory environment led to a virtual standstill for new wind farm projects in Europe. The continuing reluctance of project developers to build new wind farms means that we no longer consider the significant recovery in the wind business expected at the beginning of the year to be likely in the 2nd half of 2023.

However, in line with the importance of wind energy in combating climate change and, in particular, implementing the European Green Deal, we expect this to be a temporary downturn and, in the medium term, with falling energy and commodity prices and simplified approval procedures, the construction of wind farms will pick up again.

On the other hand, the operating performance of the Process Technology (PT) and Composite Solutions (CS) business units is performing better than expected at the beginning of the year. Based on the current high order backlog of newly won major projects at PT and the continuing high demand from the automotive industry at CS, we expect the pleasing business development in these two business units to continue. We also expect the positive sales and earnings trend to continue in our largest business unit Graphite Solutions.

GS continues to benefit from the increasing demand for specialty graphite components from the semiconductor industry. This results in particular from customers in the field of silicon carbide-based semiconductors, which exceeds global production capacities. We also expect a significant expansion of business in this area in the coming quarters. Specialty graphite components are indispensable in the manufacture of wafers for the semiconductor industry, especially in the production of silicon carbide (SiC)-based semiconductors. According to studies, the demand for silicon carbide-based semiconductors will grow by more than 30% per year on average over the next few years. SiC semiconductors are more powerful, smaller, and more efficient than lower-cost semiconductors made of silicon. Therefore, SiC semiconductors are mainly needed in electric vehicles or other high-performance applications. SGL Carbon is one of the few suppliers worldwide that can produce graphite components with the required purity and properties for the SiC semiconductor industry. We therefore want to grow further in this high-margin market in particular.

Together with our customers, we will invest in the expansion of our production capacities. We will therefore increase the investment volume in 2023 to €80-90 million (2022: €52.9 million). The investment volume exceeding our depreciation is to continue to be financed primarily by advance payments from customers under long-term supply contracts. By expanding capacity, our customers are securing production capacity to ensure their own growth. SGL Carbon benefits from the production expansion and long-term supply contracts, which enable future profitable growth.

For the financial year 2023, the Company expects consolidated sales at the prior-year level and adjusted EBITDA of between €160 million and €180 million. Taking into account depreciation and amortization, adjusted EBIT is forecasted to be between €100 - 120 million. We also expect free cash flow at the end of fiscal 2023 to be on level with the prior year. With regard to return on capital employed, we expect ROCE to be between 10% and 12%.

Financial Group targets

€ million	Actual 2022	Outlook 2023[1)]
Sales revenue	1,135.9	At prior year level
EBITDA pre	172.8	160 - 180
Return of capital employed (ROCE $_{EBIT}$)	11.3%	10% - 12%
Free cash flow	67.8	At prior year level

Based on the development in the individual business units in the first six months of 2023, we confirm our 2023 forecast for the Group. We are only adjusting our sales and earnings forecast at the level of the individual business units.

Financial targets of the business units (adjusted)

Segment	KPI	Actual 2022	Outlook 2023[1)]	Updated outlook [1)]
GS	Sales revenue	512.2	slight improvement	unchanged
	EBITDA pre	118.5	significant improvement	unchanged
PT	Sales revenue	106.3	slight improvement	significant improvement
	EBITDA pre	9.9	significant improvement	unchanged
CF	Sales revenue	347.2	slight decline	significant decline
	EBITDA pre	43.2	slight decline	significant decline
CS	Sales revenue	153.1	constant	unchanged
	EBITDA pre	20.0	significant decline	slight improvement
Corporate	EBITDA pre	-18.8	constant	unchanged

[1)] "Slight" indicates a variation of up to 10%; "significant" indicates a variation of more than 10%

The better-than-expected performance of the PT and CS business units and the forecast pleasing sales and earnings performance of GS will be able to compensate for the poorer-than-expected performance in CF due to market conditions, so that we confirm our full year forecast for 2023 at Group level.

Wiesbaden, August 3, 2023

SGL Carbon SE

The Board of Management

Dr. Torsten Derr Thomas Dippold

Condensed Consolidated Financial Statements

Consolidated Income Statement

	2nd Quarter			1st Half Year		
€ million	2023	2022	Change	2023	2022	Change
Sales revenue	**276.8**	**278.9**	**-0.8%**	**560.5**	**549.8**	**1.9%**
Cost of sales	-211.9	-202.2	4.8%	-437.0	-419.6	4.1%
Gross profit	**64.9**	**76.7**	**-15.4%**	**123.5**	**130.2**	**-5.1%**
Selling expenses	-25.2	-26.9	-6.3%	-51.1	-51.4	-0.6%
Research and development costs	-8.6	-6.7	28.4%	-15.6	-14.3	9.1%
General and administrative expenses	-8.3	-11.6	-28.4%	-18.1	-19.7	-8.1%
Other operating income	5.7	5.3	7.5%	12.8	9.1	40.7%
Other operating expenses	-3.3	-3.5	-5.7%	-5.8	-5.1	13.7%
Result from investments accounted for At-Equity	5.8	5.3	9.4%	11.0	9.5	15.8%
Restructuring income	0.0	-0.2	-	0.0	11.3	-
Impairment loss	-44.7		-	-44.7		-
Operating profit/loss	**-13.7**	**38.4**	**-**	**12.0**	**69.6**	**-82.8%**
Interest income	1.1	0.1	>100%	1.9	0.3	>100%
Interest expense	-8.2	-5.9	39.0%	-15.7	-12.2	28.7%
Other financial result	-0.9	-3.3	-72.7%	-2.0	-4.7	-57.4%
Result from continuing operations before income taxes	**-21.7**	**29.3**	**-**	**-3.8**	**53.0**	**-**
Income tax expense	-3.3	-3.0	10.0%	-5.9	-5.2	13.5%
Result from continuing operations	**-25.0**	**26.3**	**-**	**-9.7**	**47.8**	**-**
Result from discontinued operations, net of income taxes	0.0	1.3	-	0.0	1.3	-
Net result for the period	**-25.0**	**27.6**	**-**	**-9.7**	**49.1**	**-**
Thereof attributable to:						
Non-controlling interests	0.2	0.2	0.0%	0.3	0.3	0.0%
Consolidated net result (attributable to shareholders of the parent company)	-25.2	27.4	-	-10.0	48.8	-
Earnings per share, basic and diluted, (in €)	-0.20	0.22	-	-0.08	0.40	-

Consolidated Statement of Comprehensive Income

	2nd Quarter		1st Half Year	
€ million	2023	2022	2023	2022
Net result for the period	**-25.0**	**27.6**	**-9.7**	**49.1**
Items that may be reclassified subsequently to profit or loss				
Share of investments accounted for At-Equity in other comprehensive income	0.7	2.0	-1.0	9.7
Cash flow hedges[1)]	0.3	-0.4	0.5	-1.2
Currency translation[1)]	0.1	18.4	-6.1	23.8
Items that will not be reclassified to profit or loss				
Actuarial gains/losses on pensions and similar obligations[1)]	-2.3	39.1	-2.3	57.1
Other comprehensive income	**-1.2**	**59.1**	**-8.9**	**89.4**
Comprehensive income	**-26.2**	**86.7**	**-18.6**	**138.5**
Thereof attributable to:				
Non-controlling interests	0.1	0.1	0.2	0.3
Consolidated net result (attributable to shareholders of the parent company)	-26.3	86.6	-18.8	138.2

[1)] Includes tax effects in H1 2023 of €0.0 million (H1 2022: €0.0 million)

Consolidated Balance Sheet

ASSETS € million	Jun 30, 23	Dec 31, 22	Change
Goodwill	22.7	23.0	-1.3%
Other intangible assets	13.6	14.9	-8.7%
Property, plant and equipment	516.3	545.0	-5.3%
Investments accounted for At-Equity	62.9	60.7	3.6%
Other non-current assets	7.7	5.5	40.0%
Deferred tax assets	42.6	43.9	-3.0%
Total non-current assets	**665.8**	**693.0**	**-3.9%**
Inventories	367.0	324.0	13.3%
Trade receivables and contract assets	184.7	182.4	1.3%
Other receivables and other assets	36.3	42.3	-14.2%
Cash and cash equivalents	310.5	227.3	36.6%
Total current assets	**898.5**	**776.0**	**15.8%**
Assets held for sale	**0.0**	**11.3**	-
Total assets	**1,564.3**	**1,480.3**	**5.7%**

EQUITY AND LIABILITIES € million	Jun 30, 23	Dec 31, 22	Change
Issued capital	313.2	313.2	0.0%
Capital reserves	1,068.2	1,053.5	1.4%
Accumulated losses	-816.2	-797.4	2.4%
Equity attributable to the shareholders of the parent company	**565.2**	**569.3**	**-0.7%**
Non-controlling interests	9.2	9.3	-1.1%
Total equity	**574.4**	**578.6**	**-0.7%**
Provisions for pensions and similar employee benefits	199.3	202.3	-1.5%
Other provisions	12.1	18.2	-33.5%
Interest-bearing loans	440.1	342.5	28.5%
Contract liabilities	29.7	17.4	70.7%
Other financial liabilities	16.7	14.5	15.2%
Other liabilities	4.2	4.5	-6.7%
Deferred tax liabilities	1.0	1.4	-28.6%
Total non-current liabilities	**703.1**	**600.8**	**17.0%**
Other provisions	73.4	74.8	-1.9%
Current portion of interest-bearing loans	4.3	34.9	-87.7%
Trade payables and contract liabilities	163.0	143.7	13.4%
Other financial liabilities	11.4	10.7	6.5%
Other liabilities	34.7	34.0	2.1%
Total current liabilities	**286.8**	**298.1**	**-3.8%**
Liabilities in connection with assets held for sale	**0.0**	**2.8**	-
Total equity and liabilities	**1,564.3**	**1,480.3**	**5.7%**

Consolidated Cash Flow Statement

€ million	1st Half Year 2023	2022
Result from continuing operations before income taxes	-3.8	53.0
Adjustments to reconcile the result from continuing operations to cash flow from operating activities:		
Interest expense (net)	13.8	11.9
Changes in the value of contract assets (IFRS 15)	-7.5	-5.7
Depreciation/amortization expense	29.7	34.1
Impairment loss	44.7	
Restructuring income	0.0	-11.3
Result from investments accounted for At-Equity	-11.0	-9.5
Other financial result	2.0	4.7
Interest received	1.5	0.3
Income taxes paid	-6.5	-7.0
Changes in provisions, net	-16.1	-21.9
Changes in net working capital		
Inventories	-59.7	-78.1
Trade receivables	16.1	25.1
Trade payables and contract liabilities	33.2	26.3
Changes in other operating assets/liabilities	8.4	3.6
Cash flow from operating activities	**44.8**	**25.5**

€ million	1st Half Year 2023	2022
Payments to purchase intangible assets and property, plant & equipment	-40.4	-18.3
Proceeds from the sale of intangible assets and property, plant & equipment	8.2	0.3
Dividend payments from investments accounted for At-Equity	7.5	
Cash flow from investing activities	**-24.7**	**-18.0**
Proceeds from issuance of financial liabilities	118.7	0.0
Repayment of financial liabilities	-36.4	-28.9
Payments in connection with financing activities	-3.2	
Redemption payments for lease liabilities	-4.2	-4.8
Interest paid	-10.3	-9.4
Other financing activities	-0.4	-0.4
Cash flow from financing activities	**64.2**	**-43.5**
Effect of foreign exchange rate changes	-1.1	0.4
Net change in cash and cash equivalents	**83.2**	**-35.6**
Cash and cash equivalents at beginning of period	227.3	220.9
Cash and cash equivalents at end of period	**310.5**	**185.3**

Consolidated Statement of Changes in Equity

	Equity attributable to the shareholders of the parent company									
			Accumulated losses							
				Accumulated other comprehensive income						
€m	Issued capital	Capital reserves	Accumulated profit/loss	Currency translation	Cashflow hedges (net)	Investments accounted for At-Equity	Accumulated losses	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
Balance at Dec 31, 22	**313.2**	**1,053.5**	**-767.8**	**-29.9**	**0.5**	**-0.2**	**-797.4**	**569.3**	**9.3**	**578.6**
Net result for the year			-10.0				-10.0	-10.0	0.3	-9.7
Other comprehensive income			-2.3	-6.0	0.5	-1.0	-8.8	-8.8	-0.1	-8.9
Comprehensive income			**-12.3**	**-6.0**	**0.5**	**-1.0**	**-18.8**	**-18.8**	**0.2**	**-18.6**
Dividends								0.0	-0.4	-0.4
Equity component of convertible bonds[1)]		14.7						14.7		14.7
Other changes in equity								0.0	0.1	0.1
Balance at Jun 30, 23	**313.2**	**1,068.2**	**-780.1**	**-35.9**	**1.0**	**-1.2**	**-816.2**	**565.2**	**9.2**	**574.4**
Balance at Dec 31, 21	**313.2**	**1,041.5**	**-940.8**	**-38.7**	**-0.2**	**-3.5**	**-983.2**	**371.5**	**9.3**	**380.8**
Net result for the year			48.8				48.8	48.8	0.3	49.1
Other comprehensive income			57.1	23.8	-1.2	9.7	89.4	89.4		89.4
Comprehensive income			**105.9**	**23.8**	**-1.2**	**9.7**	**138.2**	**138.2**	**0.3**	**138.5**
Dividends								0.0	-0.4	-0.4
Equity component of convertible bond		-0.5						-0.5		-0.5
Balance at Jun 30, 22	**313.2**	**1,041.0**	**-834.9**	**-14.9**	**-1.4**	**6.2**	**-845.0**	**509.2**	**9.2**	**518.4**

[1)] Effects in connection with the issuance of the convertible bond 2023/2028 in the amount of €14.9 million (after transaction costs) and the repurchase of the convertible bond 2018/2023 of minus €0.2 million

Notes to the Condensed Consolidated Interim Financial Statements

Basis of Preparation

The Condensed Consolidated Interim Financial Statements of SGL Carbon have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and as adopted by the European Union (EU) and should be read in conjunction with the SGL Carbon Consolidated Financial Statements as of December 31, 2022. The Condensed Consolidated Interim Financial Statements as of June 30, 2023, generally apply the same accounting principles and practices as well as the same estimates and assumptions as those used in the 2022 annual financial statements. The exception here is the update of the detailed planning of the Carbon Fibers cash generating unit (CGU) due to the slump in demand in the wind energy market segment, which was the triggering event for the impairment test of property, plant and equipment of this CGU.

The results achieved in the interim reporting period are not necessarily indicative of the development of the further course of business.

The Condensed Consolidated Interim Financial Statements and interim group management report have not been audited. They were authorized for issue by the Board of Management on August 3, 2023.

Change in the scope of consolidation

In the first half of 2023, SGL Carbon sold the company SGL CARBON INDIA Pvt. Ltd., Maharashtra, India, at carrying amounts as planned. This change had no material impact on the net assets, financial position and results of operations of SGL Carbon. The disposal of this company resulted in a negative effect on earnings from attributable cumulative currency differences of €1.6 million.

Other disclosures

Impairment losses
The triggering event for the impairment test in the 2nd quarter 2023 was the sharp decline in demand for carbon fibers for the wind industry since the beginning of the year, an important market segment for the CGU Carbon Fibers, combined with a later than previously expected recovery in demand. The recoverability of the assets was subsequently reviewed on the basis of adjusted detailed planning. As the recoverable amount (value in use) of €214.7 million was below the carrying amount of the assets, an impairment loss on property, plant and equipment of €44.7 million was recognized. The CGU is part of the Business Unit CF (Carbon Fibers).

Impairment test assumptions
The projected cash flows for the CGU Carbon Fibers were adjusted for impairment testing purposes on the basis of an updated status of the five-year planning. The value in use was calculated using a pre-tax discount rate of 12.55% (December 31, 2022: 12.9%), an average annual growth rate for the years 2024-2030 in sales revenue and EBITDA of 7.6% and 53.2%, respectively, and a long-term growth rate of 1%. A detailed planning horizon of longer than 5 years was applied in order to reflect the qualification periods of the products in the growing market. In addition, the planning horizon was limited to the expected remaining useful life of the main production sites.

Provisions for pensions and similar employee benefits
In the reporting period, SGL Carbon adjusted the discount rate used to determine the estimated present value of the pension plans in Germany and the USA. The long-term interest rate level decreased slightly in each case by 0.1 percentage points in Germany and by 0.1 percentage points in the USA. As of June 30, 2023, the actuarial interest rates are 3.7% in Germany (December 31, 2022: 3.8%) and 5.0% in the USA (December 31, 2022:

5.1 %). The adjustment of the discount rates and the revaluation of plan assets resulted in actuarial losses totaling €2.3 million (excluding tax effect), which were recognized in full in other comprehensive income.

Investments accounted for At-Equity

The main joint venture accounted for At-Equity is Brembo SGL Carbon Ceramic Brakes S.p.A. (Ceramic Brake Discs), Stezzano, Italy (BSCCB), which is operated together with Brembo and produces and further develops carbon ceramic brake discs. The share of SGL Carbon in the net assets and the share in the net result of the period are allocated to the reporting segment CF. The table below provides the result of operations and the financial position of BSCCB, as reported in its financial statements (taking into account IFRS 15 effects).

	1st Half Year	
€ million	2023	2022
Ownership interest	**50%**	**50%**
Income Statement[1]		
Sales revenue	130.9	109.7
Operating profit	27.4	24.1
Interest income	0.3	0.0
Interest expense	-0.3	-0.2
Income tax expense	-7.3	-6.3
Net result for the period	20.1	17.6
Share of SGL Carbon in the net result for the period (50%)	10.1	8.8
€ million	Jun 30, 23	Dec 31, 22
Balance Sheet[1]		
Non-current assets	67.8	64.3
Current assets	92.9	91.7
Thereof cash and cash equivalents	19.8	27.6
Non-current liabilities	18.8	19.2
Thereof financial liabilities	10.9	11.8
Current liabilities	45.2	45.3
Thereof financial liabilities	2.4	2.3
Net assets	**96.7**	**91.5**
Share of SGL Carbon in net assets (50%)	48.4	45.8
Goodwill	3.6	3.6
Carrying amount of material joint ventures	**52.0**	**49.4**

[1] 100% values of the company

The other investments accounted for At-Equity have a total carrying amount of €10.9 million (December 31, 2022: €11.3 million) and contributed €0.9 million to the result from investments accounted for At-Equity in the first half of 2023 (H1 2022: €0.7 million), and minus €1.0 million (H1 2022: €9.7 million) to the change in other comprehensive income.

Additional disclosures on financial instruments

The following table assigns the individual balance sheet items for the financial instruments to classes and measurement categories:

€ million	Measurement category under IFRS 9	Carrying amount at Jun 30, 23	Carrying amount at Dec 31, 22
Financial assets			
Cash and cash equivalents	1)	310.5	227.3
Trade receivables	1)	100.5	114.9
Trade receivables	2)	0.0	0.0
Marketable securities and similar investments	2)	5.5	5.2
Derivative financial assets			
Derivatives without a hedging relationship	3)	1.7	1.5
Derivatives with a hedging relationship	n.a.	1.0	0.9
Financial liabilities			
Corporate bond	4)	237.4	240.0
Convertible bonds	4)	190.1	116.5
Bank loans, overdrafts and other financial liabilities	4)	22.5	24.6
Refinancing costs	4)	-5.6	-3.7
Lease liabilities	n.a.	23.5	19.9
Trade payables	4)	119.7	99.0
Miscellaneous other financial liabilities	4)	4.6	4.9
Derivative financial liabilities			
Derivatives without a hedging relationship	5)	0.0	0.1
Derivatives with a hedging relationship	n.a.	0.0	0.3
Thereof aggregated by measurement category in accordance with IFRS 9			
1) Financial assets measured at amortized costs		411.0	342.2
2) Financial assets measured at fair value through profit and loss		5.5	5.2
3) Other financial assets measured at fair value through profit and loss		1.7	1.5
4) Financial liabilities measured at amortized costs		568.7	481.3
5) Financial liabilities measured at fair value through profit and loss		0.0	0.1

n.a.=not applicable

The following table shows the breakdown of the assets and liabilities measured at fair value into the three levels of fair value hierarchy in accordance with IFRS 13:

€ million	Level 1	Level 2	Level 3	Total
		Jun 30, 23		
Marketable securities and similar investments	5.5			5.5
Trade receivables			0.0	0.0
Derivative financial assets		2.7		2.7
Derivative financial liabilities		0.0		0.0

€ million	Level 1	Level 2	Level 3	Total
		Dec 31, 22		
Marketable securities and similar investments	5.2			5.2
Trade receivables			0.0	0.0
Derivative financial assets		2.4		2.4
Derivative financial liabilities		0.4		0.4

In March 2023, SGL Carbon agreed with its banking partners on an early extension of its undrawn, syndicated €175 million credit facility maturing in January 2024. The agreement with a continuing total volume of €175 million provides in detail for a credit line of €100 million for general corporate purposes and a term loan facility of €75 million to refinance capital market debt. Both credit lines are secured and have a term until 2026; each include an ESG component and provide for a margin adjustment for the achievement of certain ESG targets.

In June 2023, SGL Carbon SE completed the placement of an unsubordinated and unsecured convertible bond (Convertible bond 2023/2028). The total nominal amount of the convertible bond due in 2028 is €118.7 million. The convertible bond has a term of five years and matures on June 28, 2028. It will be redeemed at 100% of the nominal amount. The initial conversion price was set at €9.7051, representing a 25% premium to the reference price of €7.7641. The interest rate is 5.75% p.a. and is payable semi-annually in arrears on June 28 and December 28, the first time on December 28, 2023. Based on the current conversion price, a full conversion would result in the issue of 12.2 million shares. SKion GmbH, as the largest shareholder of SGL Carbon, holds a nominal amount of €25 million in the convertible bond 2023/2028. The fair value of the conversion rights in the amount of €14.9 million was transferred to the capital reserve upon issue and simultaneously deducted from the bond liability. SGL Carbon intends to use the net proceeds from the placement of the convertible bond together with the unused term loan facility as of the reporting date and existing cash, to refinance the €237,4 million 4.625% corporate bond maturing in 2024.

The fair market values of the convertible bonds 2023/2028 and 2022/2027 recognized at amortized cost amounted to €123.7 million and €116.4 million respectively as of June 30, 2023 (December 31, 2022: €108.0 million). As the fair market values can be derived directly from the stock market price, these are level 1 financial instruments.

The listed corporate bond has a fair market value of €236.9 million as of June 30, 2023 (December 31, 2022: €239.8 million). The fair value was derived from stock market prices as of June 30 and corresponds to level 1 of the fair value hierarchy of IFRS 13.

On March 31, 2023, SGL Carbon SE prematurely redeemed the outstanding convertible bond 2018/2023, which had its scheduled maturity in September 2023, at its total nominal amount of €31.6 million. This financial instrument has thus been repaid in full.

Receivables management

The volume of receivables sold amounted to €33.6 million at the balance sheet date (December 31, 2022: €21.3 million) and reduced the carrying amount of trade receivables.

Seasonality of operations

In all reporting segments, customer order patterns primarily follow overall global trends of the underlying industries and depend on the product availability and current price levels. The overall economic environment is usually a first indicator for any developments in the customers' demand. In addition, individual large projects can significantly impact the business development and overlap regular seasonality.

Other additional information

The issued capital of SGL Carbon SE as of June 30, 2023 amounts to €313.2 million, unchanged from December 31, 2022, and is divided into 122,341,478 no-par value bearer ordinary shares, each with a pro rata amount of €2.56. No new shares were issued from authorized capital in H1 2023. As of June 30, 2023, 249,720 stock appreciation rights (SARs) were outstanding. SGL Carbon SE held a total of 70,501 treasury shares. Based on an average number of shares of 122.3 million, basic earnings per share were minus €0.08 in H1 2023 (H1 2022: €0.40).

The calculation of diluted earnings per share is based on the assumption of the conversion of outstanding debt instruments into shares (convertible bonds) and the exercise of stock appreciation rights. The above-mentioned financial instruments are only included in the calculation of diluted earnings per share if they have a dilutive effect in the respective reporting period. Accordingly, diluted earnings per share remain unchanged at minus €0.08 in H1 2023 (H1 2022: €0.40).

Segment information

€ million 1st Half Year 2023	Graphite Solutions	Process Technology	Carbon Fibers	Composite Solutions	Corporate	Consolidation	SGL Carbon
External sales revenue	280.6	64.4	125.1	79.6	10.8	0.0	560.5
Intersegment sales revenue	2.6	0.6	12.1	0.2	18.3	-33.8	0.0
Total sales revenue	**283.2**	**65.0**	**137.2**	**79.8**	**29.1**	**-33.8**	**560.5**
Timing of revenue recognition							
Products transferred at point in time	269.1	56.8	124.3	75.8	10.4	0.0	536.4
Products and services transferred over time	11.5	7.6	0.8	3.8	0.4	0.0	24.1
Total sales revenue	**280.6**	**64.4**	**125.1**	**79.6**	**10.8**	**0.0**	**560.5**
Sales revenue by customer industry							
Mobility	26.5	-	36.8	76.7	5.9	0.0	145.9
Energy	30.8	-	32.8	-	-	0.0	63.6
Industrial Applications	85.0	-	25.3	2.9	4.9	0.0	118.1
Chemicals	12.9	64.4	-	-	-	0.0	77.3
Digitization	125.4	-	-	-	-	0.0	125.4
Textile Fibers	-	-	30.2	-	-	0.0	30.2
Total sales revenue	**280.6**	**64.4**	**125.1**	**79.6**	**10.8**	**0.0**	**560.5**
EBITDA pre [1)]	65.1	11.9	6.1	12.3	-7.4	0.0	88.0
Amortization/depreciation on intangible assets and property, plant and equipment	13.3	0.7	8.7	3.1	3.3	0.0	29.1
EBIT pre	51.8	11.2	-2.6	9.2	-10.7	0.0	58.9
One-off effects/Non-recurring items	0.1	0.0	-44.8	-0.5	-1.7	0.0	-46.9
EBIT	51.9	11.2	-47.4	8.7	-12.4	0.0	12.0
Capital expenditure [2)]	27.4	0.5	7.7	2.4	2.4	0.0	40.4
Result from investments accounted for At-Equity	-	-	11.0	-	-	0.0	11.0
Working Capital [3)]	222.6	17.6	122.4	46.9	-50.5	0.0	359.0
Capital employed [4)]	509.6	28.9	299.6	102.6	33.8	0.0	974.5
Cash Generation [5)]	24.3	9.5	-4.6	-4.5	9.2	0.0	33.9
Total sales revenue of investments accounted for At-Equity [6)]	-	-	173.1	-	-	-	173.1

€ million 1st Half Year 2022	Graphite Solutions	Process Technology	Carbon Fibers	Composite Solutions	Corporate	Consolidation	SGL Carbon
External sales revenue	243.4	49.2	176.0	69.6	11.6	0.0	549.8
Intersegment sales revenue	3.2	1.2	6.3	0.1	16.7	-27.5	0.0
Total sales revenue	**246.6**	**50.4**	**182.3**	**69.7**	**28.3**	**-27.5**	**549.8**
Timing of revenue recognition							
Products transferred at point in time	233.9	42.9	178.4	66.2	11.6	0.0	533.0
Products and services transferred over time	9.5	6.3	-2.4	3.4		0.0	16.8
Total sales revenue	**243.4**	**49.2**	**176.0**	**69.6**	**11.6**	**0.0**	**549.8**
Sales revenue by customer industry							
Mobility	25.3	-	77.6	63.3	5.0	0.0	171.2
Energy	34.1	-	23.9	-	-	0.0	58.0
Industrial Applications	85.2	-	33.9	6.3	6.6	0.0	132.0
Chemicals	15.9	49.2	-	-	-	0.0	65.1
Digitization	82.9	-	-	-	-	0.0	82.9
Textile Fibers	-	-	40.6	-	-	0.0	40.6
Total sales revenue	**243.4**	**49.2**	**176.0**	**69.6**	**11.6**	**0.0**	**549.8**
EBITDA pre [1)]	54.0	4.1	28.2	9.7	-8.1	0.0	87.9
Amortization/depreciation on intangible assets and property, plant and equipment	14.0	0.8	8.2	2.9	3.0	0.0	28.9
EBIT pre	40.0	3.3	20.0	6.8	-11.1	0.0	59.0
One-off effects/Non-recurring items	0.0	-0.2	-4.9	-0.5	16.2	0.0	10.6
EBIT	40.0	3.1	15.1	6.3	5.1	0.0	69.6
Capital expenditure [2)]	10.9	0.2	2.6	3.2	1.4	0.0	18.3
Result from investments accounted for At-Equity	-	-	9.5	-	-	-	9.5
Working Capital (31.12.) [3)]	209.2	15.7	119.4	32.6	-31.5	0.0	345.4
Capital employed (31.12.) [4)]	480.7	27.2	338.2	89.4	53.4	0.0	988.9
Cash Generation [5)]	-2.3	9.9	6.3	-0.5	16.4	0.0	29.8
Total sales revenue of investments accounted for At-Equity [6)]	-	-	178.8	-	-	-	178.8

[1)] EBITDA adjusted by one-off effects and non-recurring items
[2)] Defined as total of capital expenditure in other intangible assets and property, plant and equipment
[3)] Defined as sum of inventories, trade receivables and contract assets less trade payables and contract liabilities
[4)] Defined as the sum of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity, and working capital
[5)] Defined as total of EBITDA pre plus change in working capital minus capital expenditure
[6)] Aggregated, unconsolidated 100% values for investments accounted for At-Equity

Subsequent events

End of July 2023, SGL Carbon used the net proceeds from the issuance of the convertible bond 2023/2028 together with the drawdown of the term loan facility in the amount of €75 million and existing cash, to repay the corporate bond (maturing in 2024) at the nominal value of €237.4 million. For SGL Carbon, this resulted in a negative effect on net cash of €162.4 million, which is reported in cash flow from financing activities, with a corresponding reduction in non-current interest-bearing loans, as well as a negative effect on the financial result of €1.3 million.

Wiesbaden, August 3, 2023

SGL Carbon SE
The Board of Management of SGL Carbon SE

Dr. Torsten Derr **Thomas Dippold**

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Wiesbaden, August 3, 2023

SGL Carbon SE

The Board of Management

Dr. Torsten Derr Thomas Dippold

Other Information

Quarterly Sales Revenue and EBITDA pre by Reporting Segment

					2022			2023
€ million	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	1st Half
Sales revenue								
Graphite Solutions	119.6	123.8	139.1	129.7	512.2	140.9	139.7	280.6
Process Technology	25.3	23.9	27.8	29.3	106.3	31.9	32.5	64.4
Carbon Fibers	87.7	88.3	93.0	78.2	347.2	63.7	61.4	125.1
Composite Solutions	35.8	33.8	41.4	42.1	153.1	39.8	39.8	79.6
Corporate	2.5	9.1	2.8	2.7	17.1	7.4	3.4	10.8
SGL Carbon	**270.9**	**278.9**	**304.1**	**282.0**	**1,135.9**	**283.7**	**276.8**	**560.5**

					2022			2023
€ million	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	1st Half
EBITDA pre								
Graphite Solutions	25.9	28.1	30.0	34.5	118.5	30.9	34.2	65.1
Process Technology	2.0	2.1	3.4	2.4	9.9	4.9	7.0	11.9
Carbon Fibers	5.4	22.8	14.5	0.5	43.2	4.3	1.8	6.1
Composite Solutions	6.3	3.4	5.1	5.2	20.0	5.9	6.4	12.3
Corporate	-2.8	-5.3	-4.8	-5.9	-18.8	-5.9	-1.5	-7.4
SGL Carbon	**36.8**	**51.1**	**48.2**	**36.7**	**172.8**	**40.1**	**47.9**	**88.0**

Quarterly Consolidated Income Statement

€ million	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 Full Year	2023 Q1	2023 Q2	2023 1st Half
Sales revenue	**270.9**	**278.9**	**304.1**	**282.0**	**1,135.9**	**283.7**	**276.8**	**560.5**
Cost of sales	-214.8	-204.8	-230.4	-225.3	-875.3	-224.8	-211.6	-436.4
Gross profit	**56.1**	**74.1**	**73.7**	**56.7**	**260.6**	**58.9**	**65.2**	**124.1**
Selling, administrative, R&D and other operating income/expense	-37.6	-43.1	-45.8	-40.3	-166.8	-38.3	-37.9	-76.2
Result from investments accounted for At-Equity	4.2	5.3	5.3	3.4	18.2	5.2	5.8	11.0
EBIT pre	**22.7**	**36.3**	**33.2**	**19.8**	**112.0**	**25.8**	**33.1**	**58.9**
One-off effects/Purchase price allocation effects	-3.0	2.3	-2.7	-12.4	-15.8	-0.1	-2.1	-2.2
Restructuring income/expenses/impairment losses	11.5	-0.2	-0.1	13.5	24.7	0.0	-44.7	-44.7
EBIT	**31.2**	**38.4**	**30.4**	**20.9**	**120.9**	**25.7**	**-13.7**	**12.0**
Financial result	-7.5	-9.1	-6.1	-3.6	-26.3	-7.8	-8.0	-15.8
Result from continuing operations before income taxes	**23.7**	**29.3**	**24.3**	**17.3**	**94.6**	**17.9**	**-21.7**	**-3.8**
Income tax expense	-2.2	-3.0	-2.6	39.1	31.3	-2.6	-3.3	-5.9
Result from discontinued operations, net of income taxes		1.3	0.2		1.5	0.0	0.0	0.0
Net result for the period	**21.5**	**27.6**	**21.9**	**56.4**	**127.4**	**15.3**	**-25.0**	**-9.7**
Thereof attributable to:								
Non-controlling interests	0.1	0.2	0.1	0.1	0.5	0.1	0.2	0.3
Consolidated net result (attributable to shareholders of the parent company)	21.4	27.4	21.8	56.3	126.9	15.2	-25.2	-10.0

Financial Calendar

November 2, 2023

- Statement on the First Nine Months 2023
- Conference call for investors and analysts

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Important Note

This interim report contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to SGL Carbon's outlook and business development, including developments in SGL Carbon's Graphite Solutions (GS), Process Technology (PT), Carbon Fibers (CF) and Composite Solutions (CS) businesses, expected customer demand, expected industry trends and expected trends in the business environment, statements related to SGL Carbon's cost savings programs. You can generally identify these statements by the use of words like "may", "will", "could", "should", "project", "believe", "anticipate", "expect", "plan", "estimate", "forecast", "potential", "intend", "continue" and variations of these words or comparable words. These statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about SGL Carbon's businesses and future financial results, and readers should not place undue reliance on them. Forward-looking statements do not guarantee future performance and involve risks and uncertainties. These risks and uncertainties include, without limitation, changes in political, economic, legal and business conditions, particularly relating to SGL Carbon's main customer industries, competitive products and pricing, the ability to achieve sustained growth and profitability in SGL Carbon's Graphite Solutions (GS), Process Technology (PT), Carbon Fibers (CF) and Composite Solutions (CS) businesses, the impact of any manufacturing efficiencies and capacity constraints, widespread adoption of carbon fiber products and components in key end-markets of SGL Carbon, including the automotive and aerospace industries, the inability to execute additional cost savings or restructuring measures, availability of raw materials and critical manufacturing equipment, trade environment, changes in interest rates, exchange rates, tax rates, and regulation, available cash and liquidity, SGL Carbon's ability to refinance its indebtedness, development of the SGL Carbon pension obligations, share price fluctuation may have on SGL Carbon's financial condition and results of operations and other risks identified in SGL Carbon's financial reports. These forward-looking statements are made only as of the date of this document. SGL Carbon does not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

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