Trusted Partner.

RENK

RENK Group AG

Annual Financial Statements 2023

Content

A. Combined Management Report

1. Description of business

1.1 Organizational and reporting structure

The RENK Group (after also referred to as RENK) comprises RENK Group AG and its subsidiaries. RENK Group AG, domiciled in Augsburg (Germany), is registered with the local court of Augsburg under the Commercial Register number HRB 39189. The company was converted into a stock corporation with effect from September 13, 2023. The company acts as a holding company in the RENK Group. After the Initial Public Offering originally planned for October 2023 was postponed, the company went public on the Frankfurt Stock Exchange on February 7, 2024.

As the ultimate parent company, RENK Group AG indirectly holds all shares in the operating RENK companies headed by RENK GmbH, Augsburg, through the intermediary RENK FinCo GmbH, Augsburg.

In line with the German Stock Corporation Act (“Aktiengesetz”), the RENK Group AG Executive Board is the governing body with overall responsibility for managing the Company’s business. The Supervisory Board of the company is responsible for monitoring the business development and the Executive Board.

RENK considers itself one of the primary providers of drive technology for a wide range of applications with a global focus. Production sites are located in Germany, the United States of America (“US”), France, the United Kingdom, Canada, and India.

RENK’s business activities in fiscal year 2023 were divided into three segments: Vehicle Mobility Solutions (VMS), Marine & Industry (M&I), and Slide Bearings (SB).

13,4 % of our staff were female reporting period. Women accounted for 11.9 % of senior management positions and 25 % of the Supervisory Board. 50 % of the current Executive Board is female. To increase the percentage of women at senior management levels below the Executive Board, RENK set a target of 16 % for fiscal year 2025 and 20 % for 2030. For this, we consider internal female young talents in succession planning. At least one equally qualified woman should also be included in the final selection pool for all management vacancies. To increase the number of applications received from women, special efforts are made to target, recruit, and further develop this group by taking a gender-neutral approach and through strategic career development.

As well as gender diversity, RENK also strives to be aware of and increase the share of senior managers of foreign origin. To ensure success in this regard, the entire application process follows a global approach. Job advertisements are written in English for all sites and published on international platforms. Increasingly, personnel advisers who operate worldwide are contracted to find top candidates.

1.2 Business model

RENK's aim is to maintain and expand its leading technological position in RENK's key sectors in the future and to generate profitable growth. Key pillars of this strategy include further internationalization, a long-term focus on customer needs, operating excellence in all fields and constant innovation.

The RENK group is divided into three segments. These are based on a product or market/customer structure and have a segment manager with full operating responsibility who reports directly to the RENK Group AG Executive Board. The Executive Board of RENK Group AG was the chief operating decision maker in fiscal year 2023 and is identical to the management of RENK GmbH.

Vehicle Mobility Solutions (VMS)

In addition to transmissions for military vehicles, our product portfolio in this segment includes engines, suspension systems, final drives, and electrical components for military vehicles. Through our VMS segment, we provide drive technologies for tracked and wheeled military vehicles to more than 70 land forces worldwide, with a major focus on the European Union ("EU"), member states of the North Atlantic Treaty Organization ("NATO"), NATO-equivalent and other allied countries such as South Korea, India, and Israel. We are also a leading manufacturer of test systems (e.g. load, torque, and service life tests) in a wide range of industrial and defence applications. We offer our customers turnkey test systems to support their research and development activities and manufacturing and quality assurance processes – for example, in the automotive, rail, aviation, wind, and military vehicle industries.

Marine & Industry (M&I)

Our M&I segment is a technology leader for gear units and coupling & clutches solutions for naval forces, commercial shipping, and industrial applications. In shipping, our products are primarily used in naval surface combatants such as frigates and corvettes for naval customers and in high-speed ferries, freighters, and super-yachts for civilian customers. Our marine gear units for naval vessels are used by more than 40 naval forces around the world. In the industrial sector, our customers include plastics, steel, and cement production companies, as well as companies working in oil and gas, hydrogen, carbon capture, utilization, and storage (CCUS), industrial heat pump applications, and the energy generation industry. Our M&I segment serves markets throughout the world, including Germany, Europe, the United States of America, South America, the Middle East, and the Asia/Pacific region. Our global network of sales and service centers enables us to provide rapid, on-the-ground support to customers worldwide. Thanks to our tailored solutions, we can offer customers products that meet their specific needs.

Slide Bearings (SB)

Our SB segment is the global market leader for standardized slide bearings (e-bearings) for electric machinery and hydrodynamic lubricated standard slide bearings. We provide slide bearings for various industrial electric drive systems, as well as for energy generation (both conventional energy generation and hydropower, wind power, and nuclear energy generation), other industrial applications, and for military and civilian ships. Our slide bearings are used in applications such as electric motors, generators, pumps, blowers, water turbines, and conveyors. In this segment, we offer innovative products such as complex special slide bearings. We have assembly, maintenance, repair, and operating centers in multiple regions around the world, as well as a global network of representatives and partners.

1.3 Research and development (R&D)

Our self-financed research and development (R&D) expenses in fiscal year 2023 came to € 21.9 million (2022: € 18.3 million). The resulting R&D ratio (R&D expenses as a percentage of revenue) was 2.4 % (2022: 2.2 %). As of December 31, 2023, RENK held around 425 individual patents and utility models in its continuing operations (2022: around 437). RENK also has about 68 (2022: 68) registered trademarks.

Research and development activities are essential for the RENK Group to maintain and expand its leading technological position. We work closely with various universities, research institutions, and industry partners to remain at the cutting edge of technology and continually improve our products.

Continually investing in R&D is crucial to providing innovative solutions for our customers. In particular, our R&D activities focus on technological trends and the requirements of our customers in relation to unmanned vehicles and vessels.

In relation to hybridization, we are investing in developing innovative electric and hybrid drive systems for military vehicles and ships. Our solutions aim to reduce emissions and improve fuel efficiency.

To meet rising demand for digital solutions for the use of product and maintenance data to improve engineering and manufacturing processes, we have developed digital solutions that make it easy for shipping and industrial customers to access technical documents, spare parts, and service information.

We have also implemented Industry 4.0 solutions, such as machine data recording systems and big data analytics, to optimize processes and increase efficiency. Providing digital data requires sensors to collect and collate this data. We are working on intelligent sensors so that the data can be analysed and interpreted using artificial intelligence (AI).

To support the transition to green energy, we are also developing green energy components and systems.

2. Financial performance system

2.1 Financial framework

RENK's planning and management is based on a multi-stage process. Medium-term planning, which is prepared once per year and covers a three-year period, is the basis for managing the RENK Group and forms the core of operational planning. Based on this, we prepare product and program/project planning for each segment, which is subsequently incorporated in the financial medium-term planning. This comprises capital expenditure needed for decision alternatives related to future products and operational options, as well as earnings and financial planning.

The first planning year in medium-term planning is monthly and represents RENK's budget. Budget attainment throughout the year is monitored on an ongoing basis and is used as the basis for operational management. Budget/actual comparisons, prior-year comparisons, variance analyses and, where necessary and feasible, action plans to ensure budget targets are met are used here. Revolving forecasts are prepared for the current fiscal year. These take account of current risks and opportunities. The focus of internal management during the year is therefore on adapting to internal and external facts and circumstances in order to achieve targets.

RENK's financial performance system is based on performance indicators (PIs). The most important performance indicators (key performance indicators, KPIs) are projected for the following fiscal year and target attainment analysed in comparison to previous projections. The RENK Group also sets medium-term targets to be achieved during the medium-term planning period. See section *7 Report on expected developments* for the KPI forecast.

Growth, profitability, and liquidity are the main factors in RENK's strategic vision and are implemented through performance indicators. In some cases, these are used as parameters for variable management remuneration.

Some performance indicators are referred to as alternative performance measures (APMs). These are not defined under IFRS and so are not an original component of IFRS financial statements. APMs are used and reported because RENK believes that they provide stakeholders with additional information that is relevant to their decision making. Due to their company-specific nature, they may not be comparable with APMs of other companies.

In prior periods and in addition to the performance indicators described below, RENK classified the cash flow from operating activities (operating cash flow), operating profit and the operating margin as KPIs. As a result of its focus towards the capital market, the internal reporting system was realigned in the 2023 financial year and adapted to the financial framework presented below.

2.2 Growth

Growth at the RENK Group is measured, managed, and monitored by revenue (KPI), order backlog (PI/APM), and order intake (PI/APM). Order intake represents the addition of binding customer contracts within the reporting period, measured by the transaction price on which customer contracts are to be based in accordance with IFRS 15 accounting regulations. This PI is used as a parameter for variable management remuneration.

The fixed order backlog at the end of the fiscal year comprises the order backlog for the previous year plus the current order intake and less revenue generated in the current fiscal year. Since fiscal year 2023, RENK's total order backlog has included orders from binding customer contracts as well as orders agreed with customers under master agreements but not yet substantiated by customer orders or call-off orders (frame order backlog) and prospective order backlogs (soft order backlog), which are based on past experience, customer dependencies due to product specificity, and publicly available information. This implied forecast covers the term of master agreements and, for prospective order backlogs without a binding contractual basis, a period not exceeding four fiscal years after the end of the reporting period.

2.3 Profitability

The adjusted EBIT margin (KPI/APM) is the primary measure of RENK's profitability. The calculation is based on net profit for the year before the financial result and taxes (EBIT) (PI/APM) adjusted for non-recurring effects, relative to revenue. Eliminations of the financial result and income taxes are used to neutralize various financing activities and inconsistent taxation systems between countries, in turn facilitating inter-company comparisons. By adjusting for non-recurring effects, RENK aims to focus information on operating activities. Reported EBIT (operating profit/loss) and the EBIT margin (operating return relative to revenue) were two of the key performance indicators in the previous year. Adjustments in the fiscal year, summarized in the table *RENK adjustments*, comprise the effects of M&A activities including purchase price allocations, costs for preparing the company's IPO, inflation compensation premiums paid, severance expenses, and other effects that do not provide any information on operating activities performance.

RENK provides information on future distribution potential through adjusted net income (PI/APM). The profit or loss reported for the fiscal year is adjusted for non-recurring effects in line with the calculation of the adjusted EBIT margin, but in this case less the income tax effect on total adjusted non-recurring effects. The Group tax rate is used to determine the tax effect. Profit/loss after tax (PI) and the related basic earnings per share (PI) presented in the consolidated financial statements are central performance indicators for the RENK Group that impact the company's attractiveness on the capital market. By referencing such performance indicators that include earnings effects which are not covered by operational managing and monitoring activities, we highlight the need for management to also focus on non-recurring effects. Profit/loss after tax is also a parameter for variable management remuneration.

RENK also intends to establish ROCE (return on capital employed) (from 2025 onwards: KPI/APM) as an indicator of the Group's return on investment. Adjusted EBIT is calculated in relation to the average capital employed for the fiscal year. The latter comprises average property, plant and equipment and intangible assets at the start and end of the fiscal year, as well as average net working capital (NWC) (see section *7.6.3 Liquidity*).

2.4 Liquidity

The RENK Group's liquidity is determined by the ability to generate a positive net cash inflow. In consequence, we use free cash flow (PI/APM) to address this focus. Depreciation and amortization, interest paid, income taxes, and capital expenditures are added to EBIT for calculation purposes. Free cash is reduced by an increase in NWC (PI/APM) and increased by its decline. Other reconciliation items include changes to provisions, provided these are not attributable to NWC, and other cash and non-cash effects with minor individual relevance.

Capital efficiency and thus NWC management are central to RENK. NWC is the sum of trade receivables, contract assets, and inventories less the sum of trade payables, contract liabilities, and liabilities from customer prepayments not allocated to contract liabilities. For management purposes, we compare the nominal value of NWC to revenue for the fiscal year (PI/APM).

Managing long-term capital employed is key to ensuring an efficient overall capital base. RENK focuses on capital expenditure for property, plant and equipment and intangible assets, which also effect net cash inflow. For management purposes, we also compare investment payments to revenue in the fiscal year (PI/APM) to highlight the intrinsic relationship between value creation and the required productive capital base.

For liquidity management purposes, RENK currently also focuses on the Group's net debt (PI/APM). As a measure of debt sustainability, we compare net debt to adjusted EBIT plus depreciation of property, plant and equipment and amortization of intangible assets (PI/APM). Net debt is defined as the sum of bond and lease liabilities less cash and cash equivalents.

2.5 Other performance indicators

RENK is committed to providing sustainable solutions in its segments that make mobility solutions more energy efficient. At the same time, our business activities are based on social and environmental standards that RENK has formalized in its 2025 sustainability strategy and translated into key fields of action. The main focus is on establishing quantitative performance indicators and strengthening existing sustainability reporting to reflect the requirements of the Accounting Directive (Directive 2013/34/EU). The basis for this is a project plan that RENK aimed to develop during this fiscal year. Actual figures are also collected using external sustainability ratings. Establishing a project plan and carrying out a sustainability rating represent PIs and constitute central indicators for management remuneration in the current reporting period. The aim for the following year is to successfully implement the project plan. This includes compliance with relevant legal standards.

3. Business performance in the fiscal year

3.1 Overall Executive Board assessment of current economic situation

The Executive Board takes a predominantly positive view of business performance in fiscal year 2023. In contrast to global economic trends, RENK reported a significant order intake underpinned by all segments. Order processing was satisfactory and ensured that Group revenue was within forecast. Performance would have been even better if not for supply chain disruption, which negatively influenced production. Precautions were taken in the form of higher inventories to improve operating resilience. These two effects led to the ratio of NWC to revenue at 26.8 %, higher than the target value at 22 %. At the same time, higher inventory levels were key to increasing output and, in turn, leveraging economies of scale as well as efficiency improvements. The adjusted EBIT margin for the fiscal year therefore met the company's own expectations. The operating profit and the operating margin, which were still part of the KPIs in the previous year, could not achieve the set objectives despite an extremely positive development. The main reasons for this are the additional burdens from the preparation for the capital market, costs for M&A activities, paid inflation compensation premiums, and severance payments.

Acquiring General Kinetics expanded the Group's position on the North American sales market, which is particularly important to RENK in view of its considerable defence budget, especially in the US. At 3.0 %, the ratio capital expenditure to revenue was in line with the upper limit set of 3 %. Net debt amounted to 2.4 as of the end of the reporting period and therefore did not decrease to below 2.0 as forecast. This is mainly due to the reduction of cash and cash equivalents in connection with repaying a shareholder loan. At the same time, supply chain disruptions, production stops, and capital being tied up in higher inventory levels prevented an adequate cash inflow. These were also key factors in the development of free cash flow, which was lower than in the previous year despite satisfactory earnings performance.

Comparison to forecasted PI 2023

in € millions	2022	Forecast 2023	Result 2023	Evaluation
Consolidated Revenue	849.0	900.0-1,000.0	925.5	fulfilled
Adjusted EBIT-Margin	17.0 %	16 -18 %	16.2 %	fulfilled
Order intake	986.6	significant increase	1,276.5	fulfilled
Operating margin	7.7%	significant increase	9.6%	not fulfilled
Operating profit	65.2	significant increase	89.0	not fulfilled
Operating cashflow	110.7	significant increase	n/a[1)]	n/a

[1)]The definition of PI was changed in 2023 due to the capital market transaction, therefore an assessment of the target accomplishment is no longer possible

3.2 Significant developments and events affecting business performance

Besides general macroeconomic conditions, trends in military and civilian end markets are crucial to RENK. Economic performance in 2023 was shaped by a slowdown in global growth. The International Monetary Fund (IMF) estimates that global growth declined from 3.4 % in 2022 to 3.1 % in 2023. This level of growth is also assumed for 2024. The decline was particularly pronounced in developed economies. Growth contracted significantly from 2.6 % in 2022 to 1.6 % in 2023 and is expected to bottom out in 2024 with a forecasted growth of 1.5 %. Growth in emerging markets, on the other hand, remained relatively stable and is predicated at 4.1 % from 2022 to 2024. Germany's economic output was hit far harder than other EU member states and RENK's global target markets. Price-adjusted gross domestic product was down 0.3 % year on year, while France, Spain, and Italy all reported growth (+0.8 %, +2.4 %, and +0.7 % respectively). Gross domestic product in the US rose sharply compared to the previous year in 2023, up 2.5 %, whereas growth in the United Kingdom fell to 0.5 %.

As well as global uncertainties, the ongoing effects of the COVID-19 pandemic, increasingly fragmented economic areas and trade relations, and greater geopolitical stress factors, this economic slowdown reflects tighter monetary policy introduced in response to unprecedented inflation. Global inflation, which was 8.7 % in 2022, was predicted at 6.9 % for 2023 and 5.8 % for 2024. The decline in inflation, which was significant to start with but then slowed, is indicative of persistent core inflation and so inflation targets will likely not be met until 2025. In line with global macroeconomic conditions, the German Machinery and Equipment Manufacturers Association (VDMA) anticipates zero revenue growth for international machinery revenue in 2023 and 2024.

Contrary to these global economic trends, the defence market benefited from higher defence budgets, the result primarily of geopolitical developments and conflicts, such as the Russian invasion of Ukraine, and geopolitical tensions such as those between China and Taiwan as well as the US respectively, and the conflict in the Middle East. At a global level, one key focus area is the defence budget in North America, which is expected to make up about 46 % of the international defence budget between 2018 and 2027. The global sales market for land and naval defence products (excluding embargoed countries) grew by an average of 11.6 % per year between 2018 and 2022 and will likely continue to expand by an average of 12.9 % between 2022 and 2027.

4. Results of operations

4.1 Order intake and revenue

	Order intake				Revenue			
		Fiscal year		Change		Fiscal year		Change
in € millions	2022	**2023**	in €	in %	2022	**2023**	in €	in %
VMS	601.6	798.1	196.6	32.7	485.6	528.4	42.9	8.8
M&I	286.6	368.4	81.8	28.5	276.1	296.3	20.2	7.3
SB	107.2	120.9	13.7	12.8	90.9	110.9	20.0	22.0
Total segments	**995.4**	**1,287.5**	**292.1**	**29.3**	**852.5**	**935.6**	**83.1**	**9.7**
Reconciliation consolidated financial statements	(8.8)	(11.0)	(2.2)	24.4	(3.6)	(10.1)	(6.5)	183.6
RENK	**986.6**	**1,276.5**	**289.9**	**29.4**	**849.0**	**925.5**	**76.5**	**9.0**

Thanks to growth trends in all segments, RENK reported order intake of € 1,276.5 million in the fiscal year (previous year: € 986.6 million). At € 196.6 million and a share in 62.5% of the order intake, the VMS segment and its drive solutions for tracked vehicles accounted for most of this significant year-on-year rise. Together, the M&I and SB segments reported an order intake of € 489.3 million (previous year: € 393.8 million). The considerable € 81.8 million increase to € 368.4 million in M&I was largely the result of new business in the marine sector. In SB, increased demand for horizontal bearings drove growth of 7.3 %, at the same time as in the previous year, the majority of the order intake is for e-bearings.

Group revenue amounted to € 925.5 million (previous year: € 849.0 million), thus showing a considerable increase. VMS was able to contribute to this with € 528.4 million and a sales increase of 8.8 %.As well as satisfactory organic growth, the acquisition of General Kinetics in January 2023 played a significant part in this development. At the end of the fiscal year, VMS accounted for 57.1 % of revenue. The new business of the segment was negatively affected by supply shortages on the procurement side. Revenue in the M&I segment also increased by a considerable 7.3 % to € 296.3 million (previous year: € 276.1 million). The primary reasons for this were product completions and deliveries in industrial business as well as the services sector. The same nominal growth of € 20.0 million resulted in significant growth in SB of 22.0 % to total revenue of € 110.9 million (previous year: € 90.9 million). The high demand for horizontal and e-bearings as well as the spare parts and service business enabled this pleasing development. Consolidated intersegment revenue primarily relates to intragroup deliveries to the VMS segment.

Order backlog

Order Backlog

	Fiscal Year		Change	
in € millions	**2022**	**2023**	**in €**	**in %**
Fixed order backlog	1,406.6	1,780.0	373.5	26.6
Frame order backlog	n/a	585.8	n/a	n/a
Soft order backlog	n/a	2,277.8	n/a	n/a
Total order backlog	**n/a**	**4,643.6**	**n/a**	**n/a**

RENK closed the fiscal year with a fixed order backlog of € 1,780.0 million (previous year: € 1,406.6 million), an extremely satisfactory increase of 26.6 %. The order backlog is allocated to VMS at 71.5 % (previous year: 70.2 %), M&I at 25.0 % (previous year: 26.1 %) and SB at 3.5 % (previous year: 3.7 %). Strong growth relates mainly to customers seeking military products. The medium-term frame order backlog based on master agreements and experience-driven customer behaviour totalled € 585.8 million at the end of the fiscal year. In addition, our assessments of current contract negotiations, our customers’ budgeting and decisions about government military spending put the estimated prospective soft order backlog at € 2,277.8 million for the medium-term planning horizon. Sales of military vehicles in VMS offer the most significant prospects of future customer orders.

4.2 Profitability

Profitability

	Fiscal Year		Change	
in € millions	2022	2023	in €	in %
Adjusted EBIT	**144.3**	**150.0**	**5.7**	**3.9**
VMS	113.4	106.4	(7.0)	(6.2)
M&I	20.6	28.4	7.7	37.5
SB	13.4	17.3	3.9	29.5
Reconciliation consolidated financial statement	(3.1)	(2.0)	1.1	(34.3)
Adjusted EBIT Margin	17.0%	16.2 %	n/a	(0.8) p.p.
VMS	23.4%	20.1 %	n/a	(3.2) p.p.
M&I	7.5%	9.6 %	n/a	2.1 p.p.
SB	14.7%	15.6 %	n/a	0.9 p.p.
Adjustments (seperate table)	(79.0)	(61.0)	17.9	(22.7)
EBIT	65.2	89.0	23.8	36.5
VMS	108.0	104.8	(3.2)	(3.0)
M&I	16.6	25.3	8.7	52.4
SB	12.6	16.8	4.2	33.3
Reconciliation consolidated financial statement	(72.0)	(58.0)	14.0	(19.5)
EBIT Margin	7.7%	9.6 %	n/a	1.9 p.p.
VMS	22.2%	19.8 %	n/a	(2.4) p.p.
M&I	6.0%	8.5 %	n/a	2.5 p.p.
SB	13.9%	15.2 %	n/a	1.3 p.p.
Financial result	**(50.4)**	**(42.4)**	**8.0**	**(16.0)**
Profit (+) / loss (-) before tax	**14.8**	**46.6**	**31.8**	**> 200.0**
Income taxes	**1.4**	**(14.3)**	**(15.6)**	**< (200.0)**
Profit (+) / loss (-) after tax	**16.1**	**32.3**	**16.2**	**100.5**
Basic earnings per share (€)	**0.16**	**0.32**	**0.16**	**100.0**

RENK generated an EBIT of € 89.0 million (previous year: € 65.2 million) in the fiscal year. This significant growth resulted in an EBIT margin of 9.6 % (previous year: 7.7 %). In addition to the positive revenue development, scale effects due to overall increased output quantities, the systematical implementation of efficiency programs and lower PPA-related effects contributed to this development. These positive success factors were able to overcompensate for the weaker performance of VMS due to supply chain disruptions. The Group realized an increase in gross profit to € 208.7 million (previous year: € 164.8 million), thus recording a substantial increase of 26.6 % compared to previous year. The distribution expenses related to the sales growth developed in a profit-reducing manner, with a considerable of 7.5 % to € 51.7 million (previous year: € 48.1 million). General and administrative expenses also rose significantly to € 66.0 million (previous year: € 49.8 million). Factors contributing to this development included higher costs for corporate functions, expenses for the implementation of efficiency programs, in particular measures in preparation for the IPO, and consulting services in connection with strategic and M&A projects.

The EBIT for the VMS segment amounted to € 104.8 million (previous year: € 108.0 million), which corresponds to a share of 71.3 % (previous year: 78.7 %) (before Group reconciliation). In addition to the earnings-reducing effects from resolving supply chain problems, higher R&D and administration expenses also contributed, which are primarily attributable to corporate functions and the acquisition of General Kinetics. This was partially compensated by lower warranty provisions. The EBIT margin was 19.8 % (previous year: 22.2 %). With a share of 17.2 % (before Group reconciliation), M&I generated an EBIT of € 25.3 million (previous year: € 16.6 million). The increase of 52.4 % was as a result of lower warranty provisions. This led to an EBIT margin of 8.5 % (previous year: 6.0 %). EBIT in the SB segment increased by 33.3 % to € 16.8 million (previous year: € 12.6 million). This resulted in an EBIT margin of 15.2 % (previous year: 13.9 %). In addition to the revenue development, the earnings improvement was realized due to a higher share of maintenance and similar services that have a higher gross margin.

Adjustments

	Fiscal Year		Change	
in € millions	2022	2023	in €	in %
Effects of purchase price allocations	66.2	46.9	(19.3)	(29.2)
Capital market readiness costs	0.0	3.1	n/a	n/a
M&A activity related costs	0.1	2.0	1.9	> 200.0
Inflation compensation premium	3.3	3.5	0.2	4.8
Severance provision	4.8	1.7	(3.1)	(64.8)
Other adjustments	4.5	3.9	(0.6)	(14.2)
Adjustments Total	**79.0**	**61.0**	**(17.9)**	**(22.7)**

The adjustments, amounting to € 46.9 million (previous year: € 66.2 million), are primarily due to the effects of purchase price allocations, which mainly concerned depreciation on remeasured fixed assets and are assigned to the reconciliation to Consolidated Financial Statements. The activities initiated in fiscal year 2023 to align the Group with capital market requirements amounted to € 3.1 million. Expenses for termination benefits declined by € 3.1 million year-on-year to € 1.7 million, and predominantly related to persons who left the Group's management level in the fiscal year. Other adjustments mainly included consulting services in connection with organizational and operational optimization as well as costs in connection with RENK's 150-year anniversary.

RENK generated adjusted EBIT of € 150.0 million (previous year: € 144.3 million), a minor increase of 3.9 %. While the M&I and SB segments allowed adjusted EBIT to improve substantially, VMS was responsible for a moderate reduction of € 7.0 million to € 106.4 million. For VMS, this meant a material decline in its adjusted EBIT margin to 20.1 % (previous year: 23.4 %). By comparison, M&I's adjusted EBIT rose significantly by 37.5 % to € 28.4 million (previous year: € 20.6 million). Overall, this resulted in a notable lift in M&I's adjusted EBIT margin to 9.6 % (previous year: 7.5 %). The SB segment reported a substantial increase in adjusted EBIT of 29.5 % to € 17.3 million (previous year: € 13.4 million), resulting in a moderate improvement in its adjusted EBIT margin to 15.6 % (previous year: 14.7 %).

RENK's earnings after tax rose by 100.5 % to € 32.3 million (previous year: € 16.1 million). In addition to a decline in interest expense of € 1.9 million to € 39.8 million (previous year: € 41.7 Mio. €), primarily as a result of the repayment of the shareholder loan granted by the shareholder Rebecca BidCo S.à r.l., the positive effect was mainly a result of the decreased other financial loss, which was down by € 6.2 million at € 2.6 million (previous year: € 8.7 million). In the previous year, this had included substantial expenses due to changes in the fair value of derivatives. Overall, this resulted in a notably improved financial result of € -42.4 million (previous year: € -50.4 million). Please refer to Note *11. Income tax* to the Consolidated Financial Statements for information on the development of income taxes. Adjusted earnings after tax amounted to € 76.4 million.

5. Net assets

RENK ended the fiscal year with total assets of € 1,472.6 million (previous year: € 1,442.7 million), with non-current and current assets each accounting for 50.0 %.

Assets

	Fiscal Year		Change	
in € millions	**2022**	**2023**	**in €**	**in %**
Total non-current assets	**751.9**	**735.7**	**(16.2)**	**(2.2)**
therein				
Intangible assets	389.0	383.9	(5.0)	(1.3)
Property, plant and equipment	323.0	319.0	(4.0)	(1.2)
Total current assets	**690.7**	**736.9**	**46.1**	**6.7**
therein				
Inventories	275.6	326.2	50.6	18.4
Trade receivables	144.7	163.3	18.6	12.9
Contract assets	83.5	96.6	13.1	15.6
Cash and cash equivalents	158.7	102.2	(56.5)	(35.6)
Total assets	**1,442.7**	**1,472.6**	**29.9**	**2.1**

At 95.5 %, long-term committed capital predominantly consisted of intangible and tangible assets purchased through the acquisition of the former RENK AG and RENK America. As part of the purchase price allocations, the difference between the purchase price paid and carrying amounts acquired in previous years was allocated to goodwill, intangible assets as well as property, plant and equipment.

At € 326.2 million (previous year: € 275.6 million), inventories accounted for 44.3 % (previous year: 39.9 %) of short-term committed capital. The material increase was as a result of supply chain disruptions in the VMS segment, which led to higher levels of unfinished goods. The considerable rise in trade receivables of 12.9 % to € 163.3 million (previous year: € 144.7 million) and in contract assets of 15.6 % to € 96.6 million (previous year: € 83.5 million) was consistent with the growth in sales in the fiscal year. Cash and cash equivalents were largely reduced by the repayment of the shareholder loan granted by Triton in the amount of € 50.0 million and by € 34.5 million for the acquisition of General Kinetics.

Liabilities

	Fiscal Year		Change	
in € millions	**2022**	**2023**	**in €**	**in %**
Total equity	**324.5**	**403.9**	**79.4**	**24.5**
Total non-current liabilities	**781.4**	**661.3**	**(120.0)**	**(15.4)**
therein				
Non-current financial liabilities	617.7	527.5	(90.2)	(14.6)
Non-current contractual liabilities	72.8	44.1	(28.6)	(39.4)
Other non-current provisions	11.3	11.0	(0.3)	(2.4)
Total current liabilities	**336.8**	**407.4**	**70.6**	**20.9**
therein				
Trade payables	66.6	123.6	57.0	85.5
Current contractual liabilities	141.3	171.8	30.6	21.6
Other current provisions	65.2	40.3	(24.9)	(38.2)
Other current liabilities	33.8	38.5	4.7	13.9
Total liabilities	**1,442.7**	**1,472.6**	**29.9**	**2.1**

As of the end of the fiscal year, equity amounted to € 403.9 million (previous year: € 324.5 million) and the equity ratio to 27.4 % (previous year: 22.5 %). In addition to the profit for the fiscal year, this significant increase was as a result of an addition to the capital reserves of € 45.1 million. This was achieved by the voluntary contribution of the shareholder loans of € 30.0 million, plus accured interest, granted by the direct shareholder Rebecca BidCo S.à r.l. Non-current liabilities represented 44.9 % of total equity and liabilities. A nominal amount of € 527.5 million of these non-current liabilities related to bond liabilities that financed the purchase price of the former RENK AG and RENK America. Equity and non-current liabilities were therefore tangibly higher than fixed assets.

Short-term and long-term contract liabilities amounted to € 216.0 million in total (previous year: € 214.1 million). While the total amount was stable, the short-term share rose by € 30.6 million to € 171.8 million (previous year: € 141.3 million) as a result of a higher share of payments on account by customers for goods and services to be provided in the short term. Other current and non-current provisions of € 51.3 million (previous year: € 76.5 million) predominantly related to warranty provisions.

6. Financial Position

6.1 Principles and objectives of financial performance

RENK's financial management is performed centrally by the Treasury function. The aim of central financial management is to always ensure sufficient liquidity, limit financial risks and, in turn, increase the enterprise value.

This includes securing liquidity for operating business, capital expenditures and targeted growth, as well as the financial hedging of currency risks. Liquidity was managed by central cash management. Please also refer to the information in *B 4. Risk Management and Financial Instruments* and *B 35. Events after the Reporting Period* in the Consolidated Financial Statements and to *A 8. Report on the Internal Control and Risk Management System and Significant Risks and Opportunities* of the Management Report.

6.2 Analysis of Cash Flow and Capital Expenditures

Free Cashflow

	Fiscal Year		Change	
in € millions	**2022**	**2023**	**in €**	**in %**
EBIT	65.2	89.0	23.8	36.5
Amortisation and depreciation of intangible assets and property, plant and equipment (incl. PPA amortisation and depreciation)	96.2	78.6	(17.6)	(18.3)
EBITDA	**161.3**	**167.5**	**6.2**	**3.8**
Interest received[1]	**0.2**	**3.2**	**3.1**	**> 200%**
Interest payments[1]	**(30.0)**	**(29.9)**	**0.0**	**(0.1)**
Income tax payments	**(10.7)**	**(28.2)**	**(17.5)**	**163.4**
Change in net working capital	**(20.2)**	**(41.4)**	**(21.2)**	**104.9**
Change in inventories	(23.9)	(41.2)	(17.3)	72.4
Change in trade receivables and current assets	(46.0)	(47.8)	(1.8)	4.0
Change in trade payables	0.1	55.4	55.3	> 200%
Changes in contract liabilities and liabilities from customer prepayments	49.6	(7.7)	(57.3)	(115.5)
Investments in property, plant and equipment and intangible assets	**(26.0)**	**(28.1)**	**(2.1)**	**8.0**
Other	**(11.1)**	**(22.1)**	**(11.0)**	**98.8**
Free Cashflow	**63.5**	**21.1**	**(42.4)**	**(66.8)**

[1] Reported net in the previous year.

The development in free cash flow was substantially negative compared to the previous year. The change from a net cash inflow of € 63.5 million in 2022 to € 21.1 million in fiscal year 2023 essentially related to the rise in income taxes paid of € 17.5 million on account of the material improvement in operating earnings, the change in current assets, and NWC.

The rise in NWC predominantly resulted from the increase in inventories of € 41.2 million. Disruptions in the supply chain prevented the completion and invoicing of work in progress as planned. Moreover, higher levels of raw materials and intermediate products were stockpiled in order to quickly mitigate the risk of short-term supplier dependencies. In addition, the increase in trade receivables and contract assets of € 47.8 million, which was consistent with the notable growth in sales, contributed to this development. Trade payables increase, which rose by € 55.4 million (previous year: € 0.1 million), was unable to offset this effect. Customer payments received on account of orders remained at the same level as in the previous year. As a result, NWC in relation to sales amounted to 26.8 % after 26.0 % in the previous year.

Investments in tangible and intangible assets of € 28.1 million (previous year: € 26.0 million) essentially related to production facilities in the fiscal year. Investments in tangible and intangible assets therefore amounted to 3.0 % of sales (previous year: 3.1 %).

6.3 Financing and Liquidity Analysis

Change in cash and cash equivalents

	Fiscal Year		Change	
in € millions	2022	2023	in €	in %
Cash and cash equivalents at the beginning of the fiscal year	**97.5**	**158.7**	**61.1**	**62.7**
Cash flow from operating activities	115.8	76.2	(39.7)	(34.3)
Cash flow from investing activities	(22.4)	(57.2)	(34.8)	155.9
Cash flow from financing activities	(34.4)	(80.0)	(45.6)	132.4
Other changes in cash and cash equivalents	2.1	4.6	2.5	122.3
Change in cash and cash equivalents in fiscal year	**61.1**	**(56.5)**	**(117.6)**	**(192.4)**
Change in cash and cash equivalents at the end of the fiscal year	**158.7**	**102.2**	**(56.5)**	**(35.6)**

In the reporting period, RENK generated a positive cash flow from operating activities of € 76.2 million (previous year: € 115.8 million). This significant reduction despite the increase in profit before tax of € 31.8 million is essentially a result of the decline in depreciation and amortization of € 17.6 million, the increase in inventories of € 41.2 million and reversal of provisions in the amount of € -25.6 million.

Cash flow from investing activities amounted to € -57.2 million (previous year: € -22.4 million) and, in addition to payments for production facilities, mainly related to the acquisition of General Kinetics in January 2023.

As a result of the repayment of the shareholder loan to Rebecca BidCo S.à r.l. in the amount of € 50.0 million, cash flow from financing activities declined substantially to € -80.0 million as of the reporting date (previous year: € -34.4 million). A positive factor in this context was interest expenses, which were down by € 0.0 million.

The cash flow from operating activities was unable to cover capital expenditures and the repayment of the shareholder loan in the fiscal year. Taking currency effects and the change in the basis of consolidation caused by the acquisition of General Kinetics into account, cash and cash equivalents were therefore reduced by € 56.5 million to € 102.2 million.

7. Report on expected developments

The global security situation faced mounting uncertainty continued in fiscal year 2023. This development is expected to persist or even intensify, driven by the threat of an escalation in the geopolitical tension between China and Taiwan, ongoing terror threats on land and at sea, regional instability in the Middle East, e.g., the armed conflict between Israel, Iran, and the terrorist organization Hamas, in North Africa, and in parts of Asia. The new so called defence supercycle ("super-cycle"), prompted the US and NATO to increase their defence budgets. Since then, global spending on defence has risen considerably. The business of the RENK Group is largely dependent on defence spending by its customers, which include governments, government authorities, international organizations, and entities that rely on government spending to buy the Group's products and services. RENK is therefore susceptible to decisions made in government programs that are swayed by, for instance, social policy considerations, general macroeconomic conditions, or changes in government and administrative policy. As a result of the super-cycle, the Group anticipates a protracted growth phase in defence spending and procurement activities. However, the short-term forecasts for fiscal year 2024 are based on the assumption that RENK will neither be exposed to nor will benefit from significant effects of uncertainty or rising defence spending beyond contractual customer orders and the associated production costs in fiscal year 2024. We continue to assume significant order intake and growth in sales in line with our guidance in the years ahead.

In addition to the general impact on the defence budget, the sanctions and export controls imposed by the EU, the U.S., the U.K., Canada, Japan, and other nations on Russian and Belarusian individuals, companies and organizations are having a substantial impact on the state of the global economy, further exacerbated by Russia's countermeasures. Higher prices for oil and gas, bottlenecks in the supply of gas, supply chain disruption, market volatility, and economic uncertainty, in Europe in particular, have led to elevated rates of inflation and impacted the economy as a whole. Interruptions or disturbances in supply chains, logistical challenges, and shortages of raw materials and intermediate products had a negative impact on the real economy. Looking ahead to fiscal year 2024, RENK assumes that it will not be exposed to any significant negative effects from the aforementioned sanctions.

Defence-based spending and end markets with governmental customers are subject to political decision-making, which has a direct effect on the Group's operating activities and, in. Political developments, such as changes of governments, sanctions, and trade policy in addressable markets such as the EU, U.K., and U.S., can affect the RENK Group's ability to do business in these countries. In the EU and Germany, exports of goods of strategic significance, above all weaponry, military equipment, and dual-use goods, are subject to restrictive controls and approval requirements. Furthermore, new regulations on export control, the stricter enforcement of existing controls and the provisions of supplier countries such as Germany, France, the U.K., and the U.S. can have a substantial effect on the Group's business activities. As a global manufacturer of drive solutions for various civilian and military applications and end markets, the Group abides by laws and guidelines. These regulations cover areas such as data protection, environmental protection, competition, taxation, employment, and export control. These laws and guidelines can arise at the national, bilateral, or even multilateral level or between participating jurisdictions, and their national or even extraterritorial application and relevance can vary. For forecast purposes, RENK assumes the changes in political developments in the countriess most relevant to its business activities will not have any negative effects compared to fiscal year 2023. Furthermore, the Group anticipates that government programs will not be cancelled, significantly delayed, or altered, and that no negative effects will result from reviews of government contracts. Furthermore, RENK assumes a stable legal and regulatory environment.

As a global manufacturer of drive solutions for various civilian and military end markets, the Group's business activities are subject to fluctuations in the world economy, especially for civilian solutions. Furthermore, some of the Group's markets – for instance, energy generation, oil and gas, cement, and steel – react sensitively to cyclical changes in the economic landscape. In this context, decisions to buy products of the Group are largely a result of the output of these and other sectors. Demand in these sectors is influenced by changes in multiple factors, such as commodity prices, interest rates, fuel costs, energy requirements, and economic growth, which mainly affect the Group's products for industrial markets. However, changes in the economic environment are unlikely to have any significant effect on the Group's business activities in the short term as its main activities in the VMS and M&I segments tend to be more exposed to long-term rather than short-term economic risks. As a result, the forecasts for 2024 are based on the assumption that none of the Group's significant orders will be cancelled or delayed.

Some of the Group's business activities take place in highly competitive markets, such as Germany, the US and South America, the Middle East and China, which are affected by changes in market penetration, price competition, and the development and launch of new products, product designs, and technologies. On these markets, the Group's competitive capability is primarily based on quality, innovation, the punctuality of delivery, design, and the ability to provide global technical support, repair expertise, and service. A similar competitive environment to fiscal year 2023 is assumed for forecast purposes. Negative effects on growth and profitability are not expected thanks to binding customer orders. The Group's main activities in the segments VMS and M&I are characterized by long project lead times with accordingly long-term competition risks.

The Group's business activities are highly dependent on punctual delivery and on the appropriate quality and quantity of standard components (e.g., pumps, couplings, bearing or measurement and control technology) purchased from third-party providers, the number of which is limited in some cases. The logistics processes of the Group therefore rely on the availability of components and an uninterrupted supply chain, as well as the sufficient quality of these individual components, in order to ensure that production plans are upheld and thereby to satisfy its contractual and anticipated future obligations, in particular the processing of its order backlog. The repercussions of the COVID-19 pandemic are still affecting the global economy, capital markets, and international trade, which has a direct impact on the availability of raw materials, parts, and components. The forecast for fiscal year 2024 assumes that supply chain restrictions will not have any negative effects on RENK's business activities and that the raw materials and components required for processing will be available as needed and in the appropriate quality. The foundation for this is formed by unaltered supplier relationships.

The Group's production processes rely on various raw materials such as steel, aluminium, and tin, as well as subcomponents and components. Prices for a variety of raw materials and components have risen substantially in the past as a result of inflation, supply chain disruption, and other factors. This risk is partially, but not always, passed on to customers on the basis of agreed contractual clauses. In this context, the Group is exposed to the risk that the actual costs incurred in connection with the performance of its obligations under fixed-price contracts may be higher than assumed when the contracts were entered into. For forecast purposes, the Group assumes that the effects of price increases for the most important raw materials and components will be unchanged compared to fiscal year 2023. Therefore, no significant negative effects are assumed.

To satisfy its contractual and anticipated future obligations, in particular the processing of its order backlog, RENK relies on the recruitment and retention of highly qualified personnel. In the past fiscal year, the Group succeeded in recruiting and retaining the necessary numbers of highly qualified employees. For the purposes of fiscal year 2024, the Group assumes that there will be no substantial personnel shortages with a negative impact on the satisfaction of its obligations to customers.

The Group operates internationally and is therefore exposed to currency risks. The Group generates a substantial share of its sales, and incurs a substantial share of its costs, in currencies other than the Euro. Its most significant foreign exchange risks relate to the US dollar (USD), the Swiss franc, the British pound, the Chinese renminbi yuan, and the Canadian dollar. In relation to the exchange rates for the past fiscal year, the Group assumes the following exchange rates for the coming fiscal year as of the reporting date.

Exchange rates

	31.12.2023	31.12.2024
US dollar	1.07	1.10
Swiss franc	0.95	0.90
British pound	0.86	0.91
Chinese yuan	7.86	7.98
Canadian dollar	1.46	1.51

Beyond the above conditions and assumptions on which the forecast for fiscal year 2024 is based, RENK assumes that there will be no unforeseen events that could result in a material or persistent negative impact on the Group's business operations.

Based on the above forecast assumptions, RENK anticipates group revenues of between € 1,000.00 million and € 1,100.00 million with an adjusted EBIT margin of between 16.0 % and 18.0 % for fiscal year 2024.

The forecast for fiscal year 2024 and the actual results for the year ended are compared in the table below.

Forecast 2024

in € millions	2023	Forecast 2024
Consolidated Revenue	925.5	1,000.0-1,100.0
Adjusted EBIT margin	16.2 %	16 - 18 %

8. Report on the internal control and risk management system and essential risks and opportunities

8.1 Essential internal control system features

The internal control system (ICS) represents an organizational context with the aim of ensuring proper accounting and associated financial reporting, as well as effective and efficient business processes, guaranteeing compliance with legal regulations and protecting assets from loss or misuse. As an integral part of the corporate structure of the RENK Group, the ICS provides an essential basis for governance and transparent business processes.

The Group-wide ICS is based on the internationally accepted general concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO ICS was adapted to the Group's specific characteristics and individual circumstances to ensure seamless integration and customized implementation.

As one of its duties of care, the Management Board has the overall responsibility for the Group ICS. This includes promoting awareness of the ICS, providing adequate resources to implement and maintain the ICS and monitoring the effectiveness of the ICS. The subsidiaries' managing directors are also obligated to comply with this duty of care and to ensure implementation and maintenance of an effective ICS in their companies. Together with the Management Board, the Supervisory Board of the RENK Group ensures that its effectiveness is monitored. Within the Supervisory Board of the RENK Group, this role falls to the Audit Committee as an independent monitoring body.

The accounting-related ICS of the RENK Group is specifically focusing on ensuring proper financial reporting (correct presentation of the financial position, net assets and results of operations) and aims to ensure accuracy, completeness and timely preparation of financial reports as well as compliance with accounting standards. It takes into account the most significant risks and controls for the main accounting processes as well as relevant functional processes. These processes include not only accounting-related processes, but also purchasing, sales, valuation of inventories and HR, insofar as these have effects on financial reporting.

Annual control tests are carried out to monitor appropriateness and effectiveness of these controls.

Supporting the Management Board of the RENK Group the Centrally Risk Management Department and the ICS Group Coordinator hold the operational powers relating to all ICS-related activities. They define the scope of the ICS in a two-stage approach comprised of company as well as process scoping. An annual review of the scope of application ensures that changes to the ICS are considered. At the level of the respective companies, local ICS officers act as the main point of contact for coordinating the ICS.

Compliance with statutory requirements - including timely preparation of the Annual and Consolidated Financial Statements of the RENK Group - is ensured by way of policies, time limits and analyses at Group and Company level. The following material actions have been implemented within the Group's accounting-related ICS:

- Requirements for financial statements to inform subsidiaries about topics of relevance for preparing financial statements
- Detailed schedule and timeline for preparing the Annual Financial Statements
- Staff training regarding documentation of tested controls
- Controls in the process of preparing Annual and Consolidated Financial Statements (analyses, plausibility reviews, etc.)

The process of preparing Annual and Consolidated Financial Statements as such is secured by way of numerous controls at local and central level, taking into account materiality aspects. They include, among others, automated controls, dual control principle, plausibility checks and monitoring controls. In addition, the ICS of the RENK Group considers the segregation of duty, the principle of transparency as well as the principle of minimum information. They are tested annually in a rolling process to provide the Management and Supervisory Boards with a basis to determine appropriateness and effectiveness of the ICS.

The Management Board receives a yearly report detailing appropriateness and effectiveness of processes and controls, identifying potential weaknesses and defined actions as well as planned improvements and the current status of the ICS. In addition, the Management Board provides the Audit Committee every year with a report on the annual ICS cycle.

Despite careful structuring and comprehensive application of the ICS throughout the entire RENK Group, inherent risks remain with regard to its effectiveness due to subjective arbitrary decisions or other factors.

8.2 Opportunities and risks

Every company faces both opportunities and risks in their business activities. The RENK Group systematically identifies, assesses and manages potential risks and opportunities that may materially affect its business activities. Taking into account its risk strategy, the RENK Group has implemented a Group-wide risk management system for early identification, assessment and response. An integral part of this is the risk early detection system, which identifies and assesses risks that may cause the Group to cease to be able to continue as a going concern, and which are countered with suitable measures. The RENK Group describes risks as the potential danger that events, decisions or actions might hamper the attainment of defined targets of the Group or of a segment or the successful realization of strategies. In the case of risks, its impact on EBIT or equity is assessed.

RENK deliberately incurs risks to take advantage of market opportunities if they materially contribute to increasing the Company's value and further its targets. By contrast, risks that may cause the Group to cease to be able to continue as a going concern are avoided or, if this is not possible, mitigated by taking appropriate measures. To be able to ensure this, an effective risk early detection and risk management system (RMS) is imperative to provide relevant information to manage the Company at an early stage. Likewise, monitoring of risk-bearing capacity, i.e. the maximum risk exposure that the Company can bear over time without causing the Group to cease to be able to continue as a going concern, is another crucial factor in the RMS process.

Deliberately addressing identified opportunities and risks as well as periodically monitoring them are intended to raise awareness of opportunities and risks, and ensuring an ongoing process of improvement. The RMS is based on a management-oriented Enterprise Risk Management (ERM) approach and is aligned with the internationally accepted general concept of the Committee of Sponsoring Organization of the Treadway Commission (COSO). To ensure the best-possible application and effectiveness, the system was adapted to the Group's individual circumstances.

The Management Board has ultimate responsibility for the RMS. It therefore is accountable for defining structure and methodology and also for actions to be taken to manage opportunities and risks. To reflect the organizational realignment, the reporting period for the fiscal year 2023 has therefore been set to every six months (previous year: three times a year). All RMS stakeholders have been notified of the RMS process. The Management Board also periodically reports to the Group's Audit Committee. The Management Board has delegated the ongoing review and updating of the RMS as well as implementation and monitoring of compliance with Group-wide standards to the Central Risk Management Department.

The central risk management acts as a link between the legal entities, central functions and segments, the Management and Supervisory Boards and is responsible for ensuring a structured organizational and operational structure.

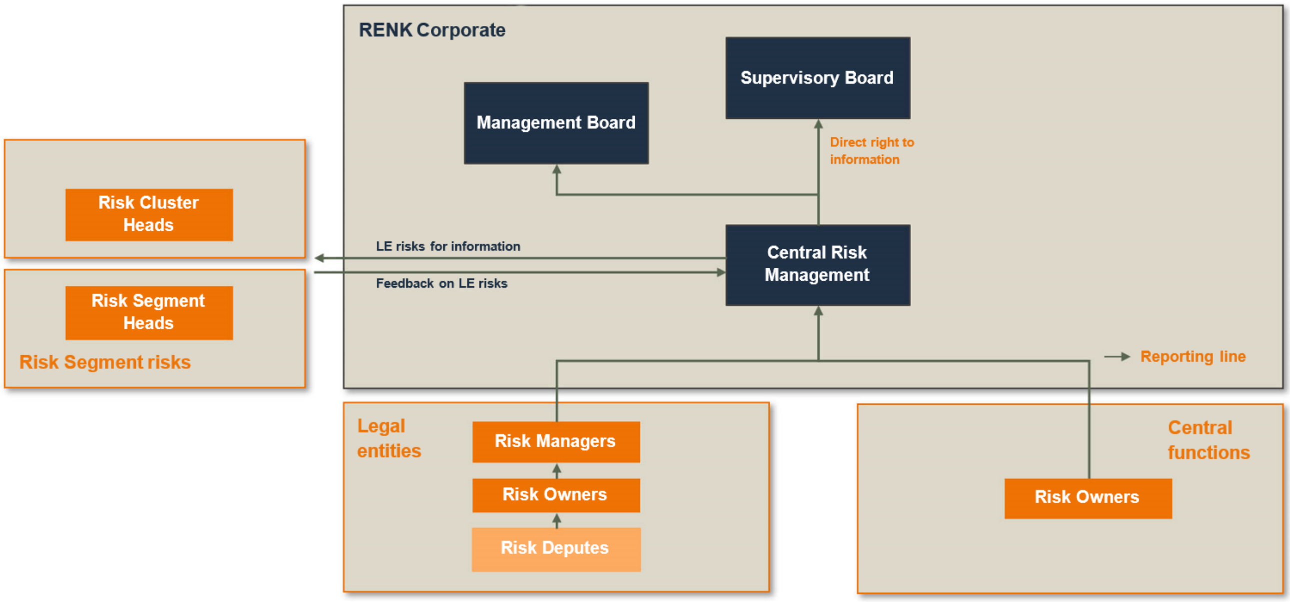

Figure 1: Risk reporting organizational chart

The RMS process is comprised of risk identification, assessment and response phases. It generally applies to all companies in the RENK Group, irrespective of their size.

The objective of risk identification within the RENK Group is to comprehensively and systematically record all significant risks to the Group, irrespective of their type. The legal entities' and central functions' risk owners and risk managers are accountable for identifying risks and opportunities within their area of responsibility and competence over the medium-term (usually up to 3 years; in case of strategic and ESG risks, up to 10 years), whereby experts (risk deputies) provide support as required (bottom-up approach). The risk cluster heads or segment managers identify and assess risks for their respective areas of expertise by applying a top-down approach, including analyses of interdependencies of risks for the RENK Group.
To identify risks, workshops and employee meetings are held, and early warning indicators and key financial figures are analyzed, among others.

The RENK Group categorizes identified risks in seven clusters: strategic risks, operational risks, legal & compliance risks, reputational risks, technology & IT security risks, financial risks as well as ESG risks. All risks must undergo a quantitative assessment, but at least a qualitative one, with regard to their negative impact on the Group's EBIT. Aggregated individual risks that may exceed the materiality threshold due to interdependencies must also be reported. The risk manager is assigned with assessing whether risks which in and by themselves are deemed immaterial, might be material when aggregated.
The risk is the product of the potential damage amount and the probability of its occurrence. When assessing the risk, a distinction is made between gross and net assessment, with actions already taken potentially mitigating the gross risk. The classification of risks is shown in the following risk matrix:

Risk assessment categories

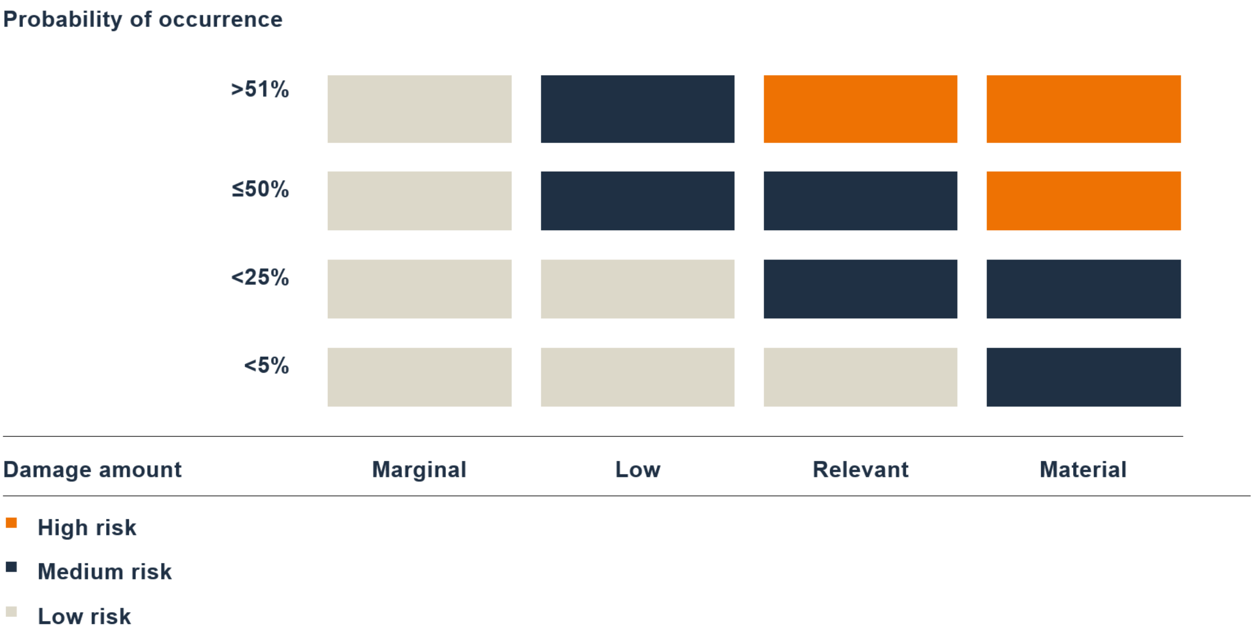

Figure 2: Risk matrix

Probability of occurrence

in %

< 5 %	Very unlikely
< 25 %	Unlikely
≤ 50 %	Possible
< 75 %	Probable
> 75 %	Very likely

Amount of damage

in € millions

< 2	Negligible
2 - 5	Low
5 - 10	Moderate
10- 15	Substantial
> 15	Critical

Figure 3: Assessment categories

The net risk then represents the negative impact and probability of occurrence, taking into account any actions already initiated by the reporting date to mitigate the loss and/or reduce the probability of its occurrence. To manage the identified and assessed risks accordingly, the risk owner is assigned with initiating actions to avoid risks, reduce the negative impact and probability of its occurrence, to hedge the risks or to accept them. To deliberately accept risks, the Company-wide acceptance of risks or willingness to do so must be determined. In addition, coordination with the risk managers is necessary, who must submit the matter to central risk management. The final decision on risk acceptance is to be made by the Management Board, which considers the risk-bearing capacity in its decision-making process.

The risk-bearing capacity determines the maximum risk value which the Company or the Group can bear over time without putting its own continued existence at risk. The risk-bearing capacity thus can also be referred to as a company's "risk coverage potential" or "resilience".

The overall risk is the result of the aggregation of all individual risks within the group of companies. Aggregation is necessary as developments that may cause the Group to cease to be able to continue as a going concern may also result from the interactions of multiple risks which in and by themselves do not cause the Group to cease to be able to continue as a going concern. To aggregate risks, different generally accepted quantitative and qualitative actions may be used. Given its corporate situation, RENK has decided to add up the amounts of expected losses of all individual risks. To duly consider the risk of multiple risks occurring at the same as well as the risk of interdependencies, RENK has used the highest percentage of the respective probability of occurrence as a basis for determining the respective amounts of expected losses of the individual risks. The aggregation result does not indicate that there is a significant threat to the Company as a going concern.

As part of the semi-annual reporting system, the central risk management consolidates the Group risks and reports to the Management and Supervisory Boards. Unexpected risks that occur outside of regular reporting cycles and have a particularly high negative impact are reported immediately to the central risk management outside of the semi-annual risk process.

The overall risk report prepared annually by central risk management and approved by the Management and Supervisory Boards is used as the basis for external reporting and enables the Management Board to assess the effectiveness of the RMS. The Supervisory Board's monitoring activities are also based on this reporting.

The Internal Audit Department incorporates reported risks in its risk-based audit approach and provides support in monitoring the implementation of control measures.

Significant risk areas:

Based on the risk reporting to the RENK Group's Management Board, the risk situation as of the balance sheet date is as follows, summarizing the most material corporate risks from the Group's perspective:

Significant risk areas

Risk clusters	Risk areas	Risk category	Changes from the prior year
Strategic risks	Strategic market risks	High risk	increased
	Macroeconomic environment	Medium risk	increased
Operational risks	Production risk	Medium risk	
	Procurement	Medium risk	
	Personnel	Medium risk	unchanged
Legal & compliance risks	Warranty and liability risks	Medium risk	unchanged
	Compliance risks	Medium risk	
Technology & IT-security	Cyber risks	Medium risk	unchanged
Financial risks	Liquidity risk	Medium risk	
	Currency risk	Medium risk	
	Tax risks	Medium risk	

The following net risks may potentially cause medium or even high losses in terms of the net assets, financial position and results of operations of the RENK Group during the planning period. The risks are categorized as strategic risks, operational risks, legal & compliance risks, reputational risks, technology & IT security risks, financial risks and ESG risks. The respective risks are described in descending order depending on the significance of their effect on net assets, financial position and results of operations. Where the distribution of opportunities and risks across the segments is not explicitly described, any information on opportunities and risks relate to all segments of the RENK Group.

Strategic risks

The risks described below are among the material strategic risks of the RENK Group.

Strategic market risks

To secure and further expand the future market position, economic development and earnings position of the RENK Group, marketable new applications, products and systems must be continuously developed and made ready for the market as quickly as possible. Long development times and constantly changing regulatory conditions represent elements of uncertainty that may affect the economic success of current or future projects. Most notably, there is a risk that prototypes at the development stage will not be ready for the market. Moreover, changes in circumstances may result in a supply shortfall and a loss of market opportunities.

To reinforce and further expand the market position of the RENK Group, the Company focuses on continuous communication with customers and clients, ongoing market monitoring as well as measures for constantly enhancing efficiency. In spite of implemented actions, said risks may have a high impact on the net assets, financial position and results of operations of the RENK Group.

Macroeconomic environment

Macroeconomic, political and geopolitical developments may adversely affect the current business and growth plans of the RENK Group. In particular, the conflict between China and Taiwan and the potentially resulting economic sanctions and export controls may restrict global economic activity and increase volatility on the global financial markets.

To address these risks, RENK is continuously monitoring applicable export control laws and adjusting its sales strategies accordingly. Despite such measures, the development of the global economy involves risks that may moderately affect the net assets, financial position and results of operations of the RENK Group.

Operative risks

The risks specified below are among the significant operative risks of the RENK Group.

Production risks

Maintaining production is pivotal for the economic success of the RENK Group. Events of force majeure or acts of sabotage may lead to material damage or loss of production or to delays or interruptions along the production chain. Moreover, they may cause reputational damage and the loss of customers and orders.

The RENK Group has taken appropriate measures to protect against possible damage and associated business interruptions or production downtimes as well as other potential cases of damage and liability risks, such as obtaining insurance or increasing safety precautions inside and outside the production sites. The site-specific combinations of personnel and organizational actions implemented by the RENK Group are supplemented by structural and mechanical property protection as well as electronic surveillance equipment. However, the effects of force majeure or sabotage may moderately affect the net assets, financial position and results of operations of the RENK Group.

Due to the high level of specialization of each production site, a production outage at any one site may compromise delivery capacities. The RENK Group addresses this risk through a global, strategically optimized production landscape, an expansion of its plant network through mutual enablement and continuous intra-group communication. Despite countermeasures, the risk moderately affects RENK's net assets, financial position and results of operations.

Procurement

The procurement of raw materials, parts and components entails the risk of unexpected delivery disruptions, delays or bottlenecks, quality issues, increasing purchasing prices, cyber attacks on suppliers or the loss of a supplier of precursors and intermediates, raw materials or energy.

Focusing on quality, costs and delivery reliability, the procurement department of the RENK Group ensures the Company's optimum supply with goods and services. The risk potential may be reduced through careful selection of high-performing suppliers, periodic supplier reviews as well as active supplier monitoring, precise specifications and quality requirements, reliability checks as well as adequate reserve stocks. In addition, supplies are ensured by developing alternative sources for goods from critical suppliers and pursuing category strategies. The RENK Group addresses resource bottlenecks with continuous improvements to stabilize the supply chain, as well as highly specific and detailed demand forecasting and close collaboration with suppliers. However, should the supply security be at risk despite all these measures, this may moderately affect the net assets, financial position and results of operations.

Additional procurement risks are caused by considerable market price fluctuations for raw materials and energy, affecting all segments of the RENK Group.

The RENK Group is addressing these risks with long-term material and price hedging agreements and by developing alternative supply sources and competitive tenders. In addition, where possible, the RENK Group is adjusting its pricing strategy. Due to the current high volatility, changes in market prices can moderately affect net assets and results of operations.

Personnel

The successful implementation of the sophisticated growth-oriented corporate strategy, the realization of financial objectives and the sustained economic success of the RENK Group depend on the expertise and experience of its highly qualified staff and specialists. Significant personnel risks in this context include a shortage of skilled workers, the difficult search for the right executives, specialists and talent with the required commercial, technical or industry-specific skills and aging of the workforce.

To mitigate these risks, RENK conducts targeted personnel marketing to externally communicate the Company's strengths. Additional actions taken to mitigate risks include the continuous further development of competitive, fair pay with performance-linked incentive systems, modern HR management as well as structured technical and method-specific training and development. The personnel risks mentioned may also moderately affect the Company's financial position and results of operations.

Legal & compliance risks

The risks described below are among the significant legal & compliance risks of the RENK Group.

Warranty and liability risks

The quality of the products offered by the RENK Group is a major factor for customers' purchasing decisions. To assure this quality in the long term, the Company uses a certified quality management system as well as additional quality-enhancing processes. Despite said actions, the risk remains that poor quality products are delivered, triggering a product liability risk. The use of defective products may also lead to damage and liability claims by customers or to unscheduled repairs as well as to reputational damage for RENK

To mitigate these risks, the RENK Group focuses on strict quality assurance procedures, continuous product and production enhancement processes, as well as ongoing training to ensure qualified staff. Contractual risks for the RENK Group are mitigated through the use of specialized legal support. In addition, selected product liability risks are insured as well. Specific risks may moderately affect net assets and results of operations of the RENK Group.

Compliance

As a global company, the RENK Group has to comply with different laws and regulations worldwide. To ensure that they are adhered to, the Company has implemented a Group-wide compliance management system. In the event of corruption or failure to adhere to anti-corruption laws, money laundering incidents or identified facts that do not meet compliance management systems' requirements, adequate action is taken without undue delay.

The RENK Group cooperates with government authorities when investigating potential compliance violations and adequately addresses detected weaknesses. Periodic Group-wide compliance risk assessments (top-down and bottom-up) as well as case-based risk analyses serve to identify systemic and company-specific compliance risks. Clearly defined responsibilities, internal policies, such as the Code of Conduct, and ongoing training provide support for staff in acting compliant and assist in averting losses for the RENK Group. Compliance violations may moderately affect the net assets, financial position and results of operations of the RENK Group and also its reputation.

In addition, the RENK Group is exposed to risks that may arise due to regulatory or legislative changes on the national or European level, for example due to new laws or changed legal parameters in export controls or due to export restrictions. Moreover, embargoes, economic sanctions or other forms of trade restrictions might be imposed on countries where the RENK Group is operating. Even though regulatory requirements are monitored constantly, any changes may moderately affect the Company's financial position and results of operations.

Technology & IT security risks

The risks described below are among the significant risks of the RENK Group in the area of technology and IT security.

IT cyber security

The IT systems used in all areas of the RENK Group are of major significance for the Company. The functionality of business processes and as a consequence, maintaining business operations, depend on the availability of IT systems, whose functions can be fully or partially impaired by cyberattacks. Additional risks are caused by unauthorized access to IT systems, modification or removal of sensitive business data or lack of functionality of processes and data.

To ensure confidentiality, integrity and availability of data and IT systems, the RENK Group has implemented an information security management system (ISMS) that has been certified under the internationally recognized ISO 27001 and BSI IT-Grundschutz standards.

Staff are sensitized to handling business-related information with care as an important issue for the RENK Group. As a consequence, audits and awareness measures are imperative. In addition, the Company uses integrated hardware and software protection systems and a Cyber Defense Center for continuous active monitoring.

Despite the implemented countermeasures, the risks mentioned may moderately affect net assets, financial position and results of operations.

Financial risks

The risks described below are among the significant financial risks of the RENK Group.

Liquidity risk

The liquidity risk describes the risk that the RENK Group will be unable to satisfy its payment obligations when due. This is the case if the required financial resources cannot be covered by existing equity or debt financing. In fiscal year 2023, the financing requirements of the RENK Group were fully covered by the existing funds. However, there is always the risk that lenders may extraordinarily terminate loans/bonds/financing facilities in the event of non-compliance with financial covenants. As a measure safeguarding liquidity, the Treasury Department's liquidity planning for the RENK Group is performed on a rolling basis by using the Group's cash pooling to optimize financial resources.

To secure orders and bids, the RENK Group may be reliant on guarantees and sureties issued by banks. If RENK fails to obtain sufficient lines from financial institutions for the provision of securities and guarantees, the planned growth of RENK could be at risk.

Generally, the risk of rising interest rates on interest-bearing liabilities and falling interest rates on interest-bearing assets arises from variable interest agreements and generally from short-term financial instruments. These interest rate risks are managed by early and ongoing financial planning and diversification of financing sources. All financial liabilities as of December 31, 2023, were agreed with fixed interest rates. However, the fair value of the derivative embedded in the bond is subject to changes in the market interest rate. Since this embedded derivative is measured at fair value through profit or loss, the other financial result would be impacted by interest rate changes. Despite the low probability of occurrence, the liquidity risks mentioned, both individually and in total, may moderately affect net asset, financial position and result of operations. In addition, the RENK Group does not apply hedge accounting for economic hedging relationships in the Consolidated Financial Statements as of December 31, 2023.

Default risks

Counterparty risks arise from the investment of excess liquidity and entering into derivative contracts. A partial or total default of a counterparty, for example with regard to its obligation to repay interest and capital, would negatively affect the financial position and result of operations of RENK Group AG. To minimize the default risk associated with these financial instruments, banks are generally used that have at least a credit rating within the investment grade range from one of the globally active rating agencies. The creditworthiness of the banks is continuously monitored. In addition, RENK Group AG defines investment limits for each bank and market value limits for derivative financial instruments. Their amount is based on the credit rating assessment of the rating agencies of the respective bank. Compliance with the limits is continuously monitored.

Currency risk

Operating results therefore are subject to exchange rate fluctuations, most of all the USD/EUR exchange rate. RENK Group AG therefore uses derivatives to reduce the currency risk. The income and cost risks due to currency fluctuations are curtailed by way of purchases and sales in the corresponding foreign currencies and also by forward exchange transactions.

The functional currency of the RENK Group is the Euro. As a company operating internationally, the RENK Group is thus exposed to financial risks due to exchange rate changes. This can result in financial losses if assets denominated in a currency with a declining exchange rate lose value and/or liabilities in a currency with a increasing exchange rate become more expensive. Exchange rate fluctuations can occur in purchases or sales in foreign currency. Therefore, exchange rate fluctuations may affect the results of operations of the RENK Group. External and internal transactions, in which products and services are delivered to third parties and to companies within the RENK Group, can be associated with cash inflows and outflows that are conducted in currencies other than the functional currency of the respective RENK Group company (transaction risk). As far as cash outflows of the respective RENK Group company in a foreign currency are not offset by cash inflows from the operating business in the same currency, the remaining net exchange rate risk is hedged individually by appropriate derivative financial instruments, in particular forward transactions and currency swaps. Conversion risks are generally not hedged.

Tax risks

Because of its global business activities, the RENK Group is exposed to tax risks due to different or changing legislation and tax audits, potentially entailing a risk of additional taxes, interest and penalties. To identify and mitigate tax risks early, RENK Group has implemented organizational measures in order to ensure compliance with tax regulations. These include a Global Tax Center as well as close cooperation with external tax consultants. Despite countermeasures, tax risks might moderately affect the net assets, financial position and results of operations.

Opportunity management

Opportunities through increased defense spending

The military conflicts between Russia and the Ukraine and in Israel are likely to lead to increased defense spending, especially in NATO member states. As a consequence of the conflict between Russia and the Ukraine, a number of countries in Western and Eastern Europe are supporting the Ukraine with military equipment from their own stocks, but also has increased their willingness to improve the military equipment of their own armed forces for national and alliance defense. In the short and medium term, this might lead to an increase in both new and additional defense procurement projects, presenting business potential for the RENK Group, especially in Europe.

Opportunities through market expansion

Due to the increasingly global market strategy of the RENK Group, in addition to selected European countries especially the markets in the U.S., in India, in Japan and - in the energy sector - in China represent major market development opportunities. RENK is focusing on strategic planning and execution in order to ensure its ability to serve these markets more effectively and to successfully develop new markets.

Opportunities through positive reputation

At present, a significant increase in public interest in the defense industry is enhancing the positive reputation of the RENK Group. This development opens not only new market opportunities, but also opportunities in the area of workforce expansion. The Company's positive reputation is increasingly attracting well-qualified workers, which in turn enables the recruitment of skilled staff. This opportunity thus actively counteracts the shortage of skilled workers and possible loss of specialist knowledge and expertise.

Opportunities through better aftersales margins

Increased spare parts sales, maintenance and repair services as well as other after-sales services give the RENK Group an opportunity to generate higher margins. Higher aftersales margins also can contribute to reduce dependence on new product sales and diversify the Company's business model. The opportunities in this area will have a positive impact on the net assets, financial position and results of operations of the RENK Group, especially in the Marine & Industry segment.

Overall assertion

The overall opportunity and risk situation of the RENK Group is evaluated by the Management Board considering all material or individual risks and, if necessary, weighing them up against any emerging opportunities. According to the Management Board’s assessment, the risk position of the RENK Group has deteriorated compared to the prior year. Procurement risks, in particular due to market price fluctuations, lack of adherence to delivery dates and quality problems, and the associated risks for the production processes of RENK, are contributing to a deteriorating risk situation. Overall, there are no known risks that alone or in combination with other risks might be able to cause the Group to cease to be able to continue as a going concern.

9. Explanations to the Annual Financial Statements of RENK Group AG

The annual financial statements of RENK Group AG are prepared in accordance with the provisions of the German Commercial Code (“Handelsgesetzbuch”), while the Consolidated Financial Statements are prepared in accordance with IFRS. As the parent company of the Group, RENK Group AG performs service and holding functions in addition to operational management functions. Its economic development is mainly dependent on the business performance of the operating Group companies. The economic framework of RENK Group AG, as well as its risks and opportunities, are essentially the same as those of the Group, as described in the economic report. The outlook for the Group directly influences by our expectations for RENK Group AG. The above explanations for the RENK Group therefore also apply to RENK Group AG.

As of December 31, 2023, RENK Group AG is a wholly owned subsidiary of the Triton private equity group and, as the ultimate German company, indirectly holds all shares in the operating RENK companies, headed by RENK GmbH, Augsburg, through RENK FinCo GmbH, Augsburg. The IPO on February 7, 2024 reduced this share to around 67 %.

In conjunction with the RENK Group’s activities as a holding company (listed since February 7, 2024), RENK Group AG has entered into service agreements with RENK GmbH. From reimbursements of costs related to the IPO, revenue and associated expenses are recognized.

RENK Group AG employed two members of staff as of the end of 2023 (previous year: zero) (including members of the Board of Management).

9.1 Net Assets, Financial Position, and Results of Operations

Income Statement

	Fiscal year		Change	
in € thousands	**2022**	**2023**	**in €**	**in %**
Revenue	0	1,562	1,562	n/a
Other operating income	0	16	16	n/a
Overall performance	**0**	**1,578**	**1,578**	n/a
Cost of materials	0	(3)	(3)	n/a
Personnel expenses	0	(545)	(545)	n/a
Other operating expenses	(179)	(2,618)	(2,440)	n/a
Operating result (EBIT)	**(179)**	**(1,588)**	**(1,410)**	n/a
Interest and similar expenses	(1)	(62)	(61)	n/a
Taxes on income and earnings	0	0	0	n/a
Earnings after taxes (EBT)	**(180)**	**(1,650)**	**(1,471)**	n/a
Other taxes	0	0	0	n/a
Net loss for the year	(180)	(1,650)	(1,471)	n/a
Losses carried forward from previous years	0	(217)	n/a	n/a
Withdrawal from capital reserves	0	31,868	n/a	n/a
Distributable profit	0	30,000	n/a	n/a

The results of operations in fiscal year 2023 are characterized by reimbursements of costs related to the IPO in the amount of € 1,562 thousand (previous year: € 0 thousand) and other operating expenses, which rose significantly by € 2,440 thousand. This considerable increase from € 179 thousand in the previous year to € 2,618 thousand for fiscal year 2023 is essentially resulting from the significant rise in consulting costs of € 1,615 thousand (previous year: € 0 thousand), in particular with respect to on account of the IPO in February 2024. In this context, there was also a material increase of € 448 thousand in the costs for the preparation of the Consolidated Financial Statements of € 622 thousand (previous year: € 175 thousand). Personnel expenses of € 545 thousand include wages and salaries for the first time. No taxes on income were reported as the profit before tax was negative. The substantial increase in net accumulated losses, of € 1,650 thousand to € 1,868 thousand, is therefore essentially resulting from high other operating expenses. Additionally, the net loss of € 180 thousand in the previous year was carried forward.

Statement of Financial Position

	Fiscal year		Change	
in € thousands	2022	2023	in €	in %
Assets				
A. Fixed assets	**312,284**	**357,374**	**45,090**	**14.4**
I. Financial assets	312,284	357,374	45,090	14.4
B. Current assets	**67**	**7,951**	**7,884**	**n/a**
I. Trade receivables and other assets	0	7,061	7,061	n/a
II. Bank balances	67	891	823	n/a
C. Prepaid expenses and deferred charges	**0**	**7**	**7**	**n/a**
	312,351	**365,333**	**52,981**	**17.0**
Liabilities				
A. Equity	**312,091**	**355,531**	**43,440**	**13.9**
I. Share capital (subscribed capital in previous year) Conditional capital 50,000 (previous year: 0)	25	100,000	**99,975**	n/a
II. Capital reserve	312,284	225,531	**(86,753)**	(27.8)
III. Retained earnings	0	0	**0**	n/a
IV. Loss carryforward	(38)	0	**38**	n/a
V. Net loss for the year	(180)	0	**180**	n/a
VI. Retained earnings	**0**	**30,000**	**30,000**	**n/a**
B. Provisions	**155**	**727**	**572**	**n/a**
C. Total liabilities	**105**	**9,074**	**8,969**	**n/a**
	312,351	**365,333**	**52,981**	**17.0**

In addition to the interest in the affiliated company RENK FinCo GmbH and equity, the balance sheet of RENK Group AG mainly comprises receivables from shareholders and liabilities to Group companies.

The net assets and financial position of RENK Group AG are characterized by a voluntary contribution by Rebecca BidCo S.à r.l. of € 45,090 thousand, which was paid into the capital reserve during the fiscal year. The capital contributions were made in the form of the outstanding amount arising from a loan granted to an affiliated company in 2020. RENK Group AG, in turn, passed the received capital on to another subsidiary, resulting in a corresponding increase in the carrying amounts o it's investment.

The rise in current assets of € 7,884 thousand is essentially attributable to costs passed on in connection with the IPO in February 2024 in the amount of € 2,530 thousand (previous year: € 0 thousand), payments on account of € 1,850 thousand (previous year: € 0 thousand) and VAT receivables of € 1,103 thousand (previous year: € 0 thousand).

As a result of the above voluntary contribution by Rebecca BidCo S.à r.l. of € 45,090 thousand, by way of resolution of September 20, 2023, which was recognized in the company's unutilized capital reserves in accordance with Section 272 para. 2 No. 4 of the German Commercial Code, the equity of RENK Group AG increased notably from € 312,091 thousand to € 355,531 thousand. By way of a resolution passed on August 9, 2023 and entry in the commercial register on August 23, 2023, the subscribed capital of the company was increased significantly by € 99,975 thousand from € 25 thousand to € 100,000 thousand. This is a capital increase from own funds that took place prior to the conversion to a stock corporation. The subscribed capital of the company of € 100,000 thousand became the share capital of the stock corporation that the company was converted into.

On the equity and liabilities side of the balance sheet, liabilities to affiliated companies rose significantly by € 3,915 thousand from € 100 thousand in the previous year to € 4,015 thousand as a result of the loan granted by RENK GmbH. Furthermore, for the first time, there are liabilities for serviced received of € 2,849 thousand as of the end of the year (previous year: € 0 thousand). Moreover, for the first time there are VAT liabilities of € 985 thousand. Also, there are pension provisions of € 149 thousand for the first time as of December 31, 2023. The settlement amount is offset against the fair value of plan assets, which cannot be accessed by any creditors and that cover the pension entitlements of former employees.

Essentially as a result of transactions mentioned above, the total assets of RENK Group AG amounted to € 365,333 thousand as of December 31, 2023 (previous year: € 312,351 thousand).

Given its ties with the companies of the RENK Group and on the basis of the IPO in February 2024, the performance of RENK Group AG is deemed consistently positive.

The Management Board proposes to use the distributable profit as shown in the financial statements of RENK Group AG as of December 2023 in the amount of € 30,000 thousand to pay a dividend of € 0,30 per share in profit and to pay the dividend out of the capital reserve according to Section 272 para. 2 no. 4 HGB.

9.2 Risks and Opportunities

RENK Group AG participates in the risks and opportunities of its subsidiaries. The extent of this participation is dependent on the respective interest held in them. Therefore, it is exposed to the risk of a potential impairment of its investments. Please also see 8.2 *Report on Risks and Opportunities*.

In addition, obligations can arise under the hard letter of comfort issued for the subsidiary RENK FinCo GmbH, which is also effective for fiscal year 2023. This states that RENK Group AG is required to manage RENK FinCo GmbH and provide it with financial resources such that it is always able to satisfy obligations to its creditors entered into in the reporting period. To the extent that such creditors also include controlling companies, the letter of comfort acts in their favor accordingly.

As the parent company of the RENK Group, RENK Group AG is included in the Group-wide risk management system (see 8.2 *Report on Risks and Opportunities*). From the relationship with its affiliated companies, legal or contractual arrangements (mainly financing arrangements) may lead to obligations as well as impairments of investments.

9.3 Forecast

The future economic development of RENK Group AG is closely linked to the ongoing operating performance of the Group. The net profit of loss of the year serves as key performance indicator.

In the future, RENK Group AG will incur expenses for the remuneration of the members of the Management Board and the Supervisory Board and for further personnel, for tax payments, for financing utilized, and for its own holding organization. Furthermore, income will be generated by the performance of services for other Group companies. Overall, net loss of the year has significantly deteriorated compared to the previous year resulting from the performance of specific holding functions. As there will be additional holding functions taken over, we anticipate a further considerable deterioration of net loss in 2024.

For fiscal year 2023, we are striving for a distribution ratio of around 40 % of the adjusted profit for the year of the RENK Group.

Given its ties with the companies of the RENK Group, the general expectations for RENK Group AG reflect those in the forecast for the RENK Group (see 7. *Report on Expected Developments*).

10. Takeover-relevant information

Explanatory report of the Management Board in accordance with Section 176 para. 1 sentence 1 of the German Stock Corporation Act (AktG) on the information relevant to the takeover in accordance with Sections 289a para. 1 and 315a para. 1 of the German Commercial Code (HGB) as of the balance sheet date December 31, 2023.

Composition of the subscribed capital

As of December 31, 2023, the subscribed capital (share capital) of RENK Group AG in accordance with Sections 6 para. 1 and 2, 7 para. 1 of the Articles of Association amounts to € 100,000,000.00 (in words: one hundred million Euro) and is divided into 100,000,000 bearer shares with no par value (no-par value shares). The shares are fully paid up. There are no different classes of shares.

All shares have the same rights and obligations. The rights and obligations of shareholders arise in detail from the regulations of the German Stock Corporation Act (AktG), in particular from Sections 12, 53a et seqq., 118 et seqq. and 186 AktG.

According to Section 7 para. 2 of the Articles of Association, the shareholders' right to certification of their shares is excluded to the extent that this is permitted by law and certification is not required according to the rules of a stock exchange on which the share is admitted to trading. The company is entitled to issue share certificates that represent individual shares (individual shares) or several or all shares (collective shares). An entitlement of the shareholders to the issuance of profit share and renewal coupons is excluded.

Restrictions affecting voting rights or the transfer of shares

Each share grants one vote at the Annual General Meeting in accordance with Section 20 para. 1 of the Articles of Association and determines the shareholders' share of the company's profits. Excluded from this are treasury shares held by the company, under which the company has no rights in accordance with Section 71b AktG; as of December 31, 2023, the company did not hold any such treasury shares. In the cases covered by Section 136 AktG, voting rights from the affected shares are excluded by law. Legal restrictions on voting rights may still arise in the event of violations of notification obligations in accordance with Sections 20 para. 7 and 21 para. 4 AktG. Likewise, violations of notification obligations within the meaning of Sections 33 para. 1, 2, 38 para. 1 and 39 para. 1 of the German Securities Trading Act (WpHG) can mean that rights from shares and also voting rights do not exist at least temporarily in accordance with Section 44 WpHG.

The German Federal Ministry for Economic Affairs and Climate Protection ("BMWK") may review the direct or indirect acquisition of company shares by a foreign acquirer if the acquirer will directly or indirectly hold 10 % or more of the company's voting rights after the acquisition. According to the regulations in Sections 60 et seqq. of the Foreign Trade and Payments Ordinance (Außenwirtschaftsverordnung), the intended acquisition must be reported in writing to the BMWK, which will only approve the acquisition if there are no concerns regarding the essential security interests of the Federal Republic of Germany. Whether the provisions of Sections 60 et seqq. of the Foreign Trade and Payments Ordinance are applicable depends on whether the target company of the acquisition is active in one of the sectors listed in Section 60 para. 1 of the Foreign Trade and Payments Ordinance. If Section 60 of the Foreign Trade Ordinance is not applicable, the BMWK can still prohibit or restrict the acquisition if this is likely to affect the public order or security of the Federal Republic of Germany, another member state of the European Union or in relation to projects or programs of Union interest (cross-sector review, Sections 55 et seqq. of the Foreign Trade and Payments Ordinance).

In connection with Article 19 para. 11 of Regulation (EU) No. 596/2014 (Market Abuse Regulation), there are certain trading bans on the purchase and sale of RENK Group AG shares, particularly a temporal context with the publication of financial results.

In the past, members of the Management Board, the Supervisory Board and certain employees of the RENK Group were given the opportunity to participate indirectly in the company ("MEP Participants") as part of a management equity program by purchasing shares in a so-called MEP Pooling vehicle, which in turn has an indirect stake in the company. This employee participation program is subject to for lock-up periods for the sale of shareholdings. The lock-up periods are 12 months and start with the IPO of RENK Group AG, which took place on February 7, 2024.

Apart from this, the Management Board is not aware of any agreements by RENK Group AG shareholders that contain restrictions on the exercise of voting rights or the transfer of shares.

Direct or indirect shareholdings in capital that exceed 10 % of voting rights

To the company's knowledge, as of the balance sheet date, there were the following direct or indirect investments in RENK Group AG, which exceed 10 % of the voting rights:

As of the balance sheet date, all voting rights of RENK Group AG within the meaning of Section 34 WpHG were indirectly controlled by Triton GP HoldCo S.à r.l., with registered office in Luxembourg. The shares in Triton GP HoldCo S.à r.l. are held by various natural and legal persons, none of whom has an individual controlling interest.

According to the company's information as of the balance sheet date, the chain of shareholdings is as follows: Rebecca BidCo S.à r.l., with registered office in Luxembourg, is the direct owner of all shares and all voting rights in RENK Group AG. The shares of Rebecca BidCo S.à r.l. are in turn held by Rebecca MidCo S.à r.l., with registered office in Luxembourg. The majority of the shares in Rebecca MidCo S.à r.l. are held by Rebecca LuxCo S.à r.l. Triton Masterluxco 5 S.à r.l. has a majority stake in Rebecca LuxCo S.à r.l. All shares in Triton Masterluxco 5 S.à r.l. are held by Triton V S.à r.l. SICAV-RAIF. Triton Fund V L.P. has a majority stake in Triton V S.à r.l. SICAV-RAIF. Triton Fund V L.P. belongs to Triton Fund V (Jersey) and is controlled within the meaning of Section 34 WpHG by Triton Fund V General Partners L.P., which in turn is controlled by Triton Managers V Limited. Control over Triton Managers V Limited under securities law is exercised by Triton GP HoldCo II S.à r.l., which is controlled under securities law by Triton GP HoldCo S.à r.l. The shares in Triton GP HoldCo S.à r.l. are held by various natural and legal persons, each of whom holds less than 25 %.

Further direct or indirect shareholdings in the company's capital that amount to 10 % of the voting rights were not reported to the company as of the balance sheet date and are not otherwise known. Nevertheless, there may have been changes in the shares of the share capital with voting rights after the specified date that were not subject to reporting to the company. Since the company's shares are bearer shares, the company is generally only aware of changes in share ownership to the extent they are subject to reporting obligations.

In addition, it should be noted that changes in the shareholder group occurred with RENK Group AG's IPO on February 7, 2024, i.e. during the period in which this report was prepared. In the course of the IPO, the following shareholdings were reported to RENK Group AG:

According to a voting rights notification dated February 12, 2024, Triton GP HoldCo S.à r.l. indirectly controls a total of 65.431 % of the voting rights, with Rebecca BidCo S.à r.l. being the direct shareholder. According to this voting rights notification, the chain of control runs from Triton GP HoldCo S.à r.l. via Triton GP HoldCo II S.à r.l., Triton Managers V Limited, Triton Fund V General Partner L.P., Triton Fund V L.P., Triton V S.à r.l. SICAV-RAIF, Triton Masterlucxo 5 S.à r.l., Rebecca LuxCo S.à r.l., Rebecca MidCo S.à r.l., Rebecca BidCo S.à r.l. to RENK Group AG.

According to a voting rights notification dated February 12, 2024, Rebecca Management S.à r.l., Luxembourg, directly controls 10.598 % of the voting rights of RENK Group AG.

Further shareholdings that reach 10 % of the voting rights were not reported to the company during the IPO and were not otherwise known. At the time of the IPO, Wellington Management Company LLP and KNDS N.V. acquired shares under Cornerstone Investor Agreements.

Holders of shares with special rights that confer control powers

There are no shares with special rights that the grant control privileges.

Type of voting rights control when employees hold shares in the capital and do not exercise their control rights directly

Employees who hold RENK Group AG shares exercise their control rights, like other shareholders, directly in accordance with the statutory provisions and the Articles of Association.

The MEP Participants in the 2020 employee participation program exercise their voting rights in the company indirectly by exercising their voting rights in the MEP Pooling vehicle.

Statutory provisions and provisions of the Articles of Association regarding the appointment and dismissal of Management Board members and amendments to the Articles of Association

The appointment and dismissal of members of the Management Board are regulated in Sections 84 and 85 AktG, Sections 31 and 33 of the German Co-determination Act (MitbestG) and Section 8 of the Articles of Association. In accordance with Section 8 para. 1 of the Articles of Association, the Management Board consists of one or more members; the number of Management Board members is determined by the Supervisory Board. The members of the Management Board are appointed by the Supervisory Board for a maximum period of five years; reappointments are permitted. The Articles of Association additionally stipulate that the Supervisory Board can appoint a Chairman of the Management Board and a Deputy Chairman and can issue Rules of Procedure for the Management Board.

According to Sections 119 para. 1 no. 6, 133, 179 para. 1 sentence 1 AktG, any amendment to the Articles of Association requires a resolution by the Annual General Meeting. According to Section 6 para. 6 of the Articles of Association, the Supervisory Board is authorized to amend the company's Articles of Association after each capital increase has been carried out or after the expiry of the authorization period without using the authorized capital (cf. Section 6 para. 4 of the Articles of Association) or the conditional capital (cf. Section 6 para. 5 of the Articles of Association).

According to Section 179 para. 2 AktG, resolutions by the Annual General Meeting to amend the Articles of Association require a majority of at least three quarters of the share capital represented when the resolution is passed, unless the Articles of Association specify a different capital majority. Section 21 of the Articles of Association of RENK Group AG determines a different capital majority in this regard. According to Section 21 sentence 1 of the Articles of Association, the Annual General Meeting passes its resolutions with a simple majority, unless mandatory statutory provisions or the Articles of Association stipulate a higher majority or further requirements. Section 21 sentence 2 of the Articles of Association further provides: If the law requires a capital majority in addition to the majority of votes for resolutions of the Annual General Meeting, a simple majority of the share capital represented when the resolution is passed is sufficient, to the extent permitted by law. However, this simple capital majority according to Section 21 sentence 2 of the Articles of Association does not apply in particular to a change in the object of the company, since only a capital majority greater than three quarters could be specified in the Articles of Association in this respect pursuant to Section 179 para. 2 sentence 2 AktG. Further capital majorities that are legally required for an amendment to the Articles of Association of at least three quarters of the share capital represented when the resolution is passed, in addition to the simple majority of votes, shall remain unaffected; this applies in particular to resolutions on the creation of conditional capital, Section 193 para. 1 sentence 1 AktG, the creation of authorized capital, Section 202 para. 2 sentence 2 AktG, a capital increase from own funds, Section 207 para. 2 sentence 1 in conjunction with Section 182 para. 1 sentence 2 AktG, the reduction of the share capital, Section 222 para. 1 sentence 1 AktG, as well as Section 229 para. 3 in conjunction with Section 222 para. 1 sentence 1 AktG, and the cancellation of shares in the cases of Section 237 para. 2 sentence 1 in conjunction with Section 222 para. 1 sentence 1 AktG.

Powers of the Management Board to issue or repurchase shares

Conditional capital and authorization to issue warrant-linked or convertible bonds as well as profit-sharing certificates conferring conversion or option rights.

The Company’s shareholder meeting held on September 18, 2023 authorized the Management Board. subject to the consent of the Supervisory Board. to issue in one or more tranches in the period up to September 17, 2028 registered or bearer warrant-linked or convertible bonds as well as profit-sharing certificates conferring option or conversion rights in an aggregate nominal amount of up to € 50,000.000.00 of limited or unlimited term and to grant the holders or creditors of the bonds option or conversion rights for up to 50.000,000 new shares of the Company with a pro rata amount of the registered share capital of up to €1.00 further subject to the terms and conditions of the respective warrant-linked or convertible bonds and/or terms and conditions of the profit-sharing certificates to be defined by the Management Board. Other than in Euro, the bonds may also be issued - subject to the limitation to the corresponding equivalent value in euro - in a foreign legal currency. The bonds may also be issued by companies which are controlled by the Company or in which it holds a majority interest: in such case the Management Board is authorized. subject to the consent of the Supervisory Board, to assume on behalf of the Company the guarantee for the bonds and to grant the holders of such bonds option and/or conversion rights for shares of the Company and to effect further declarations and acts as are required for a successful issue.

The issues of the bonds may in each case be divided into partial bonds with equal entitlement amongst themselves. The issue of bonds may also be affected against non-cash contribution provided that the value of the non-cash contribution is equal to the issue price and such issue price is not substantially lower than the hypothetical market value of the bonds calculated using recognized financial calculation methods. The Management Board was authorized, subject to the consent of the Supervisory Board, to exclude the subscription right of the shareholders for bonds to exclude fractional amounts, resulting from subscription ratio from the statutory subscription right of the shareholders for the bonds.

The Management Board is also authorized, subject to the consent the Supervisory Board, to exclude subscription right of the shareholders for bonds to the extent required to grant the holders of warrant-linked bonds. convertible bonds, or profit-sharing certificates conferring conversion or option rights or establishing a conversion obligation (or combinations of all such instruments) issued by the Company or by companies which are controlled by it or in which it holds a majority interest, a subscription right in the scope to which they would be entitled after exercise of the rights and/or fulfilment of the obligations.

Beyond that, the Management Board is authorized, subject to the consent of the Supervisory Board, to exclude the subscription right of the shareholders, for bonds to issue bonds against non-cash contribution in particular – but without limitation– to acquire companies, parts of companies or interests in companies or receivables.

The Management Board is also authorized, subject to the consent of the Supervisory Board, to exclude the subscription right of the shareholders for bonds to issue bonds against cash payment, provided that such sale is affected at an issue price which is not substantially lower than the hypothetical market value of the partial bonds calculated using recognized. in particular financial calculation methods. However, such authorization to exclude the subscription rights shall apply only provided that the shares issued to fulfil the option or conversion rights and/or in the case of fulfilment of the conversion obligation represents no more than 10 % of the registered share capital. Decisive for the threshold of 10 % is the registered share capital figure on the date when this authorization becomes effective. In the event that the registered share capital figure should be lower at the time when this authorization is exercised, such lower value shall be decisive. Such amount shall include the pro rata amount of the registered share capital (i) represented by shares which have been or will be issued during the term of this authorization until its exercise out of an authorized capital subject to exclusion of the subscription right pursuant to Section 186 para. 3 sentence 4 AktG, (ii) represented by treasury shares of the Company which have been or will be sold during the term of this authorization until its exercise on the basis of authorizations pursuant to Section 71 para. 1 no. 8 AktG subject to exclusion of the subscription right of the shareholders pursuant to Section 186 para. 3 sentence 4 AktG and (iii) represented by shares which have been or are to be issued to fulfil warrant-linked or convertible bonds respectively profit-sharing certificates conferring conversion or option rights or establishing a conversion obligation to the extent that such bonds were issued during the term of this authorization until its exercise based on another authorization subject to the exclusion of the statutory subscription right in analogous application of Section 186 para. 3 sentence 4 AktG:

Further details can be found in the authorization resolution of the Annual General Meeting.

In order to grant shares to the holders or creditors of the aforementioned instruments, the company's share capital is conditionally increased by up to € 50,000,000.00 (in words: Euros fifty million) ("**Conditional Capital 2023**"). The details of Conditional Capital 2020/I can be found in Section 6 para. 5 of the Articles of Association.

Authorized Capital

The Management Board was authorized, subject to the consent of the Supervisory Board, in the period ending on September 10, 2028, to increase the Company's registered share capital in one or more tranches by up to € 50,000,000.00 (in words: Euros fifty million) in aggregate by issuing up to 50,000,000 new no par value bearer shares against cash contribution in kind ("**Authorized Capital**").

- In principle, shareholders are to be granted subscription rights. The statutory subscription rights of the shareholders may be granted in such a way that the new shares are taken over by a credit institution and/or one or more other companies that fulfill the requirements of Section 186 para. 5 AktG (Finanzinstitute) or a syndicate of such credit or financial institutions with the obligation to offer them indirectly to the shareholders for subscription within the meaning of Section 186 para. 5 AktG. However, the Management Board is authorized, subject to the consent of the Supervisory Board, to exclude the statutory subscription rights of the shareholders in relation to one or more increases of the registered share capital within the scope of the Authorized Capital

- to exclude fractional amounts resulting from the subscription ratio from the statutory subscription rights of the shareholders in order to exclude fractional amounts that arise due to the subscription ratio from the shareholders' subscription rights;

- in the case of increases of the registered share capital against non-cash contributions in particular - but without limitation - to acquire companies, divisions of companies or equity interests in companies;

- if the increase of the registered share capital is affected against contribution in cash and provided that the issue price of the new shares is not substantially lower (within the meaning of Sections 203 para. 1 and 2. 186 para. 3 sentence 4 AktG) than the market price for shares in the Company of the same class and having the same conditions already listed at the time of the final determination of the issue price and provided that the amount of the registered share capital represented by the shares issued pursuant to this section subject to the exclusion of the statutory subscription right in accordance with Section 186 para. 3 sentence 4 AktG does not exceed 10 % of the registered share capital. Decisive for the threshold of 10 % is the registered share capital figure on the date when this authorization becomes effective. In the event that the registered share capital figure should be lower at the time when this authorization is exercised, such lower value shall be decisive. Such amount of the registered share capital shall include shares which have been or are to be issued to fulfil warrant-linked or convertible bonds respectively profit-sharing certificates or participating bonds conferring conversion or option rights or establishing a conversion obligation to the extent that such bonds were issued during the term of this authorized share capital until its respective exercise subject to the exclusion of the statutory subscription right in analogous application of Section 186 para. 3 sentence 4 AktG. Such threshold of 10 % of the registered share capital shall also include new or treasury shares of the Company which are issued from an authorized capital or sold as treasury shares during the term of this authorized share capital until its respective exercise on another legal basis subject to exclusion of the subscription right in direct or analogous application of Section 186 para. 3 sentence 4 AktG;

- to grant the holders of warrant-linked bonds, convertible bonds, or profit-sharing certificates conferring conversion or option rights or establishing a conversion obligation (or combinations of all such instruments) issued by the Company or by companies which are controlled by it or in which it holds a majority interest, a subscription right in the scope to which they would be entitled after exercise of the rights or fulfilment of the obligations under such instruments;

- to fulfil obligations of the Company arising from warrants and conversion options or conversion obligations from warrant-linked or convertible bonds or profit-sharing certificates conferring conversion or option rights or establishing a conversion obligation (or combinations of all such instruments) which have been issued by the Company or by companies which are controlled by it or in which it holds a majority interest; and

- to issue new shares against cash and/or in-kind contributions as part of participation programs and/or share-based remuneration. The shares may only be issued to persons who participate in the participation program as a member of the Company's Management Board, as a member of the management of a company dependent The Management Board shall determine, subject to the consent of the Supervisory Board, the further details regarding the rights attached to the shares and the conditions of the share issue. In particular, the profit entitlements of the new shares may be determined in deviation from Section 60 para. 2 AktG and may include a profit entitlement as of the beginning of the fiscal year preceding the issuance of the new shares, provided that at the time of the issuance of the new shares the Company's shareholder meeting has not yet resolved upon the appropriation of profits for such fiscal year.

Treasury Shares

The Company's shareholder meeting held on September 18, 2023 authorized the Management Board, subject to the consent of the Supervisory Board, to purchase treasury shares up to a total amount equal to no more than 10 % of the registered share capital. Decisive for the threshold of 10 % shall be the registered share capital figure on the date when this authorization becomes effective. If the registered share capital figure is lower at the time when this authorization is exercised, such lower value shall be decisive. In this connection, the shares purchased on the basis of this authorization together with other shares of the Company which the Company has already purchased and still holds shall not exceed 10 % of the respective registered share capital existing at any one time. The authorization may also be exercised by companies which are controlled by the Company or in which it holds a majority interest or by third parties for the account of the Company or companies controlled by it or in which it holds a majority interest. The authorization may be exercised to the full extent of repurchases thereby authorized or in partial amounts, on one or several occasions.

The purchase shall be affected on the stock market by way of public purchase offer to all shareholders of the Company or a public solicitation to submit sales offers, respectively, by using derivatives and/or from a credit or financial institution.

If the purchase of the shares is affected on the stock market, the purchase price (excluding ancillary purchasing costs) may not be more than 1 0% higher or lower than the opening auction trading price of the shares of the Company in Xetra trading or on any comparable trading system substituting Xetra on the Frankfurt Stock Exchange on the respective trading day. If no opening auction is carried out, the first trading price paid for the shares of the Company in Xetra trading or on any comparable trading system substituting Xetra on the Frankfurt Stock Exchange on the respective trading day shall be decisive.

If a purchase is affected via a public purchase offer, the Company may either publish a formal offer or publicly request shareholders to submit offers to sell. The offered purchase price (excluding ancillary purchasing costs) may not be more than 10 % higher or lower than the arithmetic mean value of the closing prices (closing prices of the share of the Company as determined in Xetra trading or on any comparable trading system substituting Xetra) on the Frankfurt Stock Exchange for the last three trading days preceding the publication of the purchase offer or the request to submit offers. If the stock price of the shares of the Company deviates materially from the relevant price after the offer has been published, the offer may be adjusted. In this case, the arithmetic mean value of the share (closing prices of the share of the Company as determined in Xetra trading or on any comparable trading system substituting Xetra if a closing auction does not take place, the respective last paid stock exchange prices) on the Frankfurt Stock Exchange for the last three trading days preceding the publication of the adjustment shall be decisive.

The repurchase volume may be limited. To the extent the shares offered for purchase by the shareholders exceed the total amount of the Company's purchase offer, acceptance shall take place in the ratio of the total amount of the purchase offer to the total quantity of shares offered by the shareholders for the relevant purchase price or a lower price. In addition, it may also be provided that preferential acceptance is given for smaller numbers of up to 100 offered shares per shareholder. The purchase offer or request to submit offers may contain further terms and conditions.

The acquisition of treasury shares can also be effected by way of (i) the acquisition of options entitling the Company to acquire shares of the Company (call-options), (ii) the sale of options obliging the Company in the event of the options being exercised to acquire shares of the Company (put-options), and/or (iii) entering into forward purchase agreements relating to shares of the Company which have a period of more than two stock exchange trading days between the day of the conclusion of the respective forward purchase agreement and its settlement with shares of the Company (call-options, put-options and forward purchase agreements). A combination of different derivatives is permissible.

- The terms and conditions of the derivatives have to stipulate that they are only served with shares of the Company that have been purchased over the stock exchange in compliance with the principle of equal treatment. The purchase price (not including ancillary acquisition costs) paid for such shares of the Company, may not be more than 10 % higher or lower than the opening auction trading price or the first trading price of the shares of the Company in Xetra trading or on any comparable trading system substituting Xetra on the Frankfurt Stock Exchange on the respective trading day. If no opening auction is carried out, the first trading price paid for the shares of the Company in Xetra trading or on any comparable trading system substituting Xetra on the Frankfurt Stock Exchange on the respective trading day shall be decisive.

- The purchase price per share stipulated in the derivatives may not be more than 10 % higher or lower than the arithmetic mean value of the closing prices (closing prices of the share of the Company as determined in Xetra trading or on any comparable trading system substituting Xetra) on the Frankfurt Stock Exchange for the last three trading days preceding the conclusion of the respective derivative agreement. In addition, the purchase price paid by the Company for call-options or forward purchase agreements, or the respective option premium, shall not be materially higher and the price received by the Company for the sale of put-options, or the respective option premium, shall not be materially lower than the theoretical market price of the derivatives as determined in accordance with generally accepted valuation methods. When determining the theoretical market value, the price per share stipulated in the derivatives shall be taken into consideration in an appropriate manner.

Finally, the Company may agree with one or more credit institutions or other entities fulfilling the prerequisites of Section 186 para. 5 sentence 1 AktG that these deliver to the Company, during a predefined period, a previously determined number of shares or a previously determined euro equivalent of shares in the Company. In such case, the price at which the Company purchases treasury shares must be calculated taking into account a deduction from the arithmetic mean of the share’s volume-weighted average price in the Xetra trading system of the Frankfurt Stock Exchange (or any equivalent successor system), calculated during a period comprising a previously determined number of exchange trading days. However, the share’s price may not fall short of the aforementioned mean by more than twenty percent. Moreover, the credit institutions or other entities fulfilling the prerequisites of Section 186 para. 5 sentence 1 AktG must undertake to purchase the shares to be delivered on the stock exchange at prices that are within the range that would apply if these shares were directly purchased on the stock exchange by the Company itself.

The authorization may be exercised for any purpose permitted by law, in particular, to pursue one or more of the objectives specified below. The purchase for the purpose of trading in treasury shares is excluded.

- The Management Board is authorized, subject to the consent of the Supervisory Board, to cancel the treasury shares purchased on the basis of this authorization pursuant to Section 71 para. 1 no. 8 AktG without adopting another resolution of the Company’s shareholder meeting. The cancellation may be restricted to part of the shares purchased. The authorization to effect cancellation may be exercised more than once. As a general rule, the cancellation shall result in a capital reduction. In derogation from this, the Management Board may stipulate that the registered share capital remain unchanged and that instead the proportion of the remaining shares in the registered share capital be increased as a result of the cancellation pursuant to Section 8 para. 3 AktG. In this case the Management Board is authorized to adjust the corresponding number in the Articles of Association.

- The Management Board is authorized, subject to the consent of the Supervisory Board, to use the shares purchased on the basis of the authorization by means other than by a sale via the stock market or an offer to all shareholders subject to full or partial exclusion of subscription rights of the shareholders as follows:

    - for sale against non-cash contribution, in particular – but without limitation – to acquire companies, divisions of companies or equity interests in companies;

    - for sale against cash payment provided that this takes place at a price that is not substantially lower than the market price of shares of the Company at the time of the sale (simplified exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4, Section 71 para.1 no. 8 sentence 5 half-sentence 2 AktG). The authorization shall be limited, subject to inclusion of other shares and warrant-linked or convertible bonds as well as profit-sharing certificates conferring an option or conversion right or a conversion obligation which have been issued or sold subject to the exclusion of subscription rights of the shareholders during the term of this authorization until its exercise in direct or analogous application of Section 186 para. 3 sentence 4 AktG, to a threshold of 10 % in aggregate of the current registered share capital. Decisive for the threshold of 10 % 1s the registered share capital figure on the date when this authorization becomes effective. In the event that the registered share capital figure should be lower at the time when this authorization is exercised, such lower value shall be decisive;

- to fulfil obligations of the Company arising from warrants and conversion options or the conversion obligations from warrant-linked or convertible bonds or profit-sharing certificates (or combinations of all these instruments) conferring conversion or option rights or establishing a conversion obligation which have been issued by the Company or by companies which are controlled by it or in which it holds a majority interest;

- to grant to holders of warrant-linked bonds, convertible bonds or profit-sharing certificates conferring conversion or option rights or establishing a conversion obligation conferring conversion or option rights or establishing a conversion obligation (or combinations of all such instruments) issued by the Company or by companies which are controlled by it or in which the Company holds a majority interest, subscription rights in the scope to which they would be entitled after exercise of the rights or obligations under such instruments;

- to transfer shares under a participation program or a share-based remuneration. The transfer of shares or respective commitments or agreements shall only be made to/with persons who participate in such program or receive such share-based remuneration as a member of the Management Board of the Company, a member of the managing body of a company dependent from the Company or an employee of the Company or a company dependent from the Company. A transfer of treasury shares to such persons may be made at reduced prices or without any separate consideration. To the extent treasury shares are to be granted to members of the Company's Management Board under this authorization, the Supervisory Board of the Company shall decide on the allocation and all other relevant details.

The authorizations above can be exercised once or numerous times by companies which are controlled by the Company or in which it holds a majority interest or by third parties for the account of the Company or companies controlled by it or in which it holds a majority interest. To this extent, the shareholders' subscription rights are excluded.

Significant agreements of the company that are subject to a change of control as a result of a takeover offer and the resulting effects

RENK Group AG and its subsidiaries are parties to the following material agreements, which contain provisions for the event of a change of control or acquisition of control as a result of a takeover offer:

- There is a credit agreement (Super Senior Revolving Credit and Guarantee Facilities Agreement – SSRCF and Guarantee Facilities Agreement) dated July 9, 2020 between RENK GmbH (formerly Rebecca BidCo GmbH) as the borrower and a number of lenders, including COMMERZBANK Aktiengesellschaft, Credit Suisse (Switzerland) Ltd., Deutsche Bank AG, London Branch, Goldman Sachs International and UniCredit Bank AG. The credit limit of the SSRCF and Guarantee Facilities Agreement amounts to € 50,000,000.00. The guarantee limit was originally € 167,500,000.00 and, as a result of multiple increases and adjustments, is now a total of € 275,000,000.00 as of December 31, 2023. The credit agreement contains a "change of control" clause. This is triggered in the case of share transfers if (a) RENK FinCo GmbH (formerly Rebecca FinCo GmbH) no longer holds 100 % of the shares or voting rights in RENK GmbH, (b) persons other than those specified in the SSRCF and Guarantee Facilities Agreement, acting alone or jointly, directly or indirectly acquire more than 50 % of the voting rights in RENK GmbH or (c) RENK GmbH transfers all or substantially all of its assets to another person who is neither a subsidiary of RENK GmbH nor belongs to certain other persons named in the SSRCF and Guarantee Facilities Agreement. In the event of a change of control, the individual lenders can terminate their obligations and demand repayment of amounts disbursed by them.

- RENK GmbH has outstanding bonds (Senior Secured Notes) dated July 13, 2020 and June 30, 2021 with a total nominal value of € 520,000,000.00. The bonds are subject to the same change of control conditions as the aforementioned SSRCF and Guarantee Facilities Agreement. A change of control gives the respective bond holders the right to demand that RENK GmbH offers to repurchase the bonds at a purchase price of 101 % of the outstanding nominal amount plus interest.

- On September 22, 2023, RENK GmbH as borrower and RENK Group AG, RENK FinCo GmbH and RENK GmbH as guarantors signed a further credit agreement with several lenders, including Crédit Agricole Corporate and Investment Bank, Citibank, N.A., London Branch, COMMERZBANK Aktiengesellschaft, Credit Suisse (Switzerland) Ltd., Deutsche Bank AG, Goldman Sachs Bank Europe SE, J.P. Morgan SE, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen, Mizuho Bank, Ltd., Skandinaviska Enskilda Banken AB (publ) Frankfurt Branch, Tokio Marine Europe S.A., branch for Germany, UniCredit Bank AG und Zurich Insurance plc branch for Germany (New Senior Facilities Agreement), which includes a term credit line of € 525,000,000.00, a revolving credit line of € 75,000,000.00 as well as a guarantee framework of € 450,000,000.00. The agreement contains a change of control clause in the event that (a) RENK Group AG no longer directly or indirectly holds 100 % of the shares or voting rights in RENK FinCo GmbH or (b) one person or several persons acting jointly directly or indirectly gain control over RENK Group AG, i.e. holds or controls 30 % or more of the share capital or voting rights in RENK Group AG. In the event of a change of control, the individual lenders can terminate their obligations and demand repayment of amounts disbursed by them.

Compensation agreements made by the company with members of the Management Board or employees in the event of a takeover offer

RENK Group AG has not entered into any compensation agreements with its employees or with members of its Management Board or with employees or managing directors of direct or indirect subsidiaries in the event of a change of control.

11. Concluding declaration from the Management Board

In the 2023 fiscal year in the period from September 13, 2023, to December 31, 2023, RENK Group AG was a (multi-level) controlled company within the meaning of Section 312 Stock Corporation Act of Rebecca BidCo S.à r.l., Rebecca MidCo. S.à r.l., Rebecca LuxCo S.à r.l., Triton MasterluxCo 5 S.à r.l., Triton V S.à r.l. SICAV-RAIF and Triton Fund V L.P. The Management Board of RENK Group AG has therefore prepared a management report on relations with affiliated enterprises in accordance with Section 312 para. 1 Stock Corporation Act, which contains the following final declaration:

"We declare that in the legal transactions and measures listed in the report on relations with affiliated enterprises from September 13, 2023, to December 31, 2023, the Company received appropriate consideration for each legal transaction according to the circumstances that were known to us at the time the legal transactions were entered into or measures were undertaken or omitted. To the extent that the Company suffered a disadvantage as a result, it was granted a legal right to an adequate advantage in an appropriate amount as compensation before the end of the fiscal year ending on December 31, 2023. The Company did not suffer any disadvantage as a result of measures undertaken or omitted."

Augsburg, March 25, 2024

RENK Group AG

Susanne Wiegand
Chief Executive Officer

Christian Schulz
Chief Financial Officer

B. Annual Financial Statements

Income Statement

Income Statement

	Business year		Change	
in € thousands	**2022**	**2023**	**in €**	**in %**
Revenue	0	1,562	1,562	n/a
Other operating income	0	16	16	n/a
Overall performance	0	**1,578**	**1,578**	n/a
Cost of materials	0	(3)	(3)	n/a
Personnel expenses	0	(545)	(545)	n/a
Other operating expenses	(179)	(2,618)	(2,440)	n/a
Operating profit	**(179)**	**(1,588)**	**(1,410)**	n/a
Interest and similar expenses	(1)	(62)	(61)	n/a
Taxes on income and earnings	0	0	–	n/a
Earnings after taxes	**(180)**	**(1,650)**	**(1,471)**	n/a
Other taxes	0	0	–	n/a
Net loss for the year	(180)	(1,650)	(1,471)	n/a
Losses carried forward from previous years	0	(217)	n/a	n/a
Withdrawal from capital reserves	0	31,868	n/a	n/a
Distributable profit	0	30,000	n/a	n/a

Statement of Financial Position

Statement of Financial Position

	Business year		Change	
in € thousands	**2022**	**2023**	**in €**	**in %**
Assets				
A. Fixed assets	**312,284**	**357,374**	**45,090**	**14.4**
I. Financial assets	312,284	357,374	45,090	14.4
B. Current assets	**67**	**7,951**	**7,884**	**n/a**
I. Trade receivables and other assets	0	7,061	7,061	n/a
II. Bank balances	67	891	823	n/a
C. Prepaid expenses and deferred charges	**0**	**7**	**7**	**n/a**
	312,351	**365,333**	**52,981**	**17.0**
Liabilities				
A. Equity	**312,091**	**355,531**	**43,440**	**13.9**
I. Subscribed capital Conditional capital 50,000 (previous year: 0)	25	100,000	99,975	n/a
II. Capital reserve	312,284	225,531	(86,753)	(27.8)
III. Retained earnings	0	0	–	n/a
IV. Loss carryforward	(38)	0	38	n/a
V. Net loss for the year	(180)	0	180	n/a
	–	30,000	30,000	n/a
B. Provisions	**155**	**727**	**572**	**n/a**
C. Total liabilities	**105**	**9,074**	**8,969**	**n/a**
	312,351	**365,333**	**52,981**	**17.0**

Notes to the annual financial statements of RENK Group AG for fiscal year 2023

12. General principles

RENK Group AG, domiciled in Augsburg, Germany (the Company), is registered with Augsburg Local Court under commercial register number HRB 39189. RENK Group AG (formerly RENK Holding GmbH) was converted into a stock corporation by way of a change of legal form with effect from September 13, 2023. The Company's registered office was relocated to Augsburg by way of an entry dated April 5, 2022, as this is the headquarters for the main operating activities. The Company operates as a holding company for the RENK Group. RENK develops, produces and distributes high-quality drive technology worldwide. Since the current fiscal year, it has been divided into the segments Vehicle Mobility Solutions, Marine & Industry, and Slide Bearings.

As in the previous year, the annual financial statements of RENK Group AG are prepared in accordance with the German Generally Accepte Accounting Principles of the German Commercial Code ("Handelsgesetzbuch") for small corporations within the meaning of section 267 para. 1 of the German Commercial Code and the supplementary provisions of the German Stock Corporation Act ("Aktiengesetz"). They are prepared in thousands of euros (€ thousand). This can give rise to rounding differences. Various statement of financial position and income statement items have been combined to improve the clarity of presentation. These items are discussed separately in the notes.

The income statement was prepared in accordance with the total cost (nature of expenditure) method in accordance with section 275 para. 1 and 2 of the German Commercial Code. The balance sheet is structured in accordance with section 266 para. 2 and 3 of the German Commercial Code.

The Company makes use of the size-related relief provided by sections 266 para. 1 sentence 3, 274a and 288 para. 1 of the German Commercial Code to the extent that certain disclosures are not made in the notes.

The annual financial statements are prepared on a going concern basis.

13. Accounting policies

Shares in affiliated entities are recognized at the lower of cost or fair value where impairment is expected to be permanent. If the reasons for impairment no longer apply, the carrying amount is reversed up to a maximum of the historical cost.

Shares in affiliated entities are tested for impairment using a valuation model that takes the carrying amounts of the shares and RENK Group AG's financial receivables from the entities in question into consideration. Any necessary impairment loss is firstly allocated to the financial receivables from the affiliated entity. Any amount in excess of this is then allocated to the shares in the affiliated entity.

Receivables and other assets are recognized at their nominal amount. Valuation allowances are recognized for discernible risks.

Bank balances are measured at their nominal amount.

Prepaid expenses and deferred income are recognized for expenses and income at the reporting date that relate to periods after the reporting date.

With regard to deferred taxes, the Company makes use of the size-related relief provided by section 274a para. 4 of the German Commercial Code.

Equity is recognized at its nominal amount.

Receivables and liabilities in foreign currency are measured using the exchange rate at the acquisition date or, if lower, at the reporting date. Receivables and liabilities in foreign currency with a remaining term of one year or less are measured using the mid-market spot rate at the reporting date in accordance with section 256a of the German Commercial Code. Exchange rate gains on the measurement of current assets and liabilities with a term of one year or less are recognized in profit or loss in accordance with section 256a of the German Commercial Code.

Provisions for pensions and similar obligations are calculated using the projected unit credit method in accordance with recognized actuarial principles. The “Richttafeln 2005 G” mortality tables published by Klaus Heubeck were applied as biometric data. For the purposes of discounting, an average remaining term of 15 years was applied on a flat-rate basis in accordance with section 253 para. 2 of the German Commercial Code. The average market interest rate for the past ten years as calculated by Deutsche Bundesbank, which was 1.82% at the reporting date, was applied as the discount rate. Income from changes in the discount rate is reported in net interest income.

The following parameters were applied in the calculation:

Interest rate: 1.82%
Salary trend: 3.20%
Pension trend: 2.20%
Fluctuation: 2.63%

Plan assets are measured at fair value in accordance with section 253 para. 1 sentence 4 of the German Commercial Code.

Other provisions take adequate account of all identifiable risks and all uncertain obligations. Provisions are measured at their settlement amount in accordance with section 253 para. 1 and 2 of the German Commercial Code.

Liabilities are recognized at their settlement amount in accordance with section 253 para. 1 of the German Commercial Code.

Expenses and income are recognized on an accrual basis.

14. Notes to the annual financial statements

14.1 Fixed assets

Fixed assets relate solely to the shares in the affiliated entity RENK FinCo GmbH, Augsburg.

14.2 Current assets

As in the previous year, all receivables have a remaining term of less than one year.

Other receivables include receivables from Rebecca S.à r.l. in the amount of € 1,577 thousand (previous year: € 0 thousand) relating to costs in connection with the IPO and miscellaneous other receivables from the oncharging of IPO costs in the amount of € 2,530 thousand (previous year: € 0 thousand).

Other assets mainly comprise tax receivables of € 1,103 thousand (previous year: € 0 thousand) and prepayments of € 1,850 thousand (previous year: € 0 thousand).

As in the previous year, the other assets have a remaining term of less than one year.

Cash and cash equivalents comprise bank balances.

14.3 Equity

As of December 31, 2023, RENK Group AG had share capital of € 100,000 thousand and capital reserves of € 225.531 thousand.

By resolution of the shareholders on August 9, 2023 with subsequent entry in the commercial register on August 23, 2023, the Company’s subscribed capital of € 25 thousand was increased from reserves by € 99,975 thousand to € 100,000 thousand.

The Company’s subscribed capital of € 100,000 thousand became the share capital of the stock corporation that the Company was converted into. The previous shares of the Company were replaced by a total of 100,000,000 no-par value shares each with a notional interest in the share capital of € 1.00. The shares are bearer shares. Each share entitles the holder to one vote in the Annual General Meeting.

RENK Group AG did not hold any treasury shares as of December 31, 2023.

By way of resolution on September 20, 2023, Rebecca BidCo S.à r.l made a voluntary contribution in the form of the outstanding repayment claim on a loan granted to an affiliated entity in 2020 (€ 45,090 thousand including interest). This contribution was appropriated to the Company’s free capital reserves in accordance with section 272 para. 2 No. 4 of the German Commercial Code.

Disclosures on the development of equity in accordance with section 152 of the German Stock Corporation Act:

Development of equity

in € thousands	2023
Capital reserve as of January 1, 2023	**312,284**
Withdrawal from capital reserve (into share capital)	(99,975)
Withdrawal from capital reserve (into distributable profit)	(31,868)
Appropriation to capital reserve	45,090
Capital reserve as of December 31, 2023	**225,531**

Contingent capital and authorization to issue warrant or convertible bonds and profit participation rights with warrant or conversion rights

By resolution of the Annual General Meeting on September 18, 2023, the Management Board of RENK Group AG was authorized, with the approval of the Supervisory Board, to issue registered or bearer warrant or convertible bonds and profit participation rights with warrant or conversion rights with a total nominal amount of up to € 50,000,000.00 (in words: fifty million euros) with a limited or unlimited term on one or more occasions until September 17, 2028 and to grant the bearers or creditors of convertible bonds warrants or conversion rights for up to 50,000,000 new shares of the Company each with a notional interest in the share capital of up to € 1.00 in accordance with the provisions of the conditions for the respective warrant or convertible bonds and/or profit participation rights as defined by the Management Board.

The share capital of the Company is contingently increased by up to € 50,000,000.00 (in words: fifty million euros) in order to grant shares to the bearers or creditors of the aforementioned instruments (“Contingent Capital 2023”).

Authorized capital

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to a total of € 50,000,000.00 (in words: fifty million euros) on one or more occasions until September 10, 2028 in exchange for cash or non-cash contributions by issuing up to 50,000,000 new no-par value bearer shares (“Authorized Capital”).

The shareholders must be granted statutory subscription rights for the shares issued from Authorized Capital. Statutory subscription rights may also be granted by arranging for the new shares to be acquired by a bank and/or one or more other companies fulfilling the conditions of section 186 para. 5 s. 1 of the German Stock Corporation Act (financial institutions) or a syndicate of such banks and/or financial institutions with the obligation to offer them to shareholders for subscription indirectly within the meaning of section 186 para. 5 of the German Stock Corporation Act.

However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders’ statutory subscription rights for one or more capital increases within the scope of Authorized Capital under certain conditions.

The Management Board decides on the further content of the share rights and the conditions of the share issue with the approval of the Supervisory Board. In particular, profit participation may be determined in such a way as to differ from section 60 para. 2 of the German Stock Corporation Act, and profit participation from the start of the fiscal year preceding the issue of the shares may be provided for if the Annual General Meeting has not yet resolved on the appropriation of net profit for that fiscal year when the new shares are issued.

14.4 Provisions

Provisions totaled € 727 thousand in the fiscal year (previous year: € 155 thousand). They comprised other provisions of € 578 thousand (previous year: € 155 thousand) and pension provisions of € 149 thousand (previous year: € 0 thousand).

Pension provisions

Due to the exercise of the option provided by Art. 67 para. 1 of the Introductory Act to the German Commercial Code (addition to pension provisions at an annual rate of 1/15 until December 31, 2024 in accordance with the provisions of the German Accounting Law Modernization Act), the outstanding addition (deficit) amounts to € 0 thousand as of the reporting date. Furthermore, the discounting of these provisions at the average market interest rate for the past ten years rather than the past seven years results in a difference of € 0 thousand. This difference is subject to a restriction on distribution in accordance with section 253 para. 6 sentence 2 of the German Commercial Code.

The settlement amount for pension provisions amounted to € 227 thousand as of December 31, 2023 (previous year: € 0 thousand). Pension provisions are offset against plan assets in accordance with section 246 para 2. sentence 2 of the

German Commercial Code. The cost of plan assets amounted to € 78 thousand and the fair value as of December 31, 2023 was also € 78 thousand (previous year: € 0 thousand).

Other provisions

Other provisions included provisions for the cost of preparing the annual financial statements amounting to € 386 thousand (previous year: € 155 thousand) and provisions for Supervisory Board remuneration amounting to € 193 thousand (previous year: € 0 thousand).

14.5 Liabilities

On the equity and liabilities side of the balance sheet, liabilities to affiliated companies rose significantly by € 3,915 thousand from € 100 thousand in the previous year to € 4,015 thousand as a result of a loan granted by RENK GmbH. Trade payables mainly related to obligations for purchased services in the amount of € 2,849 thousand (previous year: € 0 thousand).

As in the previous year, all liabilities have a remaining term of less than one year.

14.6 Contingencies / Other financial commitments

Other financial commitments exist in the form a short-term vehicle lease. The future lease payments until the end of the minimum lease term amount to € 9 thousand (previous year: € 0 thousand).

Furthermore, guarantees relating to delivery and performance obligations of affiliated entities amounting to € 35,467 thousand were issued in fiscal year 2023 (previous year: € 15,271 thousand).

In addition, RENK Group AG issued a hard letter of comfort for its subsidiary RENK FinCo GmbH that is also effective for fiscal 2023. This states that RENK Group AG is required to manage RENK FinCo GmbH and provide it with financial resources such that it is always able to satisfy obligations to its creditors entered into in the reporting period. To the extent that such creditors also include controlling companies, the letter of comfort acts in their favor accordingly.

14.7 Income statement

Revenue of € 1,562 thousand (previous year: € 0 thousand) relates to oncharged IPO costs.

Personnel expenses of € 545 thousand (previous year: € 0 thousand) comprise salaries of € 390 thousand (previous year: € 0 thousand) and expenses for social security contributions of € 155 thousand (previous year: € 0 thousand).

Other operating expenses mainly comprise consulting costs of € 1,615 thousand (previous year: € 0 thousand) and the cost of preparing the annual financial statements of € 622 thousand (previous year: € 175 thousand).

Interest expense relates to an interest expense of € 60 thousand for the loan liability in respect of affiliated entities (previous year: € 1 thousand) and an interest expense of € 2 thousand in connection with pension provisions (previous year: € 0 thousand).

15. Other disclosures

Employees

The Company had an average of two employees (including Management Board members) in the past fiscal year (previous year: 0).

As the parent, RENK Group AG prepares consolidated financial statements for the smallest and largest group of consolidated companies. It prepares the consolidated financial statements in accordance with IFRSs as adopted by the EU and the supplementary requirements of section 315e of the German Commercial Code. The consolidated financial statements are published in the German Company Register (*Unternehmensregister*).

Augsburg, March 25, 2024

RENK Group AG

Susanne Wiegand	Christian Schulz
Chief Executive Officer	Chief Financial Officer

C. Additional Information

1 Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements of the RENK Group AG give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the RENK Group AG management report includes a fair review of the development and performance of the business and the position of the RENK Group AG, together with a description of the material opportunities and risks associated with the expected development of the RENK Group AG.

Augsburg, March 25, 2024

RENK Group AG

Management Board

Susanne Wiegand	Christian Schulz
CEO	CFO

Trusted Partner.

RENK Group AG
Gögginger Straße 73
86159 Augsburg
T +49 821 5700-0
F +49 821 5700-460

www.renk.com