Trusted Partner.

RENK

RENK Group AG
Annual Report
2024

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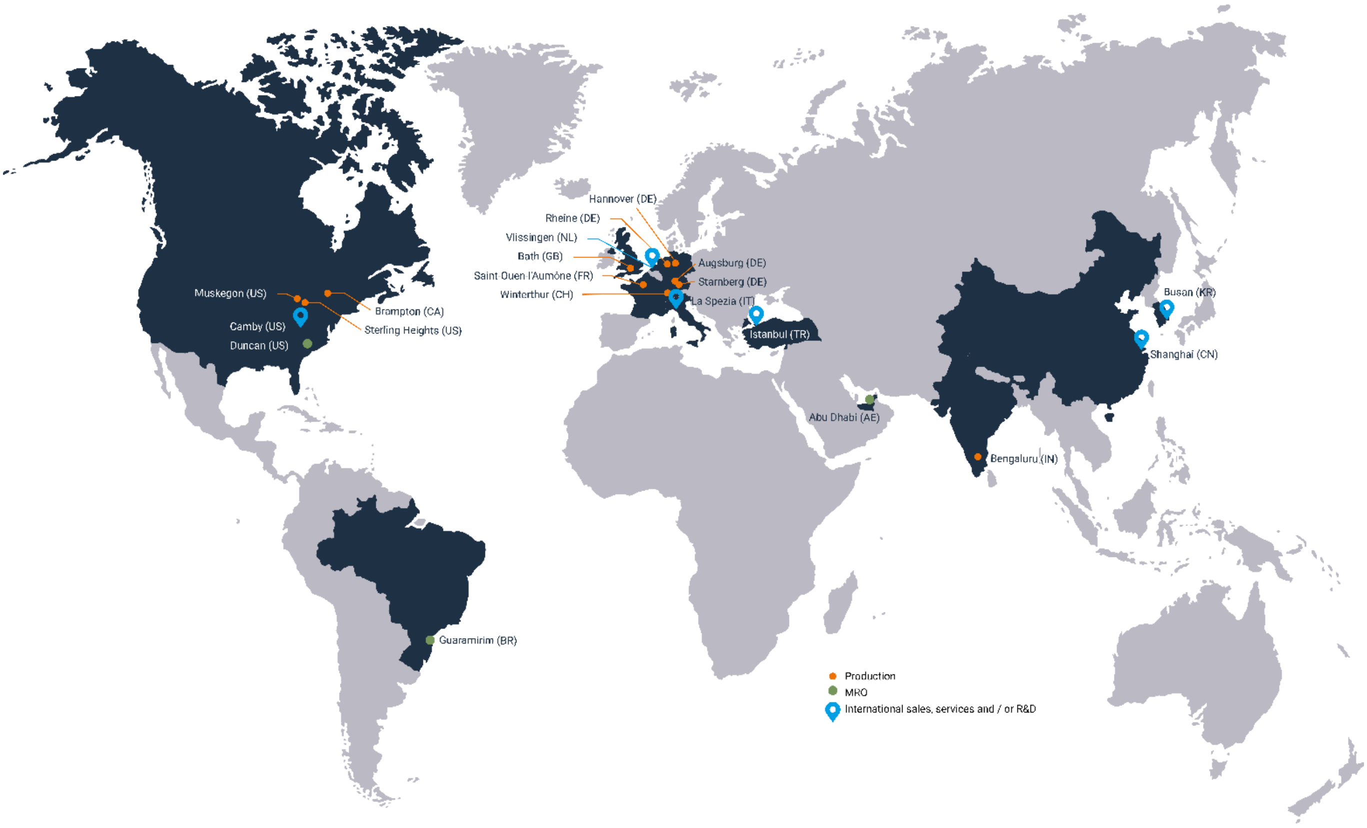
RENK 2024 at a glance

RENK has successfully continued its growth trajectory unabated and achieved the guidance for the fiscal year 2024

- The positive conditions in the defense market segment contributed to a record order intake of € 1.4 billion
- RENK generated revenues of € 1.1 billion, an increase of 23.2 % compared to previous year (guidance for fiscal year 2024: ~ € 1,100 million)
- Adjusted EBIT of € 189 million is at the upper end of the narrowed guidance (~ € 175 - 190 million)
- Net leverage decreased to 1.7x adjusted EBITDA (2023: 2.4x)
- Dividend payout (planned) at € 0.42 per share, an increase of 40 % compared to previous year

RENK Highlights



/ 1,442 Mio. €
Order intake

/ 2,080 Mio. €
Fixed order backlog

/ 1,141 Mio. €
Revenue

/ 189 Mio. €
Adjusted EBIT

/ 16.6 %
Adjusted EBIT-Margin

/ 19.7 %
ROCE

/ 42 Mio. €
Dividend (planned)

/ ~4.000
Employees

/ 20
Locations worldwide

Letter from the Management Board

Dr. Alexander Sagel

Anja Mänz-Siebje

Dr. Emmerich Schiller

Dear shareholders,

2024 was an eventful year – and a year of ongoing challenges in terms of security policy issues. For the first time in many decades, we in Germany and in Europe are dealing with a "crisis situation" in this regard. For the first time in many decades, a German Defence Minister is calling for the country to become "battle-ready and capable of defense". This is a Herculean task that can only be accomplished through the combined efforts of politics, the armed forces, the economy, and society.

As a global market leader for mission-critical propulsion systems for military and civilian end markets, we are ready and determined to make our contribution. At RENK, around 4,000 employees work every day to provide the armed forces of our allies with the solutions they need to ensure our defense. At the same time, we have committed ourselves to pursuing a sustainable future with our high-performance industrial drive solutions. We are very proud of this.

For RENK Group itself, the 2024 fiscal year was a great success – but also a year of new perspectives. In February, under the leadership of Susanne Wiegand, we successfully took the step of listing on the Frankfurt Stock Exchange. Our special thanks go to her for having made RENK the global player that we are today.

We are also proud to be able to present such strong results in our first year as a publicly traded company. The high order intake, the fulfillment of the revenue target of 1.1 billion and an adjusted EBIT at the upper end of our forecast impressively demonstrate RENK's performance.

In addition, with the agreed takeover of Cincinnati Gearing Systems Inc., Cincinnati (OH), USA, we have expanded our local presence in the North American market, thereby strengthening our role as a manufacturer of mission-critical drive solutions for the US Navy.

The strong order intake in the areas of Vehicle Mobility Solutions and Marine & Industry demonstrates the enormous importance of this social responsibility. In December 2024 alone, we were able to record incoming orders with a total value of around €472 million.

At the same time, we both do not want to and cannot rest on these successes. RENK is ready to take the next steps on its growth trajectory. Our goal is clear: In the medium term, we want to increase the Group's revenue to around €2 billion by the end of 2028 through organic growth. Our strong performance in the current fiscal year provides a strong foundation for this.

As a global leader in mission-critical and innovative drive solutions for the two key industries of defense and energy, RENK is respected throughout the world. We continue to be the national supplier for the German armed forces, and for the majority of the armed forces of our alliance partners we are the prime partner for innovative drive solutions.

All of this shows that RENK has created a strong growth platform with its clear strategic direction. RENK is ready for the future – as your *trusted* partner.

We hope you enjoy reading this annual report.

Dr. Alexander Sagel	Anja Mänz-Siebje	Dr. Emmerich Schiller
Chief Executive Officer	Chief Financial Officer	Chief Operating Officer

Greetings from the Chairman of the Supervisory Board

Claus von Hermann

Dear shareholders,

The further escalation of the geopolitical situation in 2024 and the latest developments in Europe underline how important defense capabilities are for the preservation of our Western democracies. RENK has a central role to play in this.

The company’s growth in recent months impressively demonstrated this. As a major supporter of the “Zeitenwende” RENK is excellently positioned in the market and our indicators continue to point to growth. With RENK's inclusion in the MDAX, the capital market also clearly honors this successful development and, above all, the long-term future viability of the company. The positive development of our share price has received a clear tailwind from the record order intake, the revenue forecast for the 2024 fiscal year being met and an adjusted EBIT at the upper end of the guidance. In addition, RENK has further expanded its position in the important North American market with the agreed acquisition of Cincinnati Gearing Systems Inc., thus setting the course for a successful future.

RENK has once again proven: we deliver what we promise. An important component of this success is the impressive commitment of our employees and the entire Executive Board. It is thanks to them that RENK is now an indispensable participant in the industry.

Since February 1, 2025, Dr. Alexander Sagel is responsible for the strategic focus of the company as the new Chair of the Executive Board. We are pleased to know that we have found in him an ideal successor to Susanne Wiegand, with his many years of industry expertise. In the next growth phase of RENK, he will further strengthen the position of RENK Group in a growing market with a clear focus on the operational and technological development of the Group, thereby sustainably strengthening the company for the future. Dr. Emmerich Schiller joined the Executive Board as COO on March 1, 2025. Together with our CFO Anja Mänz-Siebje, our Executive Board is ideally positioned to continue our profitable growth. At this point, on behalf of the entire Supervisory Board, thanks are due to Susanne Wiegand and Christian Schulz, whose commitment and leadership have shaped the company and put it on a successful course. We wish them all the best for their personal and professional futures.

The Supervisory Board of RENK Group AG also contributed to the company's success in 2024 fiscal year and fulfilled its duties with the necessary great care during the reporting period. The cooperation between the Supervisory Board and the Executive Board was characterized by trust, was constructive and always guided by the best interests of the company. Professionally-conducted Supervisory Board activities are essential for a listed company and make a key contribution to its success. This aim continuously guides the Supervisory Board in its work.

RENK is aware of its increased social responsibility and will continue to offer mission-critical solutions to its customers in order to meet the current challenges in the world. At the same time, RENK Group offers solutions for a sustainable future. In conjunction with technological excellence, this forms the basis for an outstanding market position. We therefore consider the company to be perfectly equipped for the future and are convinced that RENK will continue to develop successfully in this way.With best wishes,

Claus von Hermann

Chair of the Supervisory Board, RENK Group AG

About this report

This Annual Report contains the Consolidated Financial Statements and the Combined Management Report of RENK Group AG and its subsidiaries for the year ended 31 December 2024. It complies with the annual financial reporting requirements of Section 114 of the German Securities Trading Act (“Wertpapierhandelsgesetz”).

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) as well as with the additional requirements set forth in Section 315 e para. 1 German Commercial Code. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) has audited the Consolidated Financial Statements and the Combined Management Report. The auditor supports the Supervisory Board of RENK Group AG in fulfilling its audit duties. The unqualified independent auditor‘s opinion report can be found under *C. 2. Independent Auditor’s Report*. The Independent Auditor’s Report also includes a “Report on the assurance in accordance with Section 317 (3a) HGB on the electronic reproduction of the Consolidated Financial Statements and the Group management report prepared for publication purposes (“ESEF Report”).

This report contains forward-looking statements that are based on plans, expectations, estimates and projections of the management of RENK Group as at the date of this report. These plans, expectations, estimates, and projections depend on a variety of assumptions and are subject to unforeseeable events, uncertainties, known and unknown risks as well as other factors that may cause actual results or the actual financial situation, development or performance to differ from those expressed or implied in the forward-looking statements. RENK Group does not assume any obligation to update the forward-looking statements or adjust them to reflect events or developments occurring after the date of this report unless obliged by statutory law.

This report includes additional financial indicators that are not defined in the underlying financial reporting standards. These supplemental financial indicators serve to supplement the explanations ot the RENK Group’s net assets, financial position and result of operations and should not be viewed in isolation from the indicators developed in accordance with the applicable financial reporting framework.

The Combined Management Report has been prepared and published in millions of euro (€ million), the Consolidated Financial Statements have been prepared and published in thousands of euro (€ thousand). Due to rounding, numbers presented may not add up precisely to the total provided, and percentages may not precisely reflect the absolute figures.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative version.

A. Combined Management Report

List of Abbreviations

AI	Artificial Intelligence
APM	Alternative performance measures
AR	Application Requirements
BIO	Biodiversity and Ecosystems
BMWK	Bundesministerium für Wirtschaft und Klimaschutz
BP	Basis for Preparations
BSI	Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik)
CapEx	Capital Expenditures
CCA	Climate Change Adaptation
CCM	Climate Change Mitigation
CCR	Cash Conversion Rate
CE	Circular Economy
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CMS	Compliance-Management-System
CO_2	Carbon dioxide
CoC	Code of Conduct
COO	Chief Operating Officer
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPI	Corruption Perception Index
CSRD	Corporate Sustainability Reporting Directive
DEFRA	Department for Environment, Food & Rural Affairs
DICO	German Institute for Compliance e.V. (Deutsches Institut für Compliance e.V.)
DMA	Double Materiality Assessment
DNSH	Do No Significant Harm
DRS	German Accounting Standards (Deutsche Rechnungslegungsstandards)
EFRAG	European Financial Reporting Advisory Group
ERA	Pay Framework Agreement (Entgeltrahmenabkommen)
ERM	Enterprise Risk Management
ESEF	European Single Electronic Format
ESG	Environment, Social and Governance
ESRS	European Sustainability Reporting Standards
EWC	European Works Council
GDI	Government Defence Integrity Index
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GOV	Governance
GRI	Global Reporting Initiative
HGB	German Commercial Code (Handelsgesetzbuch)
HR	Human Resources
HR IS	Human Resource Informationsystem
HRB	Commercial Register, Section B (Handelsregister, Abteilung B)
HRC	Human Rights Committee
HSE	Health, Safety and Environment
IASB	International Accounting Standards Board
ICS	Internal Control System
IDW	German Institute of Auditors (Institut der Wirtschaftsprüfer)
IFRS	International Financial Reporting Standards
IG	Industrial Union (Industriegewerkschaft)
ILO	International Labour Organization
IMF	International Monetary Fund

Inc.	Incorporated
IPCC	Intergovernmental Panel on Climate Change
IPO	Initial Public Offering
IRC	Incidents Response Committee
IRO	Impacts, Risks, and Opportunities
ISIN	International Security Identification Number
ISMS	Information Security Management System
ISO	International Organization for Standardization
KBA	Key Biodiversity Areas
KG	Limited Partnership (Kommanditgesellschaft)
KIT	Karlsruhe Institute of Technology
KPI	Key Performance Indicator
LkSG	German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz)
LLC	Limited Liability Company
LTI	Long Term Incentive
M&I	Marine und Industrie
MBA	Master of Business Administration
MDR	Minimum Disclosure Requirement
MEP	Management Equity Program
MWh	Megawatt hour
NATO	North Atlantic Treaty Organization
NWC	Net Working Capital
OECD	Organization for Economic Cooperation and Development
OpEx	Operational Expenditures
PI	Performance Indicators
PPA	Purchase Price Allocation
PPC	Pollution Prevention and Control
PSU	Performance Share Unit
Q-HSE	Quality - Health, Safety, Environment
R&D	Research and development
RAIF	Reserved Alternative Investment Fund
RGM	RENK Group Manual
RGR	RENK Governance Rules
RMS	Risk Management System
ROCE	Return on Capital Employed
SB	Slide Bearings
SBM	Strategy and Business Model
SBTi	Science Based Targets initiative
SCE	Societas Cooperativa Europaea
SCoC	Supplier Code of Conduct
SDGs	Sustainable Development Goals
SE	Societas Europaea
SFDR	Sustainable Finance Disclosure Regulation
SICAV	Société d'investissement à capital variable
Srl	Società con responsabilità limitata
SSFA	Super Senior Facilities Agreement
SSP	Shared Socioeconomic Pathways
STI	Short Term Incentive
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	Tonnes of CO_2 equivalents
TLB	Term Loan B
UNESCO	United Nations Educational, Scientific and Cultural Organization
VDMA	German Machinery and Equipment Manufacturers Association (Branchenverband der deutschen Maschinen- und Anlagenbauer)

VMS	Vehicle Mobility Solutions
WRI	World Resources Institute
WTR	Water and Marine Resources

1. Description of business

1.1 Organizational and reporting structure*

The RENK Group (hereinafter also referred to as RENK) comprises RENK Group AG and its subsidiaries. RENK Group AG with headquarters in Augsburg (Germany) is registered with the Augsburg Amtsgericht (Local Court) under commercial register number HRB 39189. The company acts as a holding company within the RENK Group. After the IPO originally planned for October 2023 was postponed, the company went public on the Frankfurt Stock Exchange on February 7, 2024.

RENK Group AG, as the top-level German company, indirectly holds all shares in the operating RENK companies headed by RENK GmbH, Augsburg, through RENK FinCo GmbH, Augsburg.

In accordance with the German Stock Corporation Act, the Executive Board of RENK Group AG is the governing body with overall responsibility for the operational management of the 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 as well as in the United States of America ("USA"), Switzerland, the United Kingdom, France, Canada, and India.

In the fiscal year 2024, RENK's business activities were divided into three segments: Vehicle Mobility Solutions (VMS), Marine & Industry (M&I), and Slide Bearings (SB).

In the year under review, 14.3 % of our workforce were female (previous year: 13.4 %). Women accounted for 11.5 % of senior management positions (previous year: 11.9 %) and 33.3 % of the Supervisory Board (previous year: 25.0 %). As of the balance sheet date, the proportion of women at the Executive Board is 66.7 % (previous year: 50.0 %). To increase the percentage of women at senior management levels below the Executive Board, RENK set a target of 16% for the fiscal year 2027 and 20% for 2030. For this, we give particular consideration to 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 from talented women, a gender-neutral approach and strategic career development are used to target them and give them the opportunity for further development.

In addition to gender diversity, RENK aims to monitor and increase the proportion of managers from foreign backgrounds. To achieve this, 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 also used to find top candidates.

1.2 Business model*

RENK's aim is to maintain and expand its leading technological position in its 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 sector manager with full operating responsibility who reports directly to the RENK Group AG Executive Board. The Executive Board of RENK Group AG was, as the chief operating decision maker in the fiscal year 2024, identical to the management of RENK GmbH.

*) These sections marked with * contain disclosures typical of the management report, which also address the disclosure requirements in accordance with ESRS 2 SBM-1 40(a)(i.)-(ii.).

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 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 defense 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 propulsion and coupling 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 all over 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 means that we can provide rapid, on-the-ground support to customers worldwide. Thanks to our customized 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 (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)

In the fiscal year 2024, our self-financed research and development (R&D) expenses amounted to € 29.0 million (previous year: € 21.9 million). The resulting R&D ratio (R&D expenses as a percentage of revenue) was 2.5 % (previous year: 2.4 %). As of December 31, 2024 RENK held around 540 individual patents and utility models in its continuing operations (previous year: around 425). RENK also has about 69 trademarks registered (previous year: 68).

Research and development work is 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 boost efficiency. Providing digital data requires sensors to collect and collate this data. We are working on intelligent sensors so that the data can be analyzed and interpreted using artificial intelligence (AI).

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

2. Financial management system

2.1 Financial framework

RENK’s planning and management is based on a multi-stage process. Medium-term planning, which is drawn up once a year and covers a three-year period, is the basis for managing the RENK Group. It forms the core of operational planning. Based on this, we prepare product and program/project planning for each segment, which is then incorporated in the financial medium-term planning. This comprises the upfront capital expenditure needed for alternative products and courses of action in the future, as well as earnings and financial planning.

The first year of the medium-term planning is prepared on a monthly basis and represents RENK’s budget. Target attainment throughout the year is monitored on an ongoing basis and is used as the basis for operational management. Target/actual and prior-year comparisons, variance analyses and - if 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 circumstances in order to achieve targets.

RENK’s financial management 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 analyzed 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.

In particular, growth and profitability, as well as 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.

Individual performance indicators are to be classified as alternative performance measures (APMs), which are not defined by IFRS and are therefore not an integral component of an IFRS financial statement. 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.

2.2 Growth

Growth at the RENK Group is measured, managed, and monitored by revenue performance (KPI), the order backlog (PI/APM), and order intake (KPI (formerly 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 performance indicator is used as a parameter for variable management remuneration. For forecasting purposes, RENK uses a three-year rolling average. Procurement practice is heavily influenced by public-sector clients and the characteristics of the defense sector, which includes multi-year time horizons for contract initiation and fulfillment.

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 minus the revenues generated in the current fiscal year. 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. The forecast on which this is based 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

In view of the boom in military applications, RENK's management is increasingly focused on exploiting profitable growth opportunities. This resulted in the reclassification of the adjusted EBIT, which now has the rank of a KPI/APM, as well as a downgrade of the adjusted EBIT margin to PI/APM. This change was introduced at the end of the first half of 2024. To determine the adjusted EBIT (KPI/APM), net profit for the year before the financial result and earnings before interest and taxes (EBIT) (PI/APM) are adjusted for non-recurring effects. Back calculations of the financial result and income taxes are used to balance out 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 the information provided by the APMs on operating activities. 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, severance expenses, and other effects, including costs for the implementation of efficiency programs. To derive the adjusted EBIT margin (PI/APM), the adjusted EBIT thus determined is shown in relation to revenue.

RENK provides an indication of future distribution potential through adjusted net income (PI/APM), taking into account the available equity of RENK Group AG. The profit or loss reported for the fiscal year is adjusted for non-recurring effects in line with the calculation of the adjusted EBIT, 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) recognized in the consolidated financial statements are key performance indicators for the RENK Group that impact the company’s appeal on the capital market. By referencing a performance indicator including earnings contributions that we do not use as a basis for managing and monitoring operating activities, we highlight the need for management to also focus on non-recurring effects. The adjusted profit/loss after tax is also a parameter for variable management remuneration.

Starting from the fiscal year 2025, RENK will establish ROCE (Return on capital employed) (PI/APM) as one of the most important return on investment figures for the Group. Therefore, this will be reported for the first time for the year 2024 under review. ROCE is calculated by setting adjusted EBIT 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 6.3 Financing and liquidity analysis).

2.4 Liquidity

The RENK Group’s liquidity is determined by the ability to generate a positive net cash inflow. We use free cash flow (PI/APM) as a measure of this. Depreciation and amortization, interest paid, income taxes, and investment payments are added to EBIT for calculation purposes. Free cash is reduced by an increase in NWC (PI/APM) and increased by a decline in NWC. Other reconciliation items include changes to provisions, provided these are not attributable to NWC, and other minor cash and non-cash effects.

Capital efficiency and thus NWC management are central to RENK. This is the sum of trade receivables, contract assets, and inventories minus 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). In the future, the cash conversion rate (CCR; PI/APM) will be added as an additional indicator. For the calculation of the CCR, the adjusted profit/loss after tax is shown in relation to the free cash flow. Furthermore, particular focus is placed on the scope of inventory assets, the appropriateness of which is assessed on the basis of the ratio of inventory assets to revenue (PI/APM). Both key figures will be reported for the first time for the year 2024 under review.

Managing long-term capital employed is key to ensuring an efficient overall capital base. Here, RENK focuses on investment payments 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 productive capital base this requires.

For liquidity management purposes, RENK is currently also focusing 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 long-term financial debt and lease liabilities, less cash and cash equivalents.

2.5 Non-financial 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 sustainability strategy 2025 and translated into key fields of action. In the fiscal year 2024, the focus was on establishing a sustainability-related reporting system to meet the requirements introduced by the Sustainability Reporting Directive (Corporate Sustainability Reporting Directive, CSRD) (Directive (EU) 2022/2464) and the amended Accounting Directive (Directive 2013/34/EU). The implementation was based on a project plan, the successful implementation of which ("CSRD Readiness"; PI/APM) RENK had set as a goal for the last fiscal year. Since RENK will not have access to sustainability-related ESG ratings in the foreseeable future due to a change in its range of services, the Supervisory Board has replaced the performance measurement based on a corresponding score (formerly: PI/APM) with the target of "Increasing the proportion of women in management positions to 20% by 2030" (PI/APM).

3. Business performance in the fiscal year

3.1 Overall Executive Board assessment of the current economic situation

The fiscal year 2024 has developed extremely positively and has set an excellent course for the areas of growth, profitability, and liquidity. RENK recorded a significant increase in incoming orders and was thus able to distinguish itself in a remarkable way, contrary to global and national economic trends. The VMS segment and its military propulsion solutions proved to be the strongest pillar in this regard. Order processing benefited from the already high order backlog from the previous year and could be significantly accelerated. This resulted in Group revenue that is slightly above the forecast value at € 1,140.5 million (previous year: € 925.5 million). The adjusted EBIT has also developed very positively and is now at the upper end of the forecast at € 189.2 million (previous year: € 150.0 million). Due to the increased physical output, production-related fixed cost reduction effects could be achieved. In addition, high-margin new business and the aftermarket made a significant contribution to increased profitability, which provided a strong counterbalance to rising administrative costs. These result from the Group's growth strategy. The adjusted EBIT margin at the end of the fiscal year, at 16.6 % (previous year: 16.2 %), is also within expectations.

Due to the excellent order situation, there was a build-up of inventories for pre-products, which could not be fully offset by customer payments received. This led to an increase in NWC, but due to the sharply increased sales volume, to a decrease in the ratio of NWC to revenue of 24.9 % (previous year: 26.8 %). The free cash flow has more than quadrupled in the fiscal year and amounts to € 87.4 million (previous year: € 21.1 million). The investment payments made amounting to €30.9 million in relation to the sharply increased consolidated sales revenue were slightly below the benchmark of 3% at 2.7 % (previous year: 3.0 %). These were mainly attributable to production facilities and intangible assets. At the end of the reporting period, net debt amounts to a value of 1.7 x, after 2.4 x the previous year. The reduction is primarily due to the significantly increased cash and cash equivalents, which benefited from customer prepayments in addition to operational performance.

On February 18 and 19, 2024, RENK successfully refinanced its long-term debt. The € 520 million corporate bond (senior secured notes with a coupon of 5.75% and maturity in 2025) was redeemed early on February 20, 2024 and replaced by a floating rate loan of € 525 million (Term Loan B ("TLB")) from a consortium of banks. The TLB has a term of 5 years and is secured by a € 450 million multi-currency guarantee facility and a € 75 million revolving credit facility, which will remain unused until further notice. This was accompanied by the termination of the existing guarantee facilities under the senior facilities agreement ("SFA") from 2020. The variable base interest rate of the Term Loan B was fixed for a large part of the corresponding volume for three years with effect from February 26, 2024 by means of an interest rate swap.

Comparison to forecasted PI 2024

in € millions	2023	Initial Forecast 2024	Upwards narrowed forecast 2024	Result 2024	Evaluation
Consolidated Revenue	925.5	1,000.0-1,100.0	~1,100.0	1,140.5	fulfilled
Adjusted EBIT	-	~160-190	~175-190	189.2	fulfilled
Adjusted EBIT-Margin	16.2 %	16 -18 %		16.6 %	fulfilled

3.2 Significant developments and events affecting business performance

As well as general macroeconomic conditions, trends in military and civilian end markets are also crucial to RENK. According to the International Monetary Fund (IMF), the trend of subdued global growth continued in 2024 and could stabilize at a level of 3.3% p.a. in 2025 and 2026. However, this overall development is based on divergent developments in individual economies. Thus, the growth rate of the developed economies, which represent the central customer markets for RENK, averaged 1.7% in 2024 and is expected to increase by a maximum of 0.2 percentage points in 2025 and 2026. Germany recorded a contraction in economic output of 0.2% over the same period, but could initiate a turnaround with a slight growth of 1.1% by the year 2026. The IMF does not expect any growth impulses in the euro area that would be above the global average. The United States is currently showing relative strength, with growth of 2.8% in 2024, which is expected to decline to 2.1% by 2026, thereby also losing momentum. Emerging and developing countries, like the rest of the global economy, are in a sideways trend, but at a higher level of up to 4.4% growth per year.

The restrained global economic growth has coincided with a phase of tighter monetary policy by the most important central banks, which are seeking to reduce inflation and inflation risks. At the same time, this, in combination with general geopolitical stress factors, the Ukraine war, crises in the Middle East, persistently high debt ratios even in developed economies such as the USA, as well as strained trade relations and routes, resulted in growth-reducing uncertainties. The German Machinery and Equipment Manufacturers Association (VDMA) nonetheless anticipates a weak recovery, which, however, risks ending before it can fully unfold due to the introduction of protectionist customs regimes. Debt-financed economic stimulus programs or compensatory relief for consumers could give new momentum to inflation trends that were previously believed to have been overcome, thereby calling into question monetary policy easing.

As in the previous year, RENK was able to successfully counteract these challenging conditions. The basis for this is the continued economic boom in military applications, which has developed in the wake of the Ukraine conflict and the tensions between China and Taiwan, or the USA, and which aims to strengthen defense capabilities. Moreover, with the inauguration of the new U.S. administration, renewed emphasis was placed on the 2% target for national defense spending, and target values of up to 5% of the gross domestic product were articulated as the future measure of national efforts by alliance partners. Given the positive development of the total order intake at RENK, it is currently not expected that fiscal and monetary policy restrictions will have an immediate impact on defense budgets in light of geopolitical risks. This applies in particular to countries that have repeatedly fallen behind the 2% target and therefore have structural investment deficits.

4. Results of operations

4.1 Order intake and revenue

	Order intake				Revenue			
	Fiscal year		Change		Fiscal year		Change	
in € millions	2023	2024	in €	in %	2023	2024	in €	in %
VMS	798.1	1,015.0	216.8	27.2	528.4	699.0	170.6	32.3
M&I	368.4	307.3	(61.1)	(16.6)	296.3	329.8	33.5	11.3
SB	120.9	132.7	11.8	9.8	110.9	124.8	14.0	12.6
Total segments	**1,287.5**	**1,455.0**	**167.5**	**13.0**	**935.6**	**1,153.7**	**218.1**	**23.3**
Reconciliation consolidated financial statements	(11.0)	(13.1)	(2.1)	19.1	(10.1)	(13.2)	(3.1)	30.4
RENK	**1,276.5**	**1,441.9**	**165.4**	**13.0**	**925.5**	**1,140.5**	**215.0**	**23.2**

RENK has impressively confirmed its previous growth trend. Compared to the previous year, the order intake increased from € 1,276.5 million to € 1,441.9 million. This development was driven to an outstanding degree by the VMS segment, to which, thanks to a strong increase of € 216.8 million or 27.2 %, an order intake of € 1,015.0 million is attributable. The demand for propulsion solutions for tracked vehicles and complementary services dominates this trend. With € 307.3 million, the order intake in the M&I segment remains €61.1 million behind the previous year. The latter, however, was characterized by a high order intake in the marine sector. The level achieved in the fiscal year therefore represents an unchanged high level of demand. The SB segment continues its steady growth path with an increase of 9.8 % and an order intake of € 132.7 million. This development is largely due to demand in the spare parts business for bearings for electric motors and generators, as well as for marine applications.

The Group's sales revenue recorded strong growth of € 1,140.5 million compared to € 925.5 million the previous year, which emphatically underlines the existing trend, given a growth rate of 23.2 %. At € 699.0 million, or a sales increase of 32.3 %, VMS made a decisive contribution which is almost equivalent to a quadrupling of the sales growth compared to the previous year. The basis for this was primarily increased output volumes at the Augsburg site and their stabilization at the Muskegon (MI), USA site. Across all segments, but especially in the VMS sector, intensified aftermarket activities contributed to the positive trend. At the end of the fiscal year, VMS accounted for a share of revenue of 61.3 %(previous year: 57.1 %). The sales revenue of the M&I segment was once again able to be significantly increased by 11.3 % to € 329.8 million (previous year: € 296.3 million). This was due to new business, which contracted in the previous year, aftermarket demand, and operational improvements that enabled faster order processing. In summary, this more than compensated for the subdued demand for industrial applications. An increase of € 14.0 million led to strong SB growth of 12.6 %, resulting in a total sales volume of € 124.8 million (previous year: € 110.9 million). The product demand thus expressed primarily targets bearings for electric motors, generators, and marine applications. In addition, after-sales support in the form of spare parts deliveries also developed positively. Consolidated intersegment revenue essentially relates to intragroup deliveries.

Order backlog

Order Backlog

	Fiscal Year		Change	
in € millions	**2023**	**2024**	**in €**	**in %**
Fixed order backlog	1,780.0	2,079.7	299.7	16.8
Frame order backlog	585.8	644.2	58.4	10.0
Soft order backlog	2,277.8	2,236.1	-41.7	-1.8
Total order backlog	**4,643.6**	**4,960.1**	**316.4**	**6.8**

RENK has closed the fiscal year with a remarkable fixed order backlog of € 2,079.7 million (previous year: € 1,780.0 million). The significant increase of € 299.7 million or 16.8 % confirms the previous growth trajectory and lays the foundation for the earnings development of subsequent years. VMS accounted for 76.1 % (previous year: 71.5 %), M&I for 20.5 % (previous year: 25.0 %) and SB for 3.4 % (previous year: 3.5 %). As in the previous year, the strong growth relates to customers seeking military products. The medium-term frame order backlog based on master agreements and previous customer trends totaled € 644.2 million at the end of the fiscal year (previous year: € 585.8 million). 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 € 2,236.1 million for the medium-term planning horizon (previous year: € 2,277.8 million). Sales of military vehicles in VMS again offer the most significant prospects of future customer orders

4.2 Profitability

Profitability

	Fiscal Year		Change	
in € millions	2023	**2024**	in €	in %
Adjusted EBIT	**150.0**	**189.2**	**39.2**	**26.1**
VMS	106.4	139.5	33.1	31.1
M&I	28.4	34.9	6.5	22.8
SB	17.3	21.4	4.1	23.7
Reconciliation consolidated financial statement	(2.0)	(6.6)	(4.6)	225.3
Adjusted EBIT Margin	16.2%	16.6%	n/a	0.4 p.p.
VMS	20.1%	20.0%	n/a	(0.2) p.p.
M&I	9.6%	10.6%	n/a	1.0 p.p.
SB	15.6%	17.2%	n/a	1.5 p.p.
Adjustments (seperate table)	(61.0)	(73.2)	(12.1)	19.9
EBIT	89.0	116.0	27.0	30.4
VMS	104.8	125.4	20.6	19.6
M&I	25.3	32.2	6.8	27.0
SB	16.8	21.4	4.6	27.5
Reconciliation consolidated financial statement	(58.0)	(62.9)	(5.0)	8.6
EBIT Margin	9.6%	10.2%	n/a	0.6 p.p.
VMS	19.8%	17.9%	n/a	(1.9) p.p.
M&I	8.5%	9.8%	n/a	1.2 p.p.
SB	15.2%	17.2%	n/a	2.0 p.p.
Financial result	**(42.4)**	**(21.3)**	**21.1**	**(49.7)**
Profit (+) / loss (-) before tax	**46.6**	**94.7**	**48.1**	**103.3**
Income taxes	**(14.3)**	**(39.9)**	**(25.7)**	**179.7**
Profit (+) / loss (-) after tax[1]	**32.3**	**54.8**	**22.4**	**69.4**
Adj. Net Income	**76.4**	**103.1**	**26.7**	**35.0**
Basic earnings per share (€)	**0.32**	**0.53**	**0.21**	**65.6**
Diluted earnings per share (€)	**0,32**	**0,53**	**0,21**	**65.6**

[1)] Including the share of profit of non-controlling shareholders amounting to € 1.4 million.

The profitability of the Group-wide growth trend is reflected in an EBIT of € 116.0 million (previous year: € 89.0 million), which translates to a Group-wide EBIT margin of 10.2 % after 9.6 % in the previous year. Together with the sales development, the fixed cost degression due to higher output, efficiency improvements, and the gross margins of the product mix achieved made a decisive contribution. These success factors were primarily concentrated in the VMS segment, which accounted for almost two thirds of the overall development (before Group reconciliation), with an EBIT increase of € 20.6 million to € 125.4 million (previous year: € 104.8 million). Burdens arose from increased administrative costs on the occasion of the IPO and subsequently for the development of corporate functions, which take account of the growth strategy. The Group's gross profit rose to € 279.7 million (previous year: € 208.7 million), a substantial increase of 34.0 % as against the previous year. In line with the growth in sales, distribution expenses increased by 19.4 % to €61.8 million (previous year: €51.7 million). The increased administrative expenses amounted to

€96.9 million (previous year: €66.0 million) at the end of the fiscal year. In addition to the costs for corporate functions, these expenses include the implementation of efficiency programs, the IPO, as well as strategic consulting services related to financial, regulatory, and M&A projects.

The positive EBIT development of the VMS segment resulted in an EBIT margin of 17.9 % (previous year: 19.8 %). The significant decline is primarily due to the reversal of the warranty provision in the same period last year. Without this effect, the EBIT margin of the previous year would have been 18.2%, which would have resulted in a correspondingly smaller decline of 0.2 percentage points, and the profitability of this year's growth would have become more apparent. With a share of 18.0 % (before Group reconciliation), M&I generated EBIT of € 32.2 million (previous year: € 25.3 million). The increase of 27.0 % is the result of margin improvements in all business areas. As a result, this led to an EBIT margin of 9.8 % (previous year: 8.5 %). As a result of an increase of 27.5 %, the SB segment achieved EBIT of € 21.4 million (previous year: € 16.8 million). This resulted in an EBIT margin of 17.2 % (previous year: 15.2 %), which is above the Group average. In addition to the sales development, this improvement in results is attributable to higher contribution margins in new business and the strong emphasis on high-margin aftermarket activities.

Adjustments

	Fiscal Year		Change	
in € millions	2023	2024	in €	in %
Effects of purchase price allocations	46.9	43.9	(3.0)	(6.3)
M&A activity related costs	2.0	1.9	(0.0)	(1.2)
Capital market readiness costs	3.1	1.6	(1.5)	(48.8)
Severance provision	1.7	0.8	(0.9)	(54.4)
Inflation compensation premium	3.5	-	(3.5)	(100.0)
Other adjustments	3.9	25.0	21.1	> 200,0
Adjustments Total	**61.0**	**73.2**	**12.1**	**19.9**

At € 43.9 million (previous year: € 46.9 million), the adjustments are mainly attributable to the effects of purchase price allocations, which mainly relate to depreciation and amortization of fixed assets and are allocated to the reconciliation to consolidated financial statements. In addition to M&A activities, which remained at the previous year's level, the measures taken in the 2023 fiscal year and continued in the year under review to align the Group with the requirements of the capital market resulted in costs amounting to € 1.6 million (previous year: € 3.1 million). Expenses for termination benefits declined by € 0.9 million year-over-year to € 0.8 million and are predominantly related to persons who left the Group's management level in the fiscal year. The other adjustments include costs for implementing efficiency programs amounting to € 11.6 million. In addition, € 1.4 million was spent on consulting services for the refinancing of long-term financial liabilities. The remaining other adjustments mainly concern consulting services for individual smaller matters.

RENK achieved an adjusted EBIT of € 189.2 million (previous year: € 150.0 million), which represents an increase of 26.1 % and is even stronger than the revenue growth. All segments contributed to this outstanding development. VMS reported a substantial increase of €33.1 million to € 139.5 million with a stable adjusted EBIT margin of 20.0 % (previous year: 20.1 %). M&I was also able to significantly increase its adjusted EBIT by 22.8 % to € 34.9 million (previous year: € 28.4 million). Overall, this resulted in a substantial lift in M&I's adjusted EBIT margin to 10.6 % (previous year: 9.6 %). The SB segment is not lagging behind this development, with an adjusted EBIT margin of 17.2 % (previous year: 15.6 %). The basis for this was once again a strong increase in adjusted EBIT of 23.7 % to € 21.4 million (previous year: € 17.3 million).

RENK was able to significantly increase its profit after tax by 69.4 % to € 54.8 million (previous year: € 32.3 million). The € 2.0 million increase in interest expense of €41.8 million (previous year: €39.8 million) due to interest payments and the payment of the early redemption compensation for the previously existing bond was more than offset by the positive other financial result of € 20.5 million (previous year: € -2.6 million). This is predominantly due to exchange rate changes on liabilities in the year under review. Overall, this leads to a significantly improved financial result of € -21.3 million (previous year: € -42.4 million). Please refer to Note *11. Income tax expense to the Consolidated Financial Statements for information on the development of income taxes*. The adjusted profit after tax amounts to € 103.1 million (previous year: € 76.4 million). The ROCE for the 2024 fiscal year is 19.7% (previous year: 15.9 %).

5. Net assets

RENK ended the fiscal year with total assets of € 1,589.2 million (previous year: € 1,472.6 million), which is 45.1 % attributable to non-current assets and 54.9 % attributable to current assets.

Assets

	Fiscal Year		Change	
in € millions	2023	2024	in €	in %
Total non-current assets	**735.7**	**717.2**	**(18.5)**	**(2.5)**
thereof				
Intangible assets	383.9	360.5	(23.4)	(6.1)
Property, plant and equipment	319.0	320.7	1.7	0.5
Total current assets	**736.9**	**872.0**	**135.1**	**18.3**
thereof				
Inventories	326.2	391.2	65.0	19.9
Trade receivables	163.3	163.6	0.3	0.2
Contract assets	96.6	114.9	18.3	19.0
Cash and cash equivalents	102.2	164.3	62.1	60.7
Total assets	**1,472.6**	**1,589.2**	**116.6**	**7.9**

At 95.0 % (previous year: 95.5 %), long-term committed capital predominantly consisted of intangible assets 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 in particular allocated to goodwill and intangible assets and property, plant and equipment.

At € 391.2 million (previous year: € 326.2 million), inventories accounted for 44.9 % (previous year: 44.3 %) of short-term committed capital. The strong increase was primarily due to the acquisition of pre-products for a major order from the VMS segment at the Muskegon site in the USA. The ratio of inventories to sales revenue is 34.3 %. Trade receivables developed in a stable manner compared to the previous year and amount to € 163.6 million (previous year: € 163.3 million). In contrast, contract assets increased significantly by 19.0 % to € 114.9 million (previous year: € 96.6 million), which is in line with the sales growth of the fiscal year. The cash and cash equivalents increased mainly due to the significantly increased operating cash inflow, which clearly exceeds the payouts for capital expenditures and financing activities in the 2024 fiscal year.

Liabilities

	Fiscal Year		Change	
in € millions	2023	2024	in €	in %
Total equity	**403.9**	**446.7**	**42.8**	**10.6**
Total non-current liabilities	**661.3**	**663.9**	**2.6**	**0.4**
therein				
Non-current financial liabilities	527.5	527.2	(0.3)	(0.1)
Non-current contractual liabilities	44.1	39.0	(5.1)	(11.6)
Other non-current provisions	11.0	12.1	1.1	10.0
Total current liabilities	**407.4**	**478.6**	**71.3**	**17.5**
therein				
Trade payables	123.6	117.0	(6.7)	(5.4)
Current contractual liabilities	171.8	231.4	59.5	34.6
Other current provisions	40.3	40.0	(0.3)	(0.7)
Other current liabilities	38.5	51.1	12.6	32.7
Total liabilities	**1,472.6**	**1,589.2**	**116.6**	**7.9**

At the end of fiscal year, the total equity amounts to € 446.7 million (previous year: € 403.9 million) and the equity ratio amounts to 28.1 % (previous year: 27.4 %). In addition to the result for the fiscal year, this significant increase results primarily from revaluations of performance-based pension plans and less the dividends paid made in the amount of € 30.0 million. The long-term liabilities represent 41.8 % of the total assets and amount nominally to € 527.2 million in financial liabilities, which served to finance the purchase price of the former RENK AG and RENK America. The total equity and long-term liabilities thus clearly exceed the long-term assets. Net debt amounted to 1.7 x in the fiscal year (previous year: 2.4 x) and was reduced due to operating cash inflows and customer payments received.

Short- and long-term contract liabilities amount to € 270.4 million (previous year: € 216.0 million). The increase of € 59.5 million reflects a higher volume of customer payments for deliveries and services to be provided in the short term. The other long- and short-term provisions amounting to € 52.1 million (previous year: € 51.3 million) mainly relate to the loss allowance for warranties and obligations to employees.

6. Financial position

6.1 Principles and objectives of financial management

RENK's financial management is performed centrally by the Treasury function. The aim of central financial management is to ensure sufficient liquidity at all times, 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*, as well as to section *A 8. Report on the internal control and risk management system and significant risks and opportunities* in the management report.

6.2 Analysis of cash flow and capital expenditures

Free Cashflow

	Fiscal Year		Change	
in € millions	**2023**	**2024**	**in €**	**in %**
EBIT	89.0	116.0	27.0	30.4
Amortisation and depreciation of intangible assets and property, plant and equipment (incl. PPA amortisation and depreciation)	78.6	77.0	(1.5)	(2.0)
EBITDA	**167.5**	**193.0**	**25.5**	**15.2**
Interest received	**3.2**	**1.7**	**(1.5)**	**(47.8)**
Interest payments	**(29.9)**	**(52.0)**	**(22.1)**	**73.9**
Income tax payments	**(28.2)**	**(24.0)**	**4.1**	**(14.7)**
Change in net working capital	**(41.4)**	**(31.1)**	**10.2**	**(24.8)**
Change in inventories	(41.2)	(63.5)	(22.2)	53.9
Change in trade receivables and current assets	(47.8)	(15.0)	32.8	(68.6)
Change in trade payables	55.4	(6.7)	(62.0)	(112.0)
Changes in contract liabilities and liabilities from customer prepayments	(7.7)	54.0	61.7	< -200,0
Investments in property, plant and equipment and intangible assets	**(28.1)**	**(30.9)**	**(2.8)**	**10.1**
Other	**(22.1)**	**30.8**	**52.9**	**< -200,0**
Free Cashflow	**21.1**	**87.4**	**66.3**	**> 200,0**

The development in free cash flow was substantially positive compared to the previous year. The change from a net cash inflow of € 21.1 million in 2023 to € 87.4 million in the fiscal year 2024 essentially related to the significantly increased EBIT, the € 10.2 million less increased NWC compared to the previous year, as well as positive other effects amounting to € 30.8 million, including payments from cost reimbursements in connection with the IPO and the increase in pension obligations. A contrary development was seen in interest payments of €52.0 million (previous year: €29.9 million), which increased significantly by €22.1 million due to interest payments and prerepayment penalities for the corporate bond that was redeemed on February 20, 2024.

The increase in NWC of €31.1 million primarily results from the increase in inventories by €63.5 million. These are mainly attributable to pre-products used to settle a major order in the VMS segment at the Muskegon/USA site. At the end of the reporting year, the Group also received significant customer payments. In total, including the changes in contract liabilities, this resulted in a countervailing effect of € 54.0 million. The increase in trade receivables and contract assets of €15.0 million is in line with the significantly higher revenue. The trade payables decreased as of the the reporting date by €6.7 million (previous year: increase by € 55.4 million). As a result, the NWC in relation to revenue amounts to 24.9 % (previous year: 26.8 %) and was thus reduced by 1.9 percentage points compared to the previous year.

The investment payments for intangible and tangible assets amounting to €30.9 million (previous year: €28.1 million) in the fiscal year relate to production facilities as well as the acquisition of intangible assets from QinetiQ Ltd, Hampshire/UK. The investment payments for intangible and tangible assets in relation to revenue amounts to 2.7 % (previous year: 3.0 %). The reduction in this ratio is due to the significantly higher increase in revenue compared to investment payments.

The CCR, as a ratio of adjusted earnings after taxes in relation to free cash flow, amounts to 84.8 % for the fiscal year 2024. Inventories in relation to sales revenue amount to 34.3 % as of the end of the reporting period.

6.3 Financing and liquidity analysis

Change in cash and cash equivalents

	Fiscal Year		Change	
in € millions	2023	2024	in €	in %
Cash and cash equivalents at the beginning of the fiscal year	**158.7**	**102.2**	**(56.5)**	**(35.6)**
Cash flow from operating activities	76.2	168.6	92.5	121.4
Cash flow from investing activities	(57.2)	(23.7)	33.5	(58.5)
Cash flow from financing activities	(80.0)	(89.0)	(9.0)	11.2
Other changes in cash and cash equivalents	4.6	6.2	1.6	33.9
Change in cash and cash equivalents in fiscal year	**(56.5)**	**62.1**	**118.6**	**(210.0)**
Change in cash and cash equivalents at the end of the fiscal year	**102.2**	**164.3**	**62.1**	**60.7**

In the past fiscal year, RENK generated a positive cash flow from operating activities of € 168.6 million (previous year: € 76.2 million). This strong increase, measured against the development in sales, is due to significantly increased operational performance. In addition, customer prepayments had a positive effect, which was able to partially offset the increase in inventories by €63.5 million.

The cash flow from investing activities amounted to € -23.7 million (previous year: € -57.2 million) and, in addition to payments for production facilities and intangible assets, particularly the acquisition of the rights from QinetiQ, also included the inflow of previously restricted cash amounting to € 5.2 million. In the previous year, investment payments were also dominated by the acquisition of General Kinetics.

In addition to the €22.1 million higher interest payments of €52.0 million compared to the previous year, the dividends paid in the amount of € 30.0 million led in particular to negative cash flows from financing activities. In the fiscal year, RENK also refinanced its long-term financial debt. The corporate bond amounting to € 520 million was redeemed early in February 2024 and replaced by a floating loan of € 525 million from a consortium of banks.

In the fiscal year, the cash flow from operating activities exceeded the payouts for capital expenditures and financing activities. Taking into account currency effects, cash and cash equivalents therefore increased by €62.1 million to € 164.3 million.

7. Report on expected developments

In the fiscal year 2024, the global security situation continued to be subject to considerable uncertainties, partly exacerbated by escalating crises in the Middle East. The geopolitical tensions therefore continue at a high level and could intensify in view of the conflict potential between China and Taiwan or the USA. At the same time, there is an increased risk of terrorism and the risk of political instability in the affected regions. Moreover, with the inauguration of the new U.S. administration, renewed emphasis was placed on the 2% target for national defense spending, and new target values of up to 5% of the gross domestic product were articulated as the future measure of national efforts by alliance partners. The business of the RENK Group is largely dependent on defense 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 for defense spending, the Group anticipates a protracted growth phase in defense spending and procurement activities. Uncertainties for the global economy and the Group's business performance arise from the possible introduction of tariffs on RENK products and required input factors, which could be imposed at the instigation of and as a countermeasure to any plans of the Trump administration. However, the short-term forecasts for the fiscal year 2025 are based on the assumption that RENK will neither be exposed to nor will benefit from significant effects of uncertainty or rising defense spending beyond contractual customer orders and the associated production costs in the fiscal year 2025. Nevertheless, the risk of tariff-induced forecast deviations is increasing. 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 defense budget, the sanctions and export controls imposed by the EU, the USA, the United Kingdom, Canada, Japan, and other nations on Russian and Belarusian individuals, companies and organizations, some of which have been tightened, continue to exert a negative influence on the global economic framework conditions, also driven by Russia's countermeasures. Even though the prices for fossil fuels in particular declined in the fiscal year 2024, there is a risk of rising inflation due to a renewed shortage of raw materials and intermediate products due to the disruption of supply chains, the introduction of customs regimes, impairments of trade relations and -routes or the formation of new economic or military alliances. For the fiscal year 2025, RENK assumes that it will not be exposed to any significantly negative effects of the aforementioned sanctions policy or any consequences that may indirectly result from it.

Military procurement programs and arms exports are subject to political decision-making, which directly impacts the company's business operations. Political developments, such as changes of governments, sanctions, and trade policy in addressable markets such as the EU, UK, and USA, 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 UK, Switzerland, Canada, and the USA can have a substantial effect on the Group's business activities. As a global manufacturer of propulsion solutions for various civilian and military applications and end markets, the Group abides by all applicable laws and regulations in the respective countries. These regulations cover areas such as data protection, environmental protection, competition, taxation, employment or export control, among others. 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 countries most relevant to its business activities will not have any negative effects compared to the fiscal year 2024. 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 globally active manufacturer of propulsion solutions for various civilian and military end markets, the Group's business activities are subject to fluctuations in the global economy, particularly in the case of 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 2025 are based on the assumption that none of the Group's significant orders will be cancelled or delayed.

The majority of the Group's business activities take place in highly competitive markets such as Germany and the USA, as well as South Korea, the Middle East, and China, which are affected by changes in market penetration, price competition, as well as the development and introduction 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 the fiscal year 2024 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 forecast for the fiscal year 2025 assumes that supply chain restrictions will not have any negative effects on RENK's business activities and that the necessary raw materials and components for processing will be available as needed and in appropriate quality. The foundation for this is formed by unaltered supplier relationships.

The Group's production processes rely on raw materials such as steel, aluminum, and tin, as well as on supplier 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 the fiscal year 2024. Therefore, no material 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 fiscal year 2025, the Group assumes that no noticeable personnel shortages will occur, which would have negative effects on the fulfillment of obligations towards 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

	31.12.2024	31.12.2025
US dollar	1.10	1.11
Swiss franc	0.90	0.90
British pound	0.91	0.87
Chinese yuan	7.98	7.76
Canadian dollar	1.51	1.53

Beyond the underlying conditions and assumptions on which the outlook for fiscal year 2025 is based, RENK assumes that there will be no unforeseen events that could lead to significant or lasting restrictions in the Group's ongoing business operations.

In consideration of the above forecast assumptions, RENK expects a further significant increase in Group sales to over €1.3 billion and adjusted EBIT of between €210 million and €235 million in fiscal year 2025.

The average order intake for the financial years 2023 to 2025 is expected to be significantly higher than the average of €1,235.0 million for the financial years 2022 to 2024. The development of the key performance indicators in all three segments is largely driven by the sectors in which they operate.

The forecasts for Group revenue and adjusted EBIT for the financial year 2025 and the respective starting point (before the effects of the changed geopolitical situation) are summarized in the table below.

Forecast 2025

	2024	Forecast 2025
Consolidated Revenue (in € billions)	1.1	> 1,3
Adjusted EBIT (in € millions)	189.2	~210.0-235.0

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

8.1 Key features of the internal control system*

The internal control system (ICS) represents an organizational framework that aims to ensure the accuracy of financial reporting and the associated financial and sustainability reporting, as well as the effectiveness and efficiency of business processes, to guarantee compliance with legal regulations and to protect assets from loss or misuse. As an integral part of the corporate structure of the RENK Group, the ICS forms an essential foundation for governance and the transparent flow of business processes.

The Group-wide ICS is based on the internationally recognized conceptual framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO ICS was adapted to the specific characteristics and individual circumstances of the Group to ensure seamless integration and tailored implementation.

As one of its duties of care, the Executive Board has overall responsibility for the Group's ICS, which includes promoting awareness of the ICS, providing sufficient resources for the implementation and maintenance of the ICS, and monitoring the effectiveness of the ICS. The directors of the subsidiaries are also obliged to observe due diligence obligations and ensure the implementation and maintenance of an effective ICS in their companies. In addition to the Executive Board, the Supervisory Board of RENK Group AG ensures the monitoring of effectiveness. Within the Supervisory Board of RENK Group AG, the Audit Committee, which acts as an independent supervisory body, assumes this function.

The RENK Group's accounting-related ICS is specifically aimed at ensuring the correctness of financial reporting (correct presentation of the financial position, net assets, and results of operations) and aims to ensure the 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 key accounting processes as well as relevant functional processes. In addition to the accounting-related processes, these processes include purchasing, sales, measurement of inventories, and personnel, insofar as these have an impact on financial reporting. Furthermore, the non-financial ICS of the RENK Group is intended to ensure the completeness and accuracy of the required key performance indicators and additional disclosures in accordance with the requirements of the CSRD. The non-financial ICS also covers the disclosure requirements in accordance with the EU Taxonomy Regulation.

Annual structural and functional tests have been implemented to monitor the adequacy and effectiveness of these controls.

The operational powers for all ICS-related activities lie with the centrally appointed ICS Group Coordinator, who supports the Executive Board of the RENK Group. The Coordinator defines the scope of the accounting-related ICS in a two-stage approach that includes company and process scoping. For the non-financial IKS, on the other hand, the sustainability-related reporting metrics relevant after the double materiality assessment are evaluated for error susceptibility and process complexity in order to identify risks and controls relevant to the ICS. An annual review of the scope of application ensures that changes in the ICS are taken into account. At the level of the respective companies, local ICS managers act as the primary contact persons for the coordination of the ICS.

Compliance with statutory regulations, including the timely preparation of the annual and consolidated financial statements of the RENK Group including sustainability reporting, is ensured by policies, rules, and analyses at Group and company level.

* This section, marked with *, contains disclosures typical of a management report, which also address the disclosure requirements in accordance with ESRS 2 GOV-5.36(a)(b) and ESRS 2 IRO-1.53 (c).

The following key measures have been implemented within the Group's accounting-related ICS:

- Guidelines to inform subsidiaries about relevant topics for preparing financial statements
- A detailed schedule and timeline for the preparation of the annual financial statements
- Controls in the process of preparing annual and consolidated financial statements (analyses, plausibility assessments, etc.)
- Controls in the sustainability reporting process

The process of preparing the annual financial statements, consolidated financial statements and sustainability reports itself is secured, taking into account materiality aspects, by numerous controls at both local and central levels. This includes, among other things, automated controls, the two-person principle, plausibility checks, and supervisory controls. Furthermore, the ICS of the RENK Group takes into account the separation of functions, the transparency principle, and the principle of minimum information. These are tested in an annual rolling process to provide the Executive Board and Supervisory Board with a basis for decision-making on the appropriateness and effectiveness of the ICS.

The Executive Board receives an annual report from the ICS department, which includes details on the appropriateness and effectiveness of the processes and controls, identification of potential weaknesses and defined measures, as well as planned improvements or the current state of the ICS. In addition, the Executive Board reports to the Audit Committee once a year on the annual ICS cycle.

Despite the careful design and comprehensive application of the ICS within the RENK Group, inherent risks regarding its effectiveness remain due to subjective judgements or other factors.

For further details on risk management, the internal control system, the compliance management system, and the internal audit function, please refer to the section "11 Combined Corporate Governance Statement according to Section 289 f and Section 315 d German Commercial Code".

8.2 Risk and opportunity report*

Every company is exposed to opportunities and risks by engaging in entrepreneurial activities. The RENK Group systematically identifies, assesses, and manages potential risks and opportunities that can significantly impact business operations. In order to identify, assess, and manage risks at an early stage, the RENK Group has introduced a Group-wide risk management system, taking into account its risk strategy. An integral part of this is the risk early recognition system, which identifies and evaluates risks that endanger the company's assets and development, which are addressed through appropriate measures. The RENK Group describes risks as a potential danger that events, decisions or actions could hinder the achievement of defined goals of the Group or a segment. The risks are assessed in terms of their impact on the annual profit.

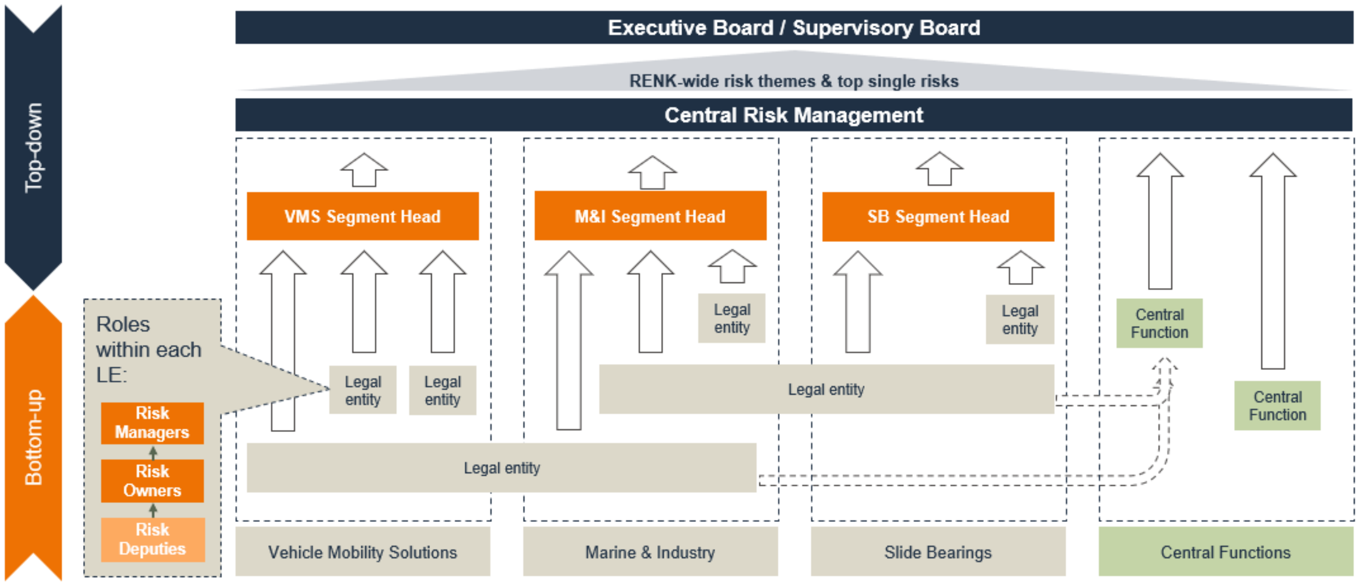
RENK deliberately takes risks in order to exploit market opportunities, provided that these make a decisive contribution to increasing the company's value and are in line with the company's objectives. Existential risks, on the other hand, are avoided or, if they are unavoidable, are minimized through appropriate measures. In order to ensure this, an effective risk early warning and risk management system (RMS) that provides relevant information for the management of the company at an early stage is essential. Similarly, the monitoring of risk tolerance, i.e. the maximum level of risk that the company can bear over time without jeopardizing its own survival, is a key factor in the RMS process.

The conscious examination of the identified opportunities and risks, as well as the regular monitoring of these, are intended to sharpen the awareness of opportunities and risks and ensure an ongoing improvement process. The RMS is based on a management-oriented enterprise risk management (ERM) approach and is aligned with the internationally recognized conceptual framework of COSO. To ensure optimal application and effectiveness, the system has been adapted to the individual circumstances of the Group.

* This section, marked with *, contains disclosures typical of a management report, which also address the disclosure requirements in accordance with ESRS 2 SBM-1.42 (a), (b), (c) and ESRS 2 IRO-1.53 (c).

As the Executive Board bears overall responsibility for the RMS, it is responsible for defining the structure and methodology, as well as the necessary measures for opportunity and risk management. In addition, the Executive Board reports to the Audit Committee of the Group at regular intervals. The ongoing review and updating of the RMS, as well as the implementation and monitoring of compliance with the Group-wide standards, have been delegated by the Executive Board to the Central Risk Management department.

The centrally established risk management acts as a link between the legal units, corporate functions and segments, the Executive Board and the Supervisory Board and is responsible for ensuring structured organizational and operational processes.

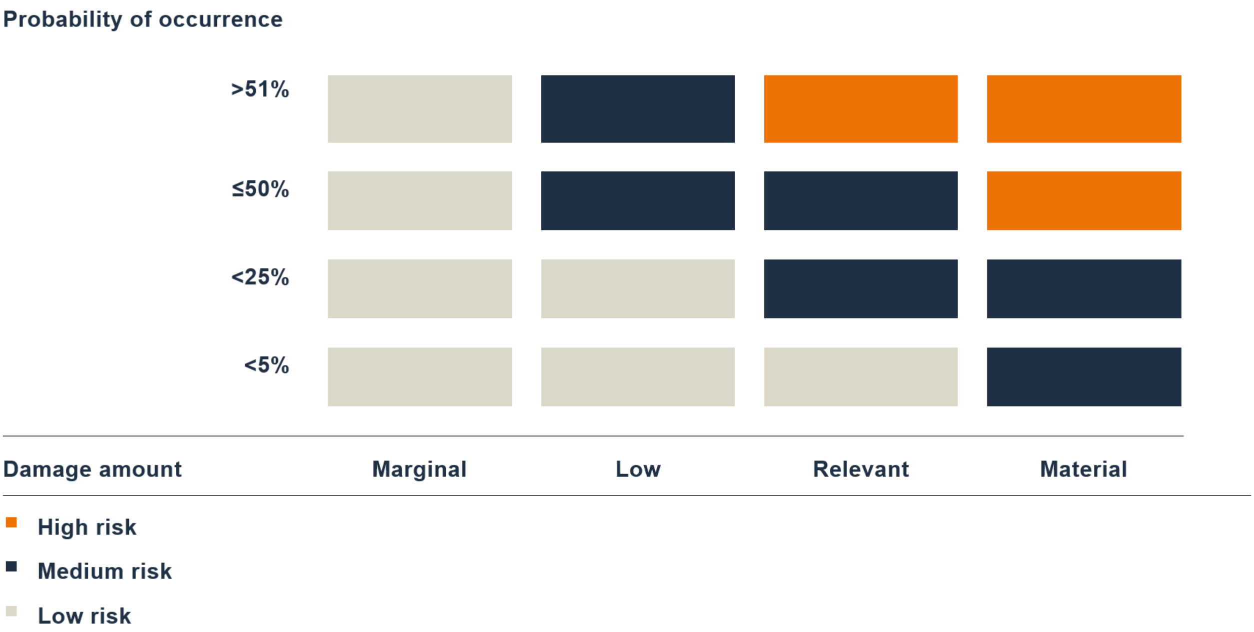


The RMS process consists of the phases of risk identification, assessment, and control, and is fundamentally relevant to all companies in the RENK Group, regardless of their size.

The risk identification of the RENK Group aims to comprehensively and systematically record all material risks of the Group, regardless of their nature. The Risk Owner and Risk Manager of the legal units or corporate functions are responsible for identifying risks and opportunities within their area of responsibility and competence (bottom-up approach). The focus is on short-term risks (within the next year); based on the requirements of the CSRD reporting, the timeline has been extended to include medium-term (one to five years) and long-term risks (greater than five years) (change compared to the previous year: the period under review in the previous year was essentially three years, up to ten years for strategic and ESG risks). In contrast, the risk cluster heads or segment managers validate and identify risks within the framework of a top-down approach for their respective field of expertise, and they also assess the interactions of risks for the RENK Group.
To identify risks, workshops, discussions with employees, as well as analyses of early warning indicators and financial key performance indicators are carried out, for example.

The RENK Group divides identified risks into seven clusters: strategic risks, operational risks, legal & compliance risks, reputation risks, technology & IT security risks, financial risks, and ESG risks. All risks must be assessed quantitatively, and as a minimum, qualitatively, in terms of their impact on the annual profit. Cumulative individual risks that may exceed the materiality threshold due to interdependencies must also be reported. The task of the risk manager is to assess whether risks that are considered immaterial on an individual basis could be material in an aggregated form. The risk consists of the potential extent of damage and the probability of occurrence. In the risk assessment, a distinction is made between gross and net assessment, whereby measures already taken can reduce the gross risk. The classification of the risks can be seen in the following risk matrix:

Risk assessment categories



Probability of occurrence	
in %	
< 5 %	Very unlikely
< 25 %	Unlikely
≤ 50 %	Possible
> 51 %	Likely

Amount of damage	
in € millions	
< 2	Marginal
2 - 5	Low
5 - 10	Relevant
> 10	Material

The net risk then represents the extent of the damage and the probability of occurrence, taking into account the damage mitigation and/or probability reduction measures already implemented by the reporting date. In order to manage the identified and assessed risks accordingly, the task of the risk owner is to initiate measures to avoid risks, to reduce the extent of damage and the probability of occurrence, to hedge the risks or to accept the risks. In order to consciously accept risks, it is necessary to determine the company-wide risk acceptance or willingness, as well as to coordinate with the risk managers, who must submit the matter to the central risk management. The final decision on risk acceptance is the responsibility of the Executive Board. The Board takes into account the risk tolerance in its decision-making process.

The risk tolerance determines the maximum risk value that the company or the Group can bear over time without endangering its own survival. The risk tolerance can therefore also be referred to as the "risk coverage potential" or "resilience" (= resistance) of a company.

The overall risk is the result of the aggregation of all short-term individual risks within the group of companies. An aggregation is necessary because developments that endanger the survival of the company can also result from the interaction of several risks, each of which, when considered in isolation, does not endanger the survival of the company. In the aggregation of risks, various recognized quantitative and qualitative measures can be applied. Due to the company's situation, RENK has decided to add together the sum of the expected loss values of all short-term individual risks. In order to adequately take into account the risk of the simultaneous occurrence of several risks and interdependencies, RENK has always used the highest percentage of the respective probability of occurrence as the basis for determining the respective expected loss values of the individual risks. Based on the aggregation carried out, there is no substantial risk to the company's continued operation.

As part of the biannual reporting process, the centrally established risk management consolidates the Group risks and reports to the Executive Board and Supervisory Board. Risks that occur unexpectedly and outside of the regular reporting cycles and have a particularly high level of damage are immediately reported to the centrally established risk management outside of the biannual risk process.

The overall risk report, which is prepared annually by the central risk management and approved by the Executive Board and Supervisory Board, forms the basis for external reporting and enables the Executive Board to assess the effectiveness of the RMS. The reporting also serves as the basis for the supervisory activities of the Supervisory Board.

The internal audit function incorporates reported risks into its risk-oriented audit approach and supports the monitoring of the implementation of control measures.

Significant risk areas

Based on the risk report submitted to the Executive Board of the RENK Group, the following risk situation exists as of the balance sheet date, which summarizes the key corporate risks from a Group perspective:

Significant risk areas

Risk clusters	Risk areas	Risk category	Changes from the prior year
Strategic risks	Merger & Acquisitions	Medium risk	new
	Strategic market risks	Medium risk	decreased
	Macroeconomic environment	Medium risk	unchanged
Operational risks	Production risk	Medium risk	increased
	Procurement	Medium risk	decreased
	Personnel	Medium risk	unchanged
Legal & compliance risks	Warranty and liability risks	Medium risk	decreased
	Compliance risks	Medium risk	decreased
Technology & IT-security	Cyber risks	Medium risk	decreased
Financial risks	Liquidity risk	Medium risk	increased
	Currency risk	Medium risk	unchanged
	Tax risks	Medium risk	unchanged
ESG risks	no significant risks		
Reputational risks	no significant risks		

In addition to the risks mentioned below, the RENK Group is exposed to industry-specific risks due to the nature of its business activities. The RENK Group and its performance reflect the spending behavior of the public sector in the respective countries and are naturally exposed to a competitive situation. The large-scale projects awarded, some of which run for several years, are subject to project risks in planning, calculation, and production, which can be attributed to a wide range of causes, such as technological implementation, cost increases, and capacity constraints. Regulatory requirements for the industry can also have a negative impact on the performance of the RENK Group, which may necessitate immediate action, not least due to the requirements for sustainability reporting and corresponding responses to the physical and transitional risks associated with climate change. Macroeconomic conditions such as the deterioration of the economic situation, including inflation, the impact of the Ukraine-Russia war, or the last remnants of the pandemic, had no directly noticeable negative effect on the RENK Group in 2024. In summary, rapid market changes, increasing uncertainties, complex international conditions and technological progress make reliable risk and opportunity assessments essential for business decisions. As a globally active Group with a product portfolio, RENK faces various risks that vary depending on the segment, industry and region. Under the given conditions, the RENK Group identified the following net risks, which can have a medium impact on the annual profit during the planning period of the RENK Group. The risks are divided into strategic risks, operational risks, legal & compliance risks, technology & IT security risks, as well as financial risks. If the distribution of opportunities and risks to the segments is not explicitly described, the disclosures regarding opportunities and risks refer to all segments of the RENK Group.

Strategic risks

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

Mergers & acquisitions

In order to further expand the competitive position of the RENK Group, the RENK Group is focusing on strategic M&A activities. With the signing of the contract on December 24, 2024, the newly founded RENK America Marine & Industry LLC, Wilmington (DE), USA, which was established in fiscal year 2024, takes over selected assets and liabilities of Cincinnati Gearing Systems Inc., Cincinnati (OH), USA, as well as Lee Holdings LLC Wilmington (DE), USA. Subject to regulatory approvals, the transaction is expected to close in the second quarter of 2025. The US-based transmission manufacturer specializes in the development and production of precision transmissions and drive technologies, as well as components and spare parts for the military sector. The RENK Group is thus successfully localizing its marine activities and thereby laying the foundation for profitable growth of the RENK Group and the M&I segment in a strategically important market. In addition, with effect from 26 February 2025, selected assets of Midwest Gear & Tool Inc., Detroit (MI), USA were acquired by RENK America LLC, Muskegon (MI), USA. Midwest Gear & Tool Inc. is a supplier of gear wheels, which RENK America LLC uses as pre-products for the production of transmissions. With this acquisition, the RENK Group intends to continue to ensure the availability of production-critical pre-products for the VMS segment. Every acquisition carries the fundamental business risk that the growth expected by the buyer does not occur or only occurs partially, for example as a result of unmet objectives or inadequate integration of the new company. To counteract this, the RENK Group has appointed a post-merger manager with a corresponding integration plan, in addition to an already extensive Due Diligence.

Depending on the actual scenario that occurs, the realization of the risk may have a moderate impact on the annual profit.

Strategic market risks

In order to secure and further expand the future market position, economic development, and earnings situation of the RENK Group, it is essential to continuously develop marketable new applications, products, and systems and bring them to market maturity as quickly as possible. Long development times and constantly changing regulatory frameworks represent uncertainty factors that can affect the economic success of current or future projects. In particular, there is a risk that prototypes currently in development will not achieve market maturity. In addition, changes in the framework conditions can lead to a lower supply volume and the loss of market opportunities.

In order to secure and further expand the market position of the RENK Group, the company relies on continuous dialogue with customers and clients, continuous market observation, as well as measures to continuously improve efficiency. Despite the measures implemented, the aforementioned risks may lead to a moderate impact on the annual profit of the RENK Group.

Due to its business activities in the defense industry, RENK increasingly finds itself the focus of possible industrial espionage, the goal of which is to intercept or compromise confidential company information and data. This in turn can lead to economic disadvantages, losses of market share, customers, and sales. In addition to a vulnerability analysis, multifaceted measures have been taken, such as in the area of recruitment and capital expenditures in location-specific measures for physical security and general information security. Nevertheless, any loss of data could have a moderate impact on the annual profit.

Macroeconomic framework conditions

Macroeconomic, political, and geopolitical developments can have a negative impact on the ongoing business operations and the planned growth of the RENK Group. In particular, the conflict between China and Taiwan, as well as the potential economic sanctions and export controls that may arise from it, can lead to a restriction of global economic activity and increased volatility in global financial markets.

To counteract these risks, RENK continuously monitors the applicable export control laws and adjusts its sales strategies accordingly. Despite the measures taken, the development of the global economy poses risks that could have a moderate impact on the annual profit of the RENK Group.

Operational risks

The risks listed below are among the most significant operational risks for the RENK Group.

Production risks

Maintaining production is crucial for the economic success of the RENK Group. Influences due to force majeure or acts of sabotage can lead to material damage or production losses or delays or interruptions in the production chain. In addition, they can lead to reputational damage as well as the loss of customers and contracts.

The RENK Group has taken appropriate measures to mitigate potential damage and associated operational interruptions or production losses, as well as other conceivable types of damage and liability risks, such as the conclusion of insurance policies or the enhancement of safety precautions within and outside the production sites. In this context, the RENK Group implements site-specific combinations of personnel and organizational measures, which are supplemented by structural and mechanical property security measures as well as electronic monitoring devices. Nevertheless, the consequences of force majeure or sabotage can lead to a moderate impact on the net assets, financial position and results of operations of the RENK Group.

Due to the high level of specialization at each production site, the ability to deliver may be compromised in the event of a production failure at a site. The RENK Group counteracts this risk through a globally, strategically optimized production landscape, an expansion of the plant network through mutual empowerment, and continuous exchange within the Group. Despite countermeasures, the risk leads to a moderate impact on RENK's annual profit.

Procurement

The procurement of raw materials, parts, and components entails the risk of unexpected supply failures, delivery delays, supply bottlenecks, quality problems, and rising purchase prices, particularly due to price fluctuations on the commodity exchanges. Furthermore, the RENK Group produces customized products, the pre-products or intermediate products of which can sometimes be manufactured by one or a few suppliers, which creates a single/sole-source risk.

The Purchasing department of the RENK Group ensures the optimal supply of goods and services to the company, with a focus on quality, costs, and delivery reliability. The risk potential can be reduced through a careful selection of high-performance suppliers, regular supplier audits, active monitoring of suppliers, precise specifications and quality requirements, reliability checks, as well as appropriate safety stocks. The development of alternative sourcing options for goods from critical suppliers and the pursuit of commodity strategies also serve to ensure supply. The RENK Group counteracts these risks through continuous improvement processes to stabilize the supply chain, as well as the most targeted and detailed possible prediction of needs and close coordination with suppliers.

Procurement risks continue to exist due to delays in the supply chain, which consequently affect all segments of the RENK Group. The RENK Group addresses these risks through long-term agreements to secure materials and prices, as well as by establishing alternative sourcing options and competitive bidding. The RENK Group is also adjusting its pricing strategy where possible.

Despite the increased order intake, supply security could be ensured by establishing alternative sourcing options as well as long-term planning. Nevertheless, due to their volatility, the aforementioned risks can lead to a moderate impact on the annual profit.

Personnel

The successful implementation of the ambitious growth-oriented corporate strategy, the achievement of financial targets, and the sustainable economic success of the RENK Group depend on the expertise and experience of its highly qualified employees and specialists. In this context, the main personnel risks are the shortage of skilled workers, fluctuation, difficulties in finding suitable management, specialist and junior staff with the necessary commercial, technical or industry-specific skills, and an aging workforce.

To minimize these risks, RENK engages in target-group-specific personnel marketing to externally communicate the company's strengths. Further measures to minimize risk include the continuous development of competitive, performance-based remuneration with incentive schemes linked to success, modern personnel management, and structured training and continuous professional development in line with specific skills and methods. Furthermore, the aforementioned personnel risks may have a moderate impact on the company's annual profit.

Legal & compliance risks

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

Warranty and liability risks

The quality of the products offered by the RENK Group is a key purchasing factor for customers. In order to sustainably ensure this quality, the company employs a certified quality management system as well as additional processes aimed at improving quality. Despite the aforementioned measures, there is a risk that products of inferior quality will be delivered, thereby causing a product liability or warranty risk. The use of defective products can also cause damage and liability claims for the customer, or result in unscheduled repair measures and reputational damage for RENK.

In order to minimize these risks, the RENK Group relies on strict quality assurance measures, continuous improvement processes for products and production, most recently at the production sites in Augsburg and Muskegon (USA), and ongoing training to ensure qualified employees. Support from legal specialists minimizes contractual risks for the RENK Group. Furthermore, selected product liability risks are insured. The occurrence of individual risks can have a moderate impact on the annual profit of the RENK Group.

Compliance

As a global company, the RENK Group must comply with various laws and regulations worldwide. To ensure that these are adhered to, the company has implemented a Group-wide Compliance Management System. In the event of corruption or non-compliance with anti-corruption laws, or identified issues that do not meet the requirements of the compliance management systems, appropriate measures will be taken immediately.

The RENK Group cooperates with the authorities in investigations concerning possible compliance violations and responds appropriately to identified weaknesses. Regular, Group-wide compliance risk assessments (top-down and bottom-up), as well as case-specific 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 support employees in behaving in a compliant manner and help to avert damage to the RENK Group. Compliance violations or allegations of corruption can have a moderate impact on the annual profit as well as on the reputation of the RENK Group.

Furthermore, the RENK Group is exposed to risks that may arise from regulatory and legislative changes at national or European level, for example through new laws or changes to the legal framework in the area of export control or through export restrictions. In addition, embargoes, economic sanctions or other forms of trade restrictions could be imposed on the countries in which the RENK Group operates. Although the regulatory environment is constantly monitored, changes may have a moderate impact on the company's financial position and results of operations.

Technology and IT security risks

The risks described below are among the most significant risks faced by the RENK Group in the areas of technology and IT security.

IT cybersecurity

The IT systems used in all areas of the RENK Group are of critical importance to the company. The functionality of business processes and thus the maintenance of business operations depend on the availability of IT systems, the functions of which can be completely or partially impaired by cyber attacks. Additional risks exist due to unauthorized access to IT systems, the modification or extraction of sensitive business data, as well as inadequate functionality of processes and data.

To ensure the confidentiality, integrity, and availability of data and IT systems, the RENK Group has implemented an Information Security Management System (ISMS) that is certified according to the internationally recognized ISO 27001 standard and BSI IT-Grundschutz.

Raising employee awareness of the need to handle business-relevant information carefully is an important issue for the RENK Group. Audits and awareness measures are therefore essential. In addition, the company uses integrated hardware and software protection systems and operates continuous active monitoring through a Cyber Defence Center.

Despite the countermeasures implemented, the aforementioned risks may have a moderate impact on the annual profit.

Financial risks

The risks described below are among the most significant financial risks faced by the RENK Group.

Liquidity risk

The liquidity risk describes the danger that the RENK Group may not be able to meet its payment obligations on time. This is the case when the financial requirements cannot be covered by existing own or third-party financing. All financing requirements of the RENK Group in fiscal year 2024 were covered by the existing financing instruments. Even though the financing of the RENK Group was far from being fully utilized in 2024, there is a fundamental risk that, in the event of non-compliance with financial covenants, loans can be terminated by lenders with immediate effect. To ensure liquidity, the Treasury department carries out rolling liquidity planning for the RENK Group and uses Group cash pooling to optimize the supply of financial resources.

In order to hedge orders and offers, the RENK Group relies on the possibility of banks providing sureties and guarantees. Insofar as RENK is unable to obtain sufficient lines from financial institutions for the provision of sureties and guarantees, the planned growth of RENK may be jeopardized.

Due to the use of variable interest rates in the context of refinancing transactions, the RENK Group is exposed to interest rate risk. This risk is counteracted through early and ongoing financial planning and the conclusion of an interest rate swap. Although the probability of occurrence is low, the aforementioned liquidity risks, considered individually, have a medium impact on the annual profit.

Currency risk

As an international company, the RENK Group is exposed to currency risks, while the functional currency of the RENK Group is the Euro. The operating results are therefore influenced by exchange rate fluctuations, particularly by the exchange rate of the US dollar against the Euro. The RENK Group AG therefore uses derivatives to mitigate the currency risk. The revenue and cost risks resulting from currency fluctuations are limited by purchases and sales in corresponding foreign currencies, as well as by currency forwards, but may have a moderate impact on the annual profit.

Tax risks

Due to its global business activities, the RENK Group is subject to different and changing legal provisions and tax audits at home and abroad, which can pose a risk of having to pay additional taxes, interest, and penalties. In order to identify and minimize tax risks at an early stage, the RENK Group has implemented organizational measures to ensure compliance with tax regulations. This includes a Global Tax Center as well as close cooperation with external tax consultants. Despite countermeasures, tax risks lead to a moderate impact on the annual profit.

Opportunity management

Opportunities arising from increasing defense spending

The military conflicts in Ukraine and Israel are expected to lead to increased defense spending, particularly in NATO countries. The conflict between Russia and Ukraine has not only led some Western and Eastern European states to support Ukraine with armaments from their own stocks, but has also increased the willingness to improve the equipment of their own armed forces in terms of military capabilities for national and allied defense.

The RENK Group also sees the results of the US elections and the objectives pursued by the Trump administration as drivers for increasing the European Union's defence spending in order to achieve the NATO target of 2% of GDP in the respective countries. The public events and discussions, including the meetings between the Ukrainian President and the United States and the heads of state and government of individual NATO member states as well as representatives of the European Union and NATO, which took place at the end of February 2025, have made it clear to the EU that it is urgent to invest in its own defense and security. In this context, a special fund for the German armed forces is being debated in Germany. These recent events illustrate the willingness within Europe to rearm, which goes beyond support for Ukraine.

This will lead to an increase in new and additional arms procurement projects in the short and medium term, which offer business potential for the RENK Group, especially in Europe.

Opportunities arising from market expansion

Due to the increasingly global market strategy of the RENK Group, the markets in the USA, India, and Japan in particular represent significant market development opportunities. RENK focuses on strategic planning and implementation to ensure that the company is able to serve these markets more intensively and successfully tap into new markets. A key measure is the acquisition of selected assets and liabilities of Cincinnati Gearing Systems Inc., Cincinnati (OH), USA, as well as Lee Holdings LLC, Wilmington (DE), USA, the acquisition of which represents a significant contribution to the strategic expansion of the local presence in the US Navy market. The Cincinnati-based company specializes in the development and manufacture of precision transmissions and drive technologies, as well as components and spare parts for the military and industrial sectors, thereby strengthening the role of the RENK Group as a manufacturer of mission-critical drive solutions and seamlessly integrating into the global expansion strategy of the RENK Group. Furthermore, with the founding of RENK Italia Srl, La Spezia, Italy in October 2024, the RENK Group is further expanding its European presence.

Opportunities arising from a positive reputation

Currently, a significant increase in public interest in the armaments industry is leading to an increasingly positive reputation for the RENK Group. This development not only opens up new market opportunities, but also possibilities in the area of personnel development. The company's positive reputation attracts more qualified workers, which in turn enables the hiring of specialized personnel. This opportunity thus actively counteracts the shortage of skilled workers and the potential loss of expertise and professional competence.

Opportunities arising from new drive technologies

The battlefield of the future will undergo significant changes due to the deployment of a wide range of future technologies. The RENK Group sees potential, particularly in the defense sector of the VMS and M&I segments, to combine the existing product portfolio with forward-looking mobility concepts. With this in mind, the RENK Group has entered into a strategic partnership with QinetiQ to combine military land platforms from 5 to 60 tons with hybridization concepts and the goal of unmanned land vehicles. In addition, the RENK Group acquired patents in 2024 to expand its hybrid drive portfolio, thereby taking a decisive step towards increasing future growth potential and further expanding its technological leadership.

Opportunities arising from better margins in the after-sales sector

The increased sales of spare parts, maintenance and repair services, as well as other after-sales services, provide the M&I segment of the RENK Group with the opportunity to achieve higher margins. A higher margin in the after-sales sector can also help to reduce the dependence on new product sales and diversify the company's business model.

Summary

The Executive Board's evaluation of the overall opportunity and risk situation of the RENK Group is based on an examination of all material risks or individual risks and, where appropriate, their weighting against the opportunities that arise. Compared to the previous year, the RENK Group's risk position has, in the opinion of the Executive Board, improved slightly. This is essentially due to the targeted management of known risks. In summary, no risks are known that could jeopardize the company's continued existence, either alone or in combination with other risks.

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

The annual financial statements of RENK Group AG comply with the provisions of the German Commercial Code (HGB), while the consolidated financial statements are prepared in accordance with IFRS. As the Group holding company, RENK Group AG performs operational management functions in addition to its service and holding functions. Its economic development depends mainly on the business performance of the operating Group companies. The economic conditions such as risks and opportunities of RENK Group AG essentially correspond to those of the Group as described in the economic report. The outlook for the Group directly influences our expectations for RENK Group AG. Therefore, the above explanations for the RENK Group also apply to RENK Group AG.

Since its IPO on February 7, 2024, RENK Group AG has been listed on the Frankfurt Stock Exchange under the securities identification number: RENK73 or ISIN: DE000RENK730. Accordingly, it is a large corporation pursuant to Section 264d HGB in conjunction with Section 267 (3) sentence 2 HGB.

As part of its activities as the holding company (listed on the stock exchange since February 7, 2024) of the RENK Group, RENK Group AG has entered into service agreements with RENK GmbH.

At the end of 2024, RENK Group AG had 13 employees (previous year: 2) (including members of the Executive Board).

9.1 Net Assets, Financial Position, and Results of Operations

Income Statement

	Fiscal year		Change	
in € thousands	**2023**	**2024**	**in €**	**in %**
Revenue	1,562	2,839	1,277	81.80
Other operating income	16	8,464	8,448	n/a
of which income from currency translation	0	1	1	n/a
Overall performance	1,578	**11,303**	9,725	n/a
Cost of materials	(3)	-434	(431)	n/a
a) Cost of raw materials, consumables and supplies and of purchased goods	(1)	-12	(11)	n/a
b) Cost of purchased services	(2)	-422	(420)	n/a
Personnel expenses	(545)	-4,877	(4,332)	n/a
a) Wages and salaries	(390)	-4,257	(3,867)	n/a
b) Social security contributions and expenses for pensions and other benefits	(155)	-620	(465)	n/a
of which for retirement benefits	(147)	-496	(349)	n/a
Other operating expenses	(2,618)	-15,710	(13,092)	n/a
of which expenses from currency translation	0	-2	(2)	n/a
Operating result (EBIT)	(1,588)	**-9,718**	(8,130)	n/a
Interest and similar expenses	(62)	-1,383	(1,321)	n/a
of which to affiliated companies	(60)	-1,378	(1,318)	n/a
Earnings before taxes (EBT)	(1,650)	-11,101	(9,451)	n/a
Taxes on income and earnings	0	-95	(95)	n/a
Earnings after taxes (EBT)	(1,650)	-11,196	(9,546)	n/a
Net loss for the year	(1,650)	**-11,196**	(9,546)	n/a
Losses carried forward from previous years	(217)	0	217	n/a
Withdrawal from capital reserves	31,868	55,000	23,132	72,6
Retained earnings	30,000	43,804	13,804	46.0

The earnings situation in the 2024 financial year is characterized by the charging on of costs in connection with the IPO in the financial year amounting to € 8,379 thousand (previous year: € 1,562 thousand) as well as first-time intra-Group charges amounting to € 2,838 thousand (previous year: € 0 thousand).

On the expense side, other operating expenses increased significantly by € 13,092 thousand. This sharp increase from € 2,618 thousand in the previous year to € 15,710 thousand for the 2024 financial year is mainly due to higher consulting costs and costs for the consolidated financial statements amounting to € 12,828 thousand (previous year: € 2,237 thousand), which are related in particular to the IPO on February 7, 2024 and the resulting expansion of financial reporting. Supervisory Board bonuses also increased from € 193 thousand in the previous year to € 989 thousand in the financial year. Personnel expenses increased to € 4,877 thousand, mainly as a result of the increase in the number of employees.

Due to the global minimum taxation agreement, income tax expenses amounted to € 95 thousand despite the negative pre-tax result. The increase in the net loss for the year by € 9,545 thousand to € 11,195 thousand is mainly due to higher personnel expenses and other operating expenses. The withdrawal from the capital reserve in the amount of € 55,000 thousand resulted in retained earnings of € 43,805 thousand.

Statement of Financial Position

	Fiscal year		Change	
in € thousands	**2023**	**2024**	**in €**	**in %**
Assets				
A. Fixed assets	**357,374**	**357,374**	**-**	**0.0**
I. Financial assets	357,374	357,374	-	0.0
1. Shares in affiliated companies	357,374	357,374	-	0.0
B. Current assets	**7,951**	**3,047**	**(4,904)**	**(61.7)**
I. Trade receivables and other assets	7,061	3,047	(4,014)	(56.8)
1. receivables from affiliated companies	1,577	1,609	32	2.0
thereof from shareholders	1,577	0	(1,577)	<-100
2. other assets	5,484	1,438	(4,046)	(73.8)
II. Bank balances	891	0	(891)	<-100
C. Prepaid expenses and deferred charges	**7**	**46**	**39**	**>100**
	365,333	**360,467**	**(4,866)**	**(1.3)**
Liabilities				
A. Equity	**355,531**	**314,335**	**(41,196)**	**(11.6)**
I. Share capital (subscribed capital in previous year)	100,000	100,000	-	0.0
II. Capital reserve	225,531	170,531	(55,000)	(24.4)
III. Retained earnings	**30,000**	**43,804**	**13,804**	**46.0**
B. Provisions	**727**	**5,156**	**4,429**	**>100**
1. provisions for pensions and similiar obligations	**149**	651	502	>100
2. tax provisions	**0**	94	94	>100
3. other provisions	**579**	4,411	3,832	>100
C. Total liabilities	**9,074**	**40,976**	31,902	>100
1. trade payables	**3,605**	**2,251**	(1,354)	(37.6)
2. liabilities to affiliated companies	**4,307**	**37,326**	33,019	>100
3. other liabilities	**1,162**	**1,399**	237	20.4
thereof from taxes	**985**	**1,392**	407	41.3
thereof for social security	**0**	**7**	7	>100
	365,333	**360,467**	**(4,866)**	**(1.3)**

In addition to the share in the affiliated company RENK FinCo GmbH and equity, RENK Group AG's balance sheet mainly shows receivables from and liabilities to Group companies.

The € 4,904 thousand decrease in current assets is mainly due to the settlement of costs incurred in connection with the IPO and the elimination of advance payments made (previous year: € 1,850 thousand). In contrast, VAT receivables in connection with the consolidated VAT group increased to € 1,437 thousand (previous year: € 1,103 thousand).

RENK Group AG's equity decreased by € 41,196 thousand compared to the previous year. The decrease is primarily due to the distribution of a dividend of € 0.30 per dividend-bearing share totaling € 30,000 thousand resolved at the Annual General Meeting on June 26, 2024 and the net loss for the year of € 11,195 thousand.

Pension provisions of € 651 thousand (previous year: € 149 thousand) are reported as at December 31, 2024. The settlement amount is offset against plan assets recognized at fair value, which are not accessible to creditors and are available to cover the pension entitlements of former employees.

The increase in liabilities from € 9,074 thousand to € 40,976 thousand is the result of various effects. In particular due to a loan granted by RENK GmbH, liabilities to affiliated companies increased by € 33,019 thousand to € 37,326 thousand. In addition, the company was included in the Group's cash pool and reported a liability of € 7,316 thousand as at the reporting date. In addition, VAT liabilities increased by € 1,391 thousand (previous year: € 985 thousand). In contrast, liabilities for purchased services at the end of the year decreased to € 2,259 thousand (previous year: € 2,849 thousand).

RENK Group AG's total assets decreased slightly and amounted to € 360,467 thousand as at December 31, 2024 (previous year: € 365,332 thousand).

Due to the interdependencies with the companies belonging to the RENK Group, the development of RENK Group AG is considered to be sustainably positive. Due to the cash pool agreement with RENK GmbH, sufficient liquidity will continue to be ensured in the future.

The Executive Board proposes that the net retained profits of € 42,000 thousand reported in the separate financial statements of RENK Group AG as at December 31, 2024 be used to distribute a dividend of € 0.42 per dividend-bearing share. Any unappropriated profit remaining after distribution of the dividend is to be carried forward to new account.

9.2 Risks and Opportunities

RENK Group AG participates in the risks and rewards of its subsidiaries; the degree of participation depends on the respective shareholding. This also results in corresponding risks of possible impairment of the investment. Details on this can be found in section 8.2 Opportunity and risk report.

In addition, charges may arise from the hard letters of comfort issued for the subsidiaries RENK FinCo GmbH and RENK GmbH, which are also effective for fiscal year 2024. Accordingly, RENK Group AG is obliged to manage and financially equip RENK FinCo GmbH and RENK GmbH in such a way that they are always in a position to meet their obligations to their creditors entered into during the reporting period. To the extent that such creditors include controlling companies, the letter of comfort also works in their favor.

As the parent company of the RENK Group, RENK Group AG is included in the Group-wide risk management system (see section 8.2 Opportunity and risk report). The relationships with the investments may also result in charges and write-downs on shares in affiliated companies due to legal or contractual conditions, in particular financing.

9.3 Forecast

The future economic development of RENK Group AG is closely linked to the further operating performance of the Group. The annual result serves as a key financial performance indicator.

In the future, RENK Group AG will incur expenses for the remuneration of the members of the Executive and Supervisory Boards and other personnel, for tax payments, for funding utilized and for its own holding organization. In addition, income is generated through the provision of services for other Group companies. Overall, the annual result has deteriorated significantly compared to the previous year. This is due to the aforementioned takeover of certain holding functions. For the 2025 financial year, the company plans to conclude a profit and loss transfer agreement with RENK GmbH as the controlling company with retroactive effect from January 1, 2025. If the Annual General Meeting approves the agreement, we expect a significant improvement in the annual result. Otherwise, we continue to expect a negative annual result at the previous year's level.

For fiscal year 2024, we are aiming for a dividend payout ratio of around 40% of the RENK Group's adjusted net profit for the year.

Due to the interdependencies with the companies belonging to the RENK Group, the general expectations for RENK Group AG are reflected in the forecast for the RENK Group.

10. Takeover-relevant disclosures

Explanatory report of the Executive Board in accordance with Section 176 para. 1 s. 1 German Stock Corporation Act (“Aktiengesetz”) on the takeover-relevant disclosures in accordance with Sections 289a s. 1 and 315a s. 1 German Commercial Code (“Handelsgesetzbuch“) as of the balance sheet date December 31, 2024.

10.1 Composition of the subscribed capital

As of December 31, 2024, the subscribed capital (share capital) of RENK Group AG in accordance with Articles 6 para. 1 and para. 2, 7 para. 1 of Articles of Association amounts to € 100 million (in words: one hundred million euros) and is divided into 100 million bearer common shares with no par value (no-par value shares). Each of the shares has a notional value of € 1.00. 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 are set out in detail from the regulations of the German Stock Corporation Act (“Aktiengesetz”), in particular from Sections 12, 53 a et seqq., 118 et seqq. and 186. Accordingly, shareholders are entitled to both property and administrative rights as membership rights arising from the shares. The property rights generally include, among other things, participation in profits and liquidation proceeds as well as subscription rights in the event of capital increases. The administrative rights include in particular, the right to participate in the Annual General Meeting, the rights to speak, ask questions, submit motions and to exercise the voting right at such a meeting as well as the possibility to assert these rights by bringing an information and avoidance action, and various minority rights.

According to Article 7 para. 2 of the Articles of Association, the shareholders’ right to certified evidence of their shares is excluded to the extent that this is permitted by law and a certified evidence is not required under the rules of a stock exchange on which the shares are admitted to trading. The Company is entitled to issue share certificates that represent single shares (individual share certificate) or several or all shares (global share certificate). A claim of the shareholders to the issue of dividend or renewal coupons is excluded.

10.2 Restrictions affecting voting rights or the transfer of shares

Each share grants one vote at the Annual General Meeting in accordance with Article 20 para. 1 of the Articles of Association and determines the share of the shareholders in the profit of the Company. Excluded from this are treasury shares held by the Company, under which the Company has no rights in accordance with Section 71 b German Stock Corporation Act. As of December 31, 2024, the Company did not hold any such treasury shares. In the cases covered by Section 136 German Stock Corporation Act, the voting right attached to the shares concerned is excluded by law. Legal restrictions on the voting right may still arise in the event of violations of notification obligations under Sections 20 para. 7 and 21 para. 4 German Stock Corporation Act. Likewise, violations of notification obligations within the meaning of Sections 33 para. 1, para. 2, 38 para. 1 and 39 para. 1 German Securities Trading Act (“Wertpapierhandelsgesetz”) can have a result that rights attached to shares and also the voting right do not exist, at least temporarily, in accordance with Section 44 German Securities Trading Act.

German Federal Ministry for Economic Affairs and Climate Action (“Bundesministerium für Wirtschaft und Klimaschutz”) may examine the direct or indirect acquisition of the Company's shares by a foreign acquirer if, after the acquisition, the acquirer will directly or indirectly hold 10% or more of the Company's voting rights. According to the regulations in Sections 60 et seqq. of the German Foreign Trade and Payments Ordinance (“Außenwirtschaftsverordnung”), the intended acquisition must be reported in writing to German Federal Ministry for Economic Affairs and Climate Action, which will only approve the acquisition if no concerns regarding the essential security interests of the Federal Republic of Germany prevent the acquisition. Whether the regulations of Sections 60 et seqq. German 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 German Foreign Trade and Payments Ordinance. If Section 60 of the German Foreign Trade and Payments Ordinance is not applicable, German Federal Ministry for Economic Affairs and Climate Action can still prohibit or restrict the acquisition if this is likely to affect the public order or security of the Federal Republic of

Germany, of another Member State of the European Union or in relation to projects or programs of Union interest (cross-sectoral assessment, Sections 55 et seqq. German Foreign Trade and Payments Ordinance).

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

The shareholder Rebecca BidCo S.à r.l. has contractually accepted to be subject to restrictions on the disposal of the shares it still holds after the IPO. The restrictions were in place for a period of six months and have therefore already expired at the time of publication of this report.

An agreement has been entered into between shareholder KNDS N.V., Amsterdam, the Netherlands and shareholder Rebecca BidCo S.à r.l. granting KNDS N.V. an option to acquire up to 25% of the voting rights plus one vote of Rebecca BidCo S.à r.l. subject to regulatory approval. According to the agreement, KNDS N.V. was subject to a vesting period of 360 days after the first exchange trading of RENK shares during which it was not allowed to dispose of shares acquired by it under the agreement. The vesting period has already expired at the time of publication of this report. In addition, the agreement grants KNDS N.V. the right to appoint one Supervisory Board member and one alternate member. Rebecca BidCo S.à r.l. has committed to supporting their election at the Annual General Meeting. KNDS N.V. exercised the aforementioned option in February 2024 to the extent that it acquired shares which conferred 6.67% of the voting rights. As can be seen from the ad hoc announcement of RENK Group AG dated February 10, 2025, and the press releases of RENK Group AG and KNDS N.V. dated February 11, 2025, KNDS N.V. has now fully exercised the remaining options. Further disclosures on the exercise of the option and the resulting *scope of the share acquisition by KNDS N.V. can be found below in the section "10.3* Direct or indirect shareholdings in capital that exceed 10% of voting rights".

In the past, members of the Executive Board, the Supervisory Board and certain employees of the RENK Group were given the opportunity to indirectly participate in the Company as part of a management equity program (MEP participants) by acquiring shares in a so-called MEP pooling vehicle, which in turn originally had an indirect stake in the Company. As part of the IPO, the MEP pooling vehicle acquired a direct stake in the Company. The employee participation program provides for vesting periods for the liquidation of the MEP pooling vehicle and the associated direct stake of the MEP participants in the Company. The vesting periods last 12 months and begin with the IPO of RENK Group AG, which took place on February 7, 2024. The vesting periods have therefore already expired at the time of publication of this report and the settlement of the MEP pooling vehicle is carried out. As a result, MEP participants exclusively hold shares in RENK Group AG directly.

The employment contracts of the members of the Executive Board each contain a policy on share ownership. According to this, the members of the Executive Board are required to invest a certain amount in shares of the Company over a period of four years at standard market conditions. The amount to be invested corresponds to a multiple of the annual basic compensation in each case. At the same time, existing share ownership is credited towards the specified investment amount. The shares acquired within the framework of these rules must be held in full until the term of office of the respective Executive Board member ends.

Part of the compensation of the members of the Executive Board of RENK Group AG and the management of RENK GmbH is designed as a long-term incentive plan (**LTI**). The compensation amount determined in accordance with the LTI rules will be paid out in cash or shares at the end of the respective performance period, at the discretion of the Supervisory Board. The payout will be made after approval of the respective audited and certified consolidated financial statements. To the extent that RENK issues shares as compensation under the LTI, these are not subject to any restrictions.

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

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

To the Company's knowledge, based on notifications in accordance with Sections 33, 34 German Securities Trading Act, the following direct or indirect shareholdings in the voting capital of RENK Group AG existed as of the balance sheet date, which exceed 10% of voting rights (in principle, the amount of the shareholdings stated in the voting rights notifications is listed in each case; it cannot be ruled out that the amount of the shareholdings has changed since then without reporting thresholds being exceeded and without RENK becoming aware of these changes):

At the reporting date on December 31, 2024 Triton GP HoldCo S.à r.l., Luxemburg, indirectly controlled 33,52 % of the voting rights of RENK Group AG, concretely 33,518,897 shares, where Rebecca BidCo S.à r.l. was the direct shareholder. The control chain following this voting rights notification 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 Masterluxco 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. On February 18, 2025, February 27, 2025 and March 6, 2025 the shareholder Rebecca BidCo S.à r.l. further reduced her share of RENK Group AG. According to the voting rights notification published on February 24, 2025, March 5, 2025 and March 12, 2025, her direct share decreased from 33,52 % to 18,33 %. In consideration of the announced exercise of the conditional purchase right on February 10, 2025 within the meaning of Section 38 para. 2 no. 2, para. 1 sentence 1 no. 2 German Securities Trading Act (“Wertpapierhandelsgesetz”) through KNDS N.V. Rebecca BidCo S.à. r.l. no longer holds any RENK shares. The implementation of the acquisition of shares by KNDS N.V. from the shareholder Rebecca BidCo S.à r.l is subject to official approvals, in particular merger control, and has not yet taken place.

According to a voting rights notification dated February 14, 2024, KNDS N.V., Amsterdam, the Netherlands directly controls 6.67% of the voting rights of RENK Group AG, specifically a number of 6,666,666 shares. In addition, according to this voting rights notification, KNDS N.V. is entitled to conditional acquisition rights within the meaning of Section 38 para. 1 s. 1 no. 2 German Securities Trading Act, which would grant 18.33% of the voting rights, specifically a number of 18,333,335 shares. The sum of the aforementioned voting rights amounts to 25.00% plus one share, specifically a number of 25,000,001 shares. In addition, it should be noted that the ad hoc announcement of RENK Group AG dated February 10, 2025, a date falling after the balance sheet date but during the preparation of this report, shows that the shareholder Rebecca BidCo S.à r.l. has informed RENK Group AG that KNDS N.V. has exercised the option (as a conditional acquisition right within the meaning of Section 38 para. 2 no. 2, para. 1 s. 1 no. 2 German Securities Trading Act) to acquire 18,333,335 shares in RENK Group AG from Rebecca BidCo S.à r.l. The exercise of options is intended to strengthen the strategic partnership between RENK Group AG and KNDS N.V., as the two companies emphasized in thepress releases of February 11, 2025. The implementation of the share acquisition by KNDS N.V. from the shareholder Rebecca BidCo S.à r.l is subject to official approvals, in particular merger control, and has not yet taken place.

Further shareholdings that reach 10% of the voting rights have not been reported to the Company and were not otherwise known.

10.4 Holders of shares with special rights that confer control powers

There are no shares with special rights that confer control powers.

10.5 Type of voting rights control when employees have a stake in the capital and do not exercise their control rights directly

Employees holding shares of RENK Group AG will directly exercise their control rights like other shareholders in accordance with the legal regulations and the Articles of Association. This also applies to members of the Executive Board of RENK Group AG and directors of RENK GmbH who have received shares as part of their compensation under the LTI, as well as to members of the Executive Board of RENK Group AG who have acquired shares based on the policies on share ownership contained in their employment contracts.

MEP participants in the employee participation program from the year 2020 have exercised their voting rights in the Company indirectly by the exercise of their voting rights in the MEP pooling vehicle until the liquidation of the MEP pooling vehicle (cf. section “*10.2 Restrictions affecting voting rights or the transfer of shares*” above for more information on the MEP).

10.6 Legal regulations and provisions of the Articles of Association on the appointment and dismissal of the Executive Board members and the amendment of the Articles of Association

The appointment and dismissal of the Executive Board members are regulated in Sections 84 and 85 German Stock Corporation Act, Sections 31 and 33 German Codetermination Act ("Mitbestimmungsgesetz") and Article 8 of Articles of Association. According to Article 8 para. 1 of the Articles of Association the Executive Board consists of one or more members; the number of Executive Board members is determined by the Supervisory Board. The Executive Board members are appointed by the Supervisory Board for a maximum period of five years; reappointments are permitted. The Articles of Association also stipulate that the Supervisory Board can appoint a Chairman and a Deputy Chairman of the Executive Board and can issue the Rules of Procedure for the Executive Board.

An amendment of the Articles of Association requires a resolution of the Annual General Meeting according to Section 119 para. 1 no. 6 and Sections 133, 179 para. 1 s. 1 German Stock Corporation Act. In accordance with Article 6 para. 6 of the Articles of Association, the Supervisory Board is authorized to amend the wording of the Company's Articles of Association after each capital increase has been carried out or after expiry of the authorization period without utilizing the authorized capital (cf. Article 6 para. 4 of the Articles of Association) or the conditional capital (cf. Article 6 para. 5 of the Articles of Association).

According to Section 179 para. 2 German Stock Corporation Act, resolutions of the Annual General Meeting to amend the Articles of Association require a majority of at least three quarters of the share capital represented at the time of the adoption of a resolution unless the Articles of Association specify a different capital majority. Article 21 of the Articles of Association of the RENK Group AG specifies a different capital majority in this respect. According to Article 21 s. 1 of the Articles of Association the Annual General Meeting adopts its resolutions by a simple majority of the votes cast, unless mandatory legal regulations or the Articles of Association stipulate a higher majority or other requirements. Article 21 s. 2 of the Articles of Association further provides: If the law prescribes a capital majority for the resolutions of the Annual General Meeting in addition to the majority of votes, a simple majority of the share capital represented at the time of the adoption of a resolution is sufficient, to the extend permitted by law. However, this simple capital majority according to Article 21 s. 2 of the Articles of Association does not apply, in particular to a change of the Company's purpose, since only a capital majority larger than three quarters could be specified in the Articles of Association in this respect according to Section 179 para. 2 s. 2 German Stock Corporation Act. Other capital majorities required by law for an amendment to the Articles of Association of at least three quarters of the share capital represented at the time of the adoption of a resolution, in addition to the simple majority of votes, remain unaffected; this applies in particular to resolutions on the creation of conditional capital, Section 193 para. 1 s. 1 German Stock Corporation Act, the creation of authorized capital, Section 202 para. 2 s. 2 German Stock Corporation Act, a capital increase from company funds, Section 207 para. 2 s. 1 in conjunction with Section 182 para. 1 s. 2 German Stock Corporation Act, the reduction of the share capital, Section 222 para. 1 s. 1 German Stock Corporation Act, as well as Section 229 para. 3 in conjunction with Section 222 para. 1 s. 1 German Stock Corporation Act, and the redemption of shares in the cases of Section 237 para. 2 s. 1 in conjunction with Section 222 para. 1 s. 1 German Stock Corporation Act.

10.7 Powers of the Executive Board to issue or repurchase shares

Conditional capital and authorization to issue bonds with warrants or convertible bonds and profit participation rights with options or conversion rights

By resolution of the Annual General Meeting of September 18, 2023 the Executive Board of RENK Group AG was authorized, subject to the approval of the Supervisory Board, to issue registered or bearer bonds with warrants or convertible bonds and profit participation rights with options or conversion rights in a total nominal amount of up to € 50 million (in words: fifty million euros) with a limited or unlimited term in one or more tranches until September 17, 2028 and to grant the holders or creditors of debt securities warrant or conversion rights for up to 50 million new shares of the Company each with a notional interest in the share capital of up to € 1.00 in accordance with the bonds with warrants or convertible bonds terms and/or profit participation rights terms to be determined in detail by Executive Board.

Other than in Euros, the debt securities can also be issued in a foreign currency that is legal tender, subject to a limit of the corresponding Euro equivalent. The debt securities may also be issued by companies that are dependent on the Company or in which it has a majority shareholding; in this case, the Executive Board is authorized, subject to the approval of the Supervisory Board, to accept the guarantee for the debt securities on behalf of the Company and to grant the holders of such debt securities options and/or conversion rights for shares of the Company, as well as to make other declarations and take actions necessary for a successful issue.

The issue of the debt securities can be divided in each case into partial bonds with equal rights. The debt securities can also be issued in exchange for the provision of a noncash contribution, provided that the value of the noncash contribution corresponds to the issue price and this is not significantly lower than the hypothetical fair value of the debt securities determined by means of recognized financial calculation methods.

The Executive Board was authorized, subject to the approval of the Supervisory Board, to exclude the shareholders' statutory subscription right to debt securities in order to eliminate fractional amounts, which result from the subscription ratio, from the shareholders' statutory subscription right to the debt securities.

The Executive Board is also authorized, subject to the approval of the Supervisory Board, to exclude the shareholders' statutory subscription rights to the extent that this is necessary in order to grant the holders of bonds with warrants or convertible bonds or profit participation rights that establish a conversion right or option or a conversion obligation (or combinations of these instruments) issued by the Company or by companies that depend on it or in which the it has a majority interest, a subscription right to the extent to which they would be entitled after the exercise of the rights or fulfilling the obligations.

In addition, the Executive Board is authorized, subject to the approval of the Supervisory Board, to exclude the shareholders' statutory subscription right also for the issue of debt securities in exchange for a noncash contribution, in particular for, but not limited to the acquisition of companies, parts of companies or interests in companies or claims.

The Executive Board is also authorized, subject to the approval of the Supervisory Board, to exclude the shareholders' statutory subscription right in order to issue debt securities in exchange for a cash payment, provided that the sale is made at an issue price that is not significantly lower than the hypothetical fair value of the partial bonds determined by means of recognized, specifically financial calculation methods. However, this authorization to exclude subscription rights only applies provided that the shares issued to fulfill the options or conversion rights or to fulfill the conversion obligation do not account for more than 10% of the share capital. The 10% threshold is determined based on the amount of share capital at the time the authorization takes effect. If the value of the share capital is lower at the time this authorization is exercised, the threshold will be determined based on this lower value. To be included in this amount is the proportionate amount of the share capital which (i) is attributable to shares that were or will be issued during the term of this authorization until its use from an authorized capital excluding the subscription right in accordance with Section 186 para. 3 s. 4 German Stock Corporation Act, (ii) is attributable to treasury shares of the Company that were sold during the term of this authorization until its use on the basis of authorizations in accordance with Section 71 para. 1 no. 8 German Stock Corporation Act or that are issued excluding the subscription right of the shareholders in accordance with Section 186 para. 3 s. 4 German Stock Corporation Act, and (iii) is attributable to shares that were issued or are to be issued to fulfill bonds with warrants or convertible bonds or profit participation rights with conversion rights or options or a conversion obligation, provided that the debt securities were issued during the term of this authorization until its use on the basis of another authorization under exclusion of the statutory subscription right in corresponding application of Section 186 para. 3 s. 4 German Stock Corporation Act.

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 share capital of the Company is conditionally increased by up to € 50 million (in words: fifty million euros) ("**Conditional Capital 2023**"). The details of the Conditional Capital 2023/I are set out in Article 6 para. 5 of the Articles of Association.

Authorized Capital

The Executive Board is entitled, subject to the approval of the Supervisory Board, to increase the share capital in exchange for a cash or noncash contribution by up to a total of € 50 million (in words: fifty million euros) in one or more tranches until September 10, 2028 by issuing up to 50 million new bearer no-par value shares (Authorized Capital).

Shareholders must generally be granted a subscription right when shares are issued from the Authorized Capital. The statutory subscription right can also be granted in such a way that the new shares are taken over by a bank and/or one or more or other companies (financial institutions) which meet the requirements of Section 186 para. 5 s. 1 German Stock Corporation Act or a consortium of such banks or financial institutions with the obligation to offer them to the shareholders for subscription indirectly within the meaning of Section 186 para. 5 German Stock Corporation Act.

However, the Executive Board is authorized, subject to the approval of the Supervisory Board, to exclude the shareholders' statutory subscription rights to one or more capital increases within the scope of the Authorized Capital:

- to exclude fractional amounts, which result from the subscription ratio, from the shareholders' subscription rights;

- in the case of capital increases in exchange for contributions in kind, in particular for, but without limitation to the acquisition of companies, parts of companies or interests in companies as well as for the acquisition of other assets, including rights and/or claims;

- if the capital increase is made in exchange for cash contributions and the issue price of the new shares is not significantly lower than the stock exchange price of shares of the same class and with the same rights already traded on the stock exchange at the time the issue amount is finally determined within the meaning of Sections 203 para. 1 and 2, 186 para. 3 s. 4 German Stock Corporation Act and the pro rata amount of the share capital attributable to the new shares issued pursuant to this paragraph with the exclusion of subscription rights in accordance with Section 186 para. 3 s. 4 German Stock Corporation Act does not exceed a total of 10% of the share capital. The 10% threshold is determined by the share capital value at the time the authorization takes effect. If the share capital value is lower at the time this authorization is exercised, the threshold will be determined based on this lower value. This number will include shares that are or are to be issued to service bonds with warrants or convertible bonds or profit participation rights or profit-linked bonds that grant a conversion right or option or establish a conversion obligation and that are or are to be issued during the term of this Authorized Capital until its respective use in corresponding application of Section 186 para. 3 s. 4 German Stock Corporation Act, excluding the subscription right. Furthermore, those new or treasury shares of the Company that are issued from the Authorized Capital or sold as treasury shares during the term of this Authorized Capital until its respective use on another basis, excluding the shareholders' subscription rights, in direct or corresponding application of Section 186 para. 3 s. 4 German Stock Corporation Act will be included in the maximum threshold of 10% of the share capital:

- to grant the holders of convertible bonds or bonds with warrants or profit participation rights or profit-linked bonds that are issued by the Company or by companies dependent on it or in which the it has a majority shareholding and that grant a conversion right or option or establish a conversion obligation (or combinations of all these instruments) a subscription right to the extent to which they would be entitled after the exercise of the rights or fulfillment of the obligations arising from the said instruments;

- to fulfill the Company's obligations arising from conversion rights and options or conversion obligations derived from convertible bonds or bonds with warrants or profit participation rights or profit-linked bonds that are issued by the Company or by companies dependent on it or in which it has a majority shareholding and that grant a conversion right or option or establish a conversion obligation (or combinations of all of these instruments); and

- to issue new shares in exchange for a cash or noncash contribution as part of participation programs or as part of a share-based compensation. The shares may only be issued to persons who take part in the participation program as a member of the Company's Executive Board, as a member of the management of a company dependent on it or as an employee of the Company or of a company dependent on it, or to whom the share-based compensation is or has been granted as a member of the Company's Executive Board, as a member of the management of a company dependent on it or as an employee of the Company or of a company dependent on it, or to third parties who transfer the beneficial ownership or the economic benefits of the shares to these persons. The new shares can in particular also be issued under preferential conditions (including an issue at the lowest issue price within the meaning of Section 9 para. 1 German Stock Corporation Act) or in exchange for the contribution of compensation claims. The new shares can also be issued through the intermediary of a bank or a company operating in accordance with Section 53 para. 1 s. 1 or Section 53 b para. 1 s. 1 or para. 7 German Banking Act ("Kreditwesengesetz"), which assumes these shares with the obligation to offer them to the above-mentioned persons. The shares issued in the exercise of this authorization to exclude subscription rights may not exceed a total of 10% of the share capital, either at the time this authorization takes effect or at the time it is exercised. The nominal amount of a conditional capital of the Company approved for the purposes of Section 192 para. 2 no. 3 German Stock Corporation Act will be included in this threshold of 10%. To the extent that shares are to be granted to members of the Company's Executive Board within the scope of this authorization, the Company's Supervisory Board shall decide on the allocation in accordance with the distribution of duties as specified by the German Stock Corporation Act.

The Executive Board decides on the further content of the share rights and the conditions of the share issue subject to approval of the Supervisory Board. In particular, the profit entitlement can at the same time be structured in a manner deviating from Section 60 para. 2 German Stock Corporation Act and a profit entitlement can be provided from the beginning of the fiscal year preceding the issue, if at the time of issue of the new shares, a resolution of the Annual General Meeting on the appropriation of profits for this fiscal year has not yet been adopted.

Acquisition and use of treasury shares

By resolution of the Annual General Meeting of September 18, 2023 the Executive Board was authorized, subject to the approval of the Supervisory Board, to acquire treasury shares up to an amount not exceeding 10% of the share capital. The 10% threshold is determined by the amount of the share capital at the time this authorization takes effect. If the share capital is lower at the time of the exercise of this authorization, the threshold will be determined based on this lower value. The shares acquired on the basis of this authorization, together with other shares of the Company which the Company has already acquired and still owns, may at no time account for more than 10% of the existing share capital. The authorization may also be exercised by the companies dependent on the Company or in which it has a majority shareholding or by third party for the account of the Company or of companies dependent on the Company or in which it has a majority shareholding. The authorization may be used once or several times in full or in partial amounts.

The acquisition will be made via the stock exchange by means of a public purchase offer addressed to all shareholders of the Company or by means of a public invitation to submit offers to sell using derivatives and/or a bank or financial institution.

If the shares are acquired via the stock exchange, the acquisition price (excluding incidental acquisition costs) may not exceed or fall below the opening price of the Company's shares in the opening auction in Xetra trading or in a comparable trading system replacing the Xetra system on the Frankfurt Stock Exchange on the relevant trading day, by more than 10%. If no opening auction is held, the first price of the Company's shares determined in Xetra trading or in a comparable trading system replacing the Xetra system on the Frankfurt Stock Exchange on the respective trading day will be decisive.

If the acquisition is made through a public purchase offer, the Company can either publish a formal offer or publicly invite shareholders to submit offers to sell. The offered purchase price (excluding incidental acquisition costs) may not exceed or fall below the arithmetic mean of the closing prices (closing auction prices of the Company's shares in Xetra trading or a comparable successor system replacing the Xetra system) on the Frankfurt Stock Exchange on the last three trading days before the publication of the purchase offer or the invitation to submit offers, by more than 10%. If, after publication of the offer, there are significant differences between the stock exchange price of the Company's shares and the relevant price, the offer may be adjusted. In this case, the arithmetic mean of the share prices (closing auction prices of the Company's shares in Xetra trading or, if no closing auction takes place, the respective last paid stock exchange prices in a comparable trading system replacing the Xetra system) on the Frankfurt Stock Exchange during the last three trading days before the publication of the adjustment will be used as a basis.

The repurchase volume can be limited. If the shares offered for acquisition by the shareholders exceed the total amount of the Company's purchase offer, assumption must be in proportion to the total amount of the purchase offer and the total number of shares offered by the shareholders at the relevant purchase price or a lower price. In addition, it may be provided for preferential assumption of small quantities of up to 100 shares for the acquisition of offered shares per shareholder. The purchase offer or invitation to submit offers may contain further conditions.

The treasury shares acquired can also be obtained by (i) purchasing options that give the Company the right to purchase shares of the Company (call options), (ii) selling options that oblige the Company to purchase the Company's shares in the event of the exercise of the options (put options), and/or (iii) concluding forward purchase contracts for shares of the Company where there are more than two trading days between the day on which the respective forward purchase contract is concluded and its fulfillment with shares of the Company (call options, put options and forward purchase contracts). A combination of different derivatives is permitted.

- The terms and conditions of the derivatives must stipulate that they may only be serviced with shares of the Company acquired on the stock exchange in compliance with the principle of equal treatment. The purchase price paid for such shares of the Company (excluding incidental acquisition costs) may not exceed or fall below the opening auction price or the first quoted market price of the shares of the Company in Xetra trading or in a comparable trading system replacing the Xetra system on the Frankfurt Stock Exchange on the respective trading day, by more than 10%. If no opening auction is held, the first price of the Company's shares determined in Xetra trading or in a comparable trading system replacing the Xetra system on the Frankfurt Stock Exchange on the respective trading day will be decisive.

- The purchase price per share agreed in the derivatives may not exceed or fall below the arithmetic mean of the closing prices (closing auction prices of the Company's shares in Xetra trading or a comparable trading system replacing the Xetra system) on the Frankfurt Stock Exchange on the last three trading days before the conclusion of the respective derivative contract, by more than 10%. In addition, the purchase price paid by the Company for call options or forward purchase contracts or the respective option premium may not be significantly higher and the sale price received by the Company for put options or the respective option premium may not be significantly lower than the theoretical fair value of the derivatives determined by means of recognized financial calculation methods. When determining the theoretical fair value, the price per share specified in the derivatives must be adequately taken into account.

Finally, the Company may agree with one or more banks or other companies which meet the requirements of Section 186 para. 5 s. 1 German Stock Corporation Act that they will deliver a predetermined number of shares or a predetermined Euro equivalent of shares in the Company to the Company within a certain period of time. In this case, when determining the price at which the Company acquires treasury shares, a discount of the arithmetic mean of the volume-weighted average price of the share in the Xetra trading system of the Frankfurt Stock Exchange (or a comparable successor system) will be taken into account, which is determined over a period covering a predetermined number of stock exchange trading days. However, the share price may not fall below the aforementioned mean by more than 20% percent. In addition, the banks or other companies which meet the requirements of Section 186 para. 5 s. 1 German Stock Corporation Act must undertake to purchase the shares, which are to be delivered to the Company, on the stock exchange at prices that are within the range that would apply if the Company were to purchase these shares directly on the stock exchange.

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

- The Executive Board is authorized to redeem the treasury shares acquired on the basis of this authorization, subject to the approval of the Supervisory Board, in accordance with Section 71 para. 1 no. 8 German Stock Corporation Act, without the redemption requiring a further resolution of the Company's Annual General Meeting. The redemption may be limited to a portion of the shares acquired. The authorization to redeem may be used more than once. The redemption usually results in capital reduction. Deviating from this, the Executive Board may determine that the share capital remains unchanged and that instead the portion of the remaining shares in the share capital is increased through the redemption in accordance with Section 8 para. 3 German Stock Corporation Act. The Executive Board is in this case authorized to adjustment of the disclosure of the number in the Articles of Association.

- The Executive Board is also authorized, subject to the approval of the Supervisory Board, to use the shares acquired on the basis of the authorization in a different manner than by disposal on the stock exchange or by offering them to all shareholders with full or partial exclusion of the shareholders' subscription rights, as follows:

    - for disposal in exchange for a noncash contribution, in particular for, but not limited to the acquisition of companies, parts of companies or interests in companies;

    - for disposal in exchange for a cash payment, provided that this is done at a price that is not significantly lower than the quoted market price of shares in the Company at the time of disposal (simplified exclusion of subscription rights according to Section 186 para. 3 s. 4, Section 71 para. 1 no. 8 s. 5 2nd clause German Stock Corporation Act). The authorization is limited to a maximum of 10% of the current share capital, taking into account other shares and bonds with warrants or convertible bonds as well as profit participation rights with conversion right or conversion obligation that are issued or sold during the term of this authorization until its use in direct or corresponding application of Section 186 para. 3 s. 4 German Stock Corporation Act, excluding the shareholders' subscription rights. The 10% threshold is determined based on the amount of share capital at the time this authorization takes effect. If the share capital is lower at the time of exercise this authorization, the threshold will be determined based on this lower value;

    - to be used to fulfill the Company's obligations arising from options and conversion rights or conversion obligations derived from bonds with warrants or convertible bonds or profit participation rights (or combinations of these instruments) issued by the Company or by companies dependent on it or in which it has a majority shareholding, or to establish a conversion obligation;

    - to grant the holders of bonds with warrants, convertible bonds or profit participation rights that grant a conversion right or option or establish a conversion obligation, that grant a conversion right or option or establish a conversion obligation (or combinations of these instruments) issued by the Company or by companies controlled by it or in which it has a majority interest, a subscription right to the extent to which they would be entitled under the exercise of the rights or obligations arising from these instruments;

    - for the transfer of shares as part of a participation program or share-based compensation. The transfer of shares or corresponding promises or agreements may only be made to/with persons who participate in such a program or receive such share-based compensation as a member of the Executive Board of the Company, as a member of the management body of a company dependent on the Company or as an employee of the Company or of a company dependent on the Company. A transfer of the Company's treasury shares to these persons can be made at reduced prices or without any special consideration. To the extent that treasury shares are to be granted to members of the Executive Board of the Company pursuant to this authorization, the Supervisory Board of the Company shall decide on the allocation and all other details.

The above authorizations may be exercised once or several times by companies dependent on the Company or in which it has a majority shareholding or by third party for the account of the Company or of companies dependent on the Company or in which it has a majority shareholding. The shareholders' subscription rights are excluded in this respect.

10.8 Material agreements of the Company that are subject to a change of control due to a takeover offer and the resulting effects

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

- On February 19, 2024, RENK GmbH as a borrower and guarantor, as well as RENK Group AG, RENK FinCo GmbH and several subsidiaries of RENK GmbH, namely Horstman System Defence Limited, Horstman Holdings Limited, RENK Holdings Inc. and RENK America LLC, as guarantors, entered into an agreement with a number of lenders ("Facility Agreement"), which includes a term credit facility of € 525 million, a revolving credit facility of € 75 million and a guarantee facility of € 450 million. 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 (this provision is intended to maintain a sole entity for enforcement, but for the avoidance of doubt it is clarified that the merger of RENK FinCo GmbH and RENK Group AG does not fall under the “Change of Control” clause as it represents a permitted activity of RENK Group AG as a holding company) or (b) a person or several persons acting jointly (with the exception of funds managed directly or indirectly by Triton Investment Management Limited) directly or indirectly acquire control over RENK Group AG, i.e., hold or control 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 paid out by them.

10.9 Compensation agreements of the Company made with the members of the Executive Board or with employees in the event of a takeover offer

RENK Group AG has not entered into any compensation agreements in the event of a takeover offer with its employees or with members of its Executive Board or with employees or directors of direct or indirect subsidiaries.

11. Combined Corporate Governance Statement according to Section 289 f and Section 315 d German Commercial Code

11.1 Introduction

In fiscal year 2024, the Executive Board and the Supervisory Board of the RENK Group AG report jointly on the corporate governance of the RENK Group AG and the RENK Group (RENK Group AG and fully consolidated group companies hereinafter also "RENK") in the combined Corporate Governance Statement in accordance with Sections 289 f, 315 d German Commercial Code and as provided for in Principle 23 of the German Corporate Governance Code ("Deutschen Corporate Governance Kodex") as amended on April 28, 2022 (published in Bundesanzeiger on June 27, 2022) (hereinafter Code). At the same time, the Executive Board and the Supervisory Board each give a statement on those disclosures that fall within their area of responsibility.

According to Section 317 para. 2 s. 6 German Commercial Code, the audit of the disclosures which is conducted by the auditor in accordance with Section 289 f para. 2 and para. 5 German Commercial Code as well as Section 315 d German Commercial Code is to be restricted to establishing whether these disclosures have been provided. The content of the combined Corporate Governance Statement is therefore unaudited.

11.2 Declaration of the Executive Board and the Supervisory Board on the German Corporate Governance Code in accordance with Section 161 German Stock Corporation Act

The Executive Board and the Supervisory Board of RENK Group AG have issued the below-mentioned Declaration of Conformity on German Corporate Governance Code in accordance with Section 161 German Stock Corporation Act for the first time in December 2024 due to the listing of RENK Group AG which took place in fiscal year 2024:

Declaration of Conformity in accordance with Section 161 German Stock Corporation Act

The Executive Board and the Supervisory Board of RENK Group AG ("Company") declare the following in accordance with Section 161 of the German Stock Corporation Act:

During the period since the Company's shares were for the first time admitted to trading on an organized market on February 6, 2024 (IPO), the Recommendations of the "Government Commission on the German Corporate Governance Code" as amended on April 28, 2022 (published in Bundesanzeiger on June 27, 2022) ("Code") have been complied with and will be complied with also in the future, subject to the following exceptions.

1. Recommendations B.2 2nd clause, B.5, C.1 s. 5 and 6, C.2, C.8, D.2 s. 2, D.3 s. 4 and D.12 s. 2

Recommendations B.2 2nd clause, B.5, C.1 s. 5 and 6, C.2, C.8, D.2 s. 2, D.3 s. 4 and D.12 s. 2 each require the disclosure of certain information in the Corporate Governance Statement. The Company has not yet issued a Corporate Governance Statement in accordance with the legal requirements applicable to the Company, and therefore the above recommendations regarding the publication of information have not been complied with and will not be complied with until the Corporate Governance Statement is issued for the first time.

2. Recommendations G.1 and G.2

Recommendation G.1 sets out requirements for the structuring of the Executive Board remuneration system. Recommendation G.2 requires that the Supervisory Board should first determine, on the basis of the remuneration system, the specific total target compensation for each member of the Executive Board, which is adequate to the tasks and performance of the Executive Board member and the situation of the Company and does not exceed the usual compensation without specific reasons. Departures from these recommendations have been and will continue to be made in the manner described below.

Until the IPO, the Company was not obliged to establish an Executive Board remuneration system in accordance with the requirements of Section 87 a German Stock Corporation Act. On May 2, 2024, the Supervisory Board resolved on an Executive Board remuneration system that complies with the law and the Code's recommendations. The Executive Board remuneration system was approved by the Company's Annual General Meeting on June 26, 2024. Up to that point, there had been a departure from Recommendation G.1. The regulations in the Executive Board employment contracts which have been concluded before the introduction of the remuneration system and which remain in force are not, as allowed within reason, fully compliant with the Executive Board remuneration system, so that there is a departure from Recommendation G.2 with regard to these Executive Board employment contracts.

3. Recommendation G.3

Recommendation G.3 stipulates that the Supervisory Board should use an appropriate peer group of other companies, the composition of which it will disclose, to assess if the specific total compensation of the members of the Executive Board is at the usual levels in comparison to other companies. Departure from this recommendation has been and will continue to be made in the manner described below. The Supervisory Board has not yet disclosed the composition of the peer group of other companies. There is an intention to do so, as is customary in practice, in the remuneration report, whose publication was previously not an obligation of the Company in accordance with the legal requirements applicable to the Company. Therefore, this recommendation has not been and will not be complied with until the first publication of the remuneration report.

4. Recommendation G.8

Recommendation G.8 stipulates that any subsequent modification to the targets or comparison parameters with regard to the compensation of the Executive Board should be excluded. Departure from this recommendation has been made in the manner described below. By resolution of May 2, 2024 the Supervisory Board subsequently corrected the target for the performance indicator "Adjusted earnings per share" for the performance period 2024-2027 of the Long-Term Incentive Plan after an incorrect calculation basis was identified.

Furthermore, there has been and will be a departure from Recommendation G.8 because a performance sub-indicator of the sustainability target has become unachievable due to external circumstances beyond the control of the Company. The achievement of a certain score in the sustainability rating (ESG Risk Rating) by Morningstar Sustainalytics was set as a performance sub-indicator of the sustainability target. After this performance sub-indicator was set, Morningstar Sustainalytics informed the Company that it would no longer issue such a rating for the Company or group companies in response to regulatory changes for providers of sustainability ratings. For this reason, the Supervisory Board established a new performance sub-indicator "Women in management positions" by the resolution of December 10, 2024.

5. Recommendation G.9 s. 2

Recommendation G.9 s. 2 stipulates that the achievement of the target should be comprehensible in terms of both its rationale and amount. Departure from this recommendation has been and will continue to be made in the manner described below. The Company intends to disclose the target achievement in the remuneration report. In accordance with the legal requirements applicable to the Company, it has not yet published a remuneration report. Therefore, this recommendation has not been and will not be complied with until the first publication of the remuneration report.

Augsburg, December 2024

The Supervisory Board The Executive Board

The above Declaration of Conformity was published on December 19, 2024 on RENK's website and is available at https://ir.renk.com/de/corporate-governance/ in the subsection "Declaration of Conformity".

11.3 Remuneration report and remuneration system of the Executive Board and the Supervisory Board

The remuneration report for fiscal year 2024 and the auditor's report in accordance with Section 162 German Stock Corporation Act are published on RENK's website and are available at https://ir.renk.com/de/corporate-governance/.

The applicable remuneration system for the members of the Executive Board of RENK Group AG in accordance with Section 87 a para. 1 and para. 2 s. 1 German Stock Corporation Act was adopted at the Annual General Meeting on June 26, 2024 with the approval of 99.57% of votes and was published on September 12, 2024 on the website of RENK and is available at https://ir.renk.com/de/corporate-governance/ in the subsection "Remuneration of the Executive Board and the Supervisory Board".

The Annual General Meeting of June 26, 2024 also resolved on the compensation of the Supervisory Board members of RENK Group AG in accordance with Section 113 para. 3 German Stock Corporation Act. The resolution was adopted with an approval of 99.99% of the votes and was published on September 12, 2024 on the RENK website and is available at https://ir.renk.com/de/annual-general-meeting/. In addition, a description of the compensation of the Supervisory Board members is available on RENK 's website at https://ir.renk.com/de/corporate-governance/.

11.4 Relevant practices for sustainable corporate governance

As a globally operating group RENK has a responsibility to enforce applicable laws, protect fundamental values and act ethically and sustainably. In order to manage this responsibility, to ensure the legality of all business transactions and to effectively counter other risks, the Executive Board issues internal regulations which must be implemented by all Group companies and their employees. At the top of the written internal regulations is the Code of Conduct, which contains the basic rules for the conduct of employees (more information on the Code of Conduct can be found under item 11.4.2). Subordinate to this, the RENK Group Manuals (RGM) formulate minimum standards and summarize RENK's core guidelines from each specialist area. RGM has put RENK in a good position on the following issues: ethics and compliance, audit guidelines, investor relations, global security, global procurement, business continuity management and export control. The RENK Governance Rules (RGR) apply across all locations and provide binding and general instructions for handling individual subject areas. In particular, RENK has issued Governance rule RGR-11-1 on diversity, equity and inclusion, which is available on RENK's website at https://www.renk.com/de/karriere/why-renk. With this rule, RENK expresses its goal of creating an inclusive working environment for its employees based on commitment, collaboration and appreciation.

In addition to the recommendations of the Code referred to in the Declaration of Conformity reproduced under item 11.2, RENK voluntarily complied with the suggestions of the Code in fiscal year 2024.

The relevant corporate governance practices at RENK are described in more detail below.

11.4.1 Policy statement on human rights and social responsibility

As a globally operating group RENK is committed to the full respect of human rights and is convinced that assuming social responsibility for the well-being of people is the foundation for sustainable success. RENK recognizes the United Nations Universal Declaration of Human Rights. RENK joined the UN Global Compact in 2022 and has thus committed itself to its principles in the areas of human rights, labor standards, environmental protection and anti-corruption (further information on the UN Global Compact is published on its website at https://unglobalcompact.org/). In addition, RENK's commitment to human rights is based on the core conventions of the International Labour Organization (ILO) (further information on the ILO standards is published on its website at https://www.ilo.org/international-labour-standards#key) and the OECD Guidelines for Multinational Enterprises (available on the OECD website at https://www.oecd.org/de/publications/2023/06/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_a0b49990.html). RENK has issued the Policy Statement on Human Rights, which is available on the RENK website at https://www.renk.com/de/unternehmen/verantwortung/compliance.

11.4.2 Corporate governance and Code of Conduct

The Code of Conduct is an integral part of RENK's corporate governance and serves to promote ethical standards and values among business partners and employees, ensure compliance with laws and regulations and create a positive working environment. The Code of Conduct summarizes RENK's responsibility for ethics & compliance under the three basic headings "Our responsibility as a member of society", "Our responsibility as business partner" and "Our responsibility in the workplace" and includes in particular the issues of human rights, equal opportunities, equal treatment and non-discrimination, product conformity and product safety, environmental protection, political lobbying, conflicts of interest, prohibition of corruption, prohibition of money laundering and the financing of terrorism, accounting and financial reporting, fair and free competition, export control, occupational safety and health, employee representative bodies and fair working conditions as well as IT security and data protection. The Executive Board and the Supervisory Board support the effective and efficient enforcement of the Code of Conduct and at the same time, in doing so they bear responsibility for the enforcement of applicable laws, own values and internal policies. The Code of Conduct is available on RENK's website at https://www.renk.com/de/unternehmen/verantwortung/compliance.

RENK has also drawn up a Code of conduct for Suppliers and other Business Partners and the progress of its implementation is encouraged by RENK's Executive Board and Supervisory Board. This Code of conduct represents RENK's core values and principles, which must also be observed by suppliers and business partners. The Code of conduct sets out a binding minimum standard and forms the basic understanding for cooperation along an international supply chain that should comply with ethical, ecological and social standards. The Code of conduct for Suppliers and other Business Partners is available on RENK 's website at https://www.renk.com/de/unternehmen/verantwortung/compliance.

11.4.3 Risk management, internal control system, compliance management system and internal audit function

Risk management

RENK has introduced a company-wide risk management system (RMS) which is based on an enterprise risk management (ERM) approach and aligned with the COSO framework. This makes it possible to systematically identify, assess and manage the risks that could significantly impact business activities. An essential component of this structure is the risk early recognition system. Its aim is to early identify the risks that put the Company's existence at stake and to minimize their impact. Risks that can contribute to increasing the enterprise value are deliberately taken, while those which can potentially result in putting the Company's existence at stake are consistently avoided or reduced through appropriate measures. Regular reporting to the Executive Board and the Supervisory Board ensures continuous monitoring and control of identified risks.

RENK divides identified risks into seven clusters: strategic risks, operational risks, legal & compliance risks, reputational risks, technology & IT security risks, financial risks and ESG risks. All risks must undergo a quantitative, but at least qualitative assessment, with regard to their damaging impact on RENK's EBIT.

Aggregated individual risks that may exceed the materiality threshold due to interdependencies must also be reported. The risk manager's task is to assess whether risks that are considered immaterial on an individual basis could be material in aggregate form.

The risk is the product of the potential extent of damage and the probability of its occurrence. When assessing risk, a distinction is made between gross and net assessment, whereby measures already taken can mitigate the gross risk.

The centrally established risk management acts as a link between the legal entities, corporate functions and segments, the Executive Board and the Supervisory Board and is responsible for ensuring a systematic structure and process organization.

Internal Control System

The internal control system of RENK (ICS) serves to comply with legal rules, to ensure the correctness of financial reporting and to protect the Company's assets. It is also based on the COSO framework and has been adapted to RENK's specific requirements. The Executive Board bears overall responsibility for the ICS, while the subsidiaries also fulfill their respective obligations. Annual structural and functional tests are implemented to monitor the adequacy and effectiveness of these controls. At the same time, compliance with principles such as separation of functions and minimum information is regularly monitored and reported to the Audit Committee.

Compliance management system

The Ethics & Compliance department is an integral part of RENK's corporate strategy and culture. The Executive Board has used the changes in the ownership and organizational structure in recent fiscal years to build a modern and well-staffed compliance organization and to shape the mindset of all specialist departments in this area in line with current requirements. Under the control of the Executive Board, the entrepreneurial activities of every employee and every management body always follow high compliance standards, which ensure that RENK achieves the conduct compliant with laws and regulations through organizational structure, binding policies and appropriate processes. The compliance function is part of the CEO's area of responsibility. The Chief Compliance Officer therefore reports directly to the CEO. In this respect, the Executive Board issues internal regulations regarding conduct that complies with laws and regulations, including in the form of policies applicable across the Company and the Group. The Code of Conduct forms the essential framework with rules of conduct for all employees. RENK communicates all policies to its employees. In addition, courses and training serve to raise awareness of all compliance issues, including violations.

An important component of the CMS is a Group-wide analysis of compliance-related risks. The compliance risk analysis is based on the standards of the German Institute for Compliance (Deutsches Institut für Compliance e.V., DICO). The risk analysis covers all group companies and takes into account, on a risk-based basis, the number and size of the individual group companies, the business model, the customer and sales structure, the Transparency International CPI ("Corruption Perception Index") and the GDI ("Government Defence Integrity Index") as well as the respective local competitive structure. In addition, governance rules provide for clear and transparent procedures and processes ensuring that compliance violations are identified internally, clarified and immediately remedied. Industry and business model-related risk areas, particularly in the fields of export control and sales intermediaries, are monitored proactively and with a high level commitment of resources and are regularly reassessed.

Employees and other stakeholders have various ways to report violations. On the one hand, potential violations of laws or policies can be reported online via a whistleblower system – the RENK Integrity Line is available at https://renk.integrityline.app and also facilitates anonymous reports. Employees can also contact an external ombudsman or contact the staff of the Corporate Ethics & Compliance department directly. Reports are reviewed and processed by the Corporate Ethics & Compliance department promptly, objectively, confidentially and independently through a defined incident management process. Findings from the analysis and internal reports are continuously taken into account during the adjustment of the CMS and contribute to a sustainable adaptation and improvement of the system.

A detailed description of the Compliance Management System is published and available under "Ethics and Compliance at RENK" on RENK's website at https://www.renk.com/de/unternehmen/verantwortung/compliance.

Internal audit function

As an additional control mechanism for the CMS, RENK has implemented an independent internal audit function. The internal audit function supports the business organization in an independent and objective manner in evaluating and improving the effectiveness of the CMS and risk management, controls, and management and monitoring processes. In addition, RENK also relies on external support to ensure the quality of compliance rules.

Statement on the adequacy and effectiveness of the internal control system and the risk management system

On the basis of the internal reporting on the internal control system, the annual report of the Risk Management department, the certificate of the statutory auditor, the audit reports of the Audit department which tests relevant risks and controls for each audit field, and the certification process implemented in each legal entity and corporate function which is subject to report and confirms the maintenance of internal controls, the Executive Board produces an overall statement on the adequacy and effectiveness of the internal control system and risk management system. The aforementioned also include a compliance system aligned with the company's risk exposure. In the light of this, the Executive Board is not aware of any evidence to the contrary that the RENK Group's internal control system and risk management system have not been appropriate or ineffective. Irrespective of this, further measures to optimize documentation will be initiated in the future.

Notwithstanding, there are inherent risks that, even though the systems are deemed adequate and effective, process violations or risks may occur.

11.4.4 Sustainability

RENK is aware of its responsibility to contribute to an economically stable and ecologically responsible development of our society. As provider of mission-critical drive technology for military vehicles and naval vessels, RENK makes a significant contribution to preserving freedom, democracy and security. Therefore, RENK committed itself, with the involvement of the Executive Board and Supervisory Board, to a sustainability strategy in 2025 and to the definition of four fields of action that will contribute to a sustainable world that is fit for the future:

Social responsibility through product quality and safety

- RENK products ensure the framework conditions for liberal, democratic, social, ecological and economic sustainability.

Emission reduction in one's own operations

- RENK is consistently driving forward the reduction of greenhouse gases in its own operations.

Promoting health, safety and inclusion in the workplace

- RENK creates a workplace for its employees that supports their health and safety and promotes inclusion.

Resilient sustainable corporate governance

- RENK is a systemically important and reliable partner who acts at all company levels in a sustainable and responsible manner.

In this context, ecological, social and societal sustainability are an essential part of RENK's corporate strategy. RENK is strongly guided in this regard by internationally recognized instruments such as the UN Global Compact, the UN Declaration of Human Rights, the OECD Guidelines and the internationally acknowledged United Nations Guiding Principles on Business and Human Rights (cf. also item 11.4.1).

For further information on sustainability issues, please refer to section 13 Sustainability statement in the combined Management Report of the annual report for year 2024. This is available on the RENK website at https://ir.renk.com/de/publications/.

11.4.5 Shareholders and Annual General Meeting

The shareholders of RENK Group AG exercise their rights at the Annual General Meeting. The Annual General Meeting adopts resolutions on all matters assigned to it by law, including the appropriation of profits, the remuneration system and the remuneration report for members of the Executive Board and the Supervisory Board, the approval of the Executive Board members' actions and of the Supervisory Board members' actions, the appointment of auditors, amendments to the Articles of Association, measures for the capital reduction and capital increase as well as, in the cases provided for by law, the approval of the annual financial statements. The Annual General Meeting also elects the shareholder representatives on the Supervisory Board.

In fiscal year 2024, the Annual General Meeting took place in a virtual format without the shareholders or their representatives being physically present on June 26, 2024. For fiscal year 2025 the Annual General Meeting is planned on June 4, 2025 in the same format. Further information on the Annual General Meeting is available on RENK's website at https://ir.renk.com/de/annual-general-meeting/.

11.4.6 Trading activities of persons charged with managerial responsibilities

Under the conditions of Art. 19 of Regulation (EU) No. 596/2014 (Market Abuse Regulation), RENK Group AG is obliged to publish transactions by persons charged with managerial responsibilities and persons closely associated with them in shares of RENK Group AG or debt securities of RENK Group AG or related derivatives or other related financial instruments. The relevant information will be published on RENK's website at https://ir.renk.com/de/corporate-governance/.

11.4.7 Corporate communication and transparency

RENK Group AG is aware of the importance of comprehensive, timely and equitable communication on the economic situation and current developments and events to shareholders, participants in the capital market and the interested public. Regular and timely reporting takes place especially in the context of the Annual Report, which contains, in particular the consolidated financial statements, the combined Management Report and the annual financial statements of RENK Group AG, the half-year financial report, which comprises, in particular the condensed interim consolidated financial statements and the interim group management report, and the quarterly statements. RENK reports current developments and important events in press releases and, if necessary, ad hoc disclosures. RENK makes all mandatory publications available on its website. A current financial calendar is also available there, which provides information on all important publication and event dates. The relevant information is generally provided in German and English.

Further information on publications, share prices and other communication topics can be found on RENK's website, particularly in the Investor Relations section at https://ir.renk.com/de/ and in the Newsroom at https://www.renk.com/de/newsroom/presse.

11.4.8 Financial reporting and audit of the financial statements

The consolidated financial statements and the condensed interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the regulations under commercial law applicable in accordance with Section 315 e para. 1 German Commercial Code. The combined Management Report and the individual financial statements of RENK Group AG, which are relevant for the dividend payment, are prepared in accordance with German commercial law. The interim group management report is prepared in accordance with the requirements of the German Accounting Standards ("Deutschen Rechnungslegungs Standards") due to the preparation requirement under Section 115 para. 2 no. 2 German Securities Trading Act. In addition, RENK prepares and publishes quarterly statements for the first quarter and the first nine months of each fiscal year in accordance with Section 53 of the Exchange Rules for the Frankfurt Stock Exchange ("Börsenordnung für die Frankfurter Wertpapierbörse"). The quarterly statement for the first quarter 2025 will be published on May 14, 2025, the quarterly statement for the first nine months of fiscal year 2025 will be published on November 13, 2025. The half-year financial report will be published on August 13, 2025.

The consolidated financial statements, the combined Management Report and the annual financial statements as well as the interim consolidated financial statements and the interim group management report are prepared by the Executive Board of RENK Group AG. The auditor is elected by the Annual General Meeting on the basis of the resolution proposed by the Supervisory Board, which in turn is based on the recommendation of the Audit Committee. Before submitting the election proposal, the Supervisory Board and its Audit Committee obtained a statement regarding the auditors' independence provided by the auditor. The auditor has audited the consolidated financial statements, the combined Management Report and the annual financial statements and issued an unqualified audit opinion on each of them. The Supervisory Board has approved the annual financial statements. With regard to the condensed interim consolidated financial statements and the interim group management report, an audit review was carried out with due regard of the German standards for the audit review of financial statements established by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW).

In fiscal year 2024, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich (PwC) was commissioned, as in previous fiscal years 2023 and 2022, with the statutory audit of the financial statements and, for the first time, with the audit review of the condensed interim consolidated financial statements and the interim group management report. As a precautionary measure, PwC was also appointed as auditor of the (Group) Sustainability Report for fiscal year 2024. The appointment as statutory auditor for fiscal year 2024 took place at the Annual General Meeting on June 26, 2024. Since PwC began its auditing activities in fiscal year 2022 Holger Graßnick has been the responsible public auditor.

As part of its monitoring of the Management Board, the Supervisory Board was particularly responsible for auditing the financial reporting and monitoring the accounting-related control and risk management systems, in which it was assisted by the auditor. In particular, the Audit Committee discussed the assessment of audit risk, the audit strategy and audit planning as well as the audit results with the auditor, and the Chair of the Audit Committee regularly exchanged information with the auditor on the progress of the audit and reported thereon to the Audit Committee.

11.5 The Executive Board

11.5.1 Working methods

The Executive Board manages RENK on its own responsibility and is committed to the interests of the Group and to increasing the sustainable Group value. It develops RENK's strategic focus, regularly coordinates it with the Supervisory Board and ensures its implementation. The Executive Board manages RENK in accordance with the law, the Articles of Association and the Rules of Procedure issued by the Supervisory Board. In particular, the Executive Board is responsible for ensuring compliance with legal provisions and internal company policies and their observance by all RENK companies (compliance).

The members of the Executive Board bear joint responsibility for the overall management of the Company. The Executive Board decides as a whole on all matters in which the law, the Articles of Association or the Rules of Procedure prescribe a decision by the entire Executive Board. It can entrust individual members of the Executive Board with the implementation of the resolutions and with the execution of measures that are the responsibility of the entire Executive Board. Each member of the Executive Board independently and under their own responsibility manages the business area assigned to them by the List of responsibilities. The Executive Board members collaboratively work together, advising and keeping each other informed. In cases where decisions made by the Executive Board member exceed the limits of their area of responsibility or significantly affect the area of responsibility of another member of the Executive Board, the Executive Board members concerned will decide jointly. If no agreement is reached, the entire Executive Board will decide. The Executive Board meetings take place regularly. However, they must take place if this is required for the benefit of RENK. Any member of the Executive Board may request that the Executive Board be convened immediately. The Executive Board usually adopts resolutions in meetings, which can also be held in the form of a conference call or by other electronic means of communication. The Executive Board shall make every effort to ensure that all of its resolutions are unanimous. If unanimity cannot be achieved, the resolutions of the Executive Board will be adopted by a simple majority of the votes cast by the members of the Executive Board who participate in the adoption of a resolution, unless other majorities are mandatory by law, the Articles of Association or the Rules of Procedure.

11.5.2 Cooperation with the Supervisory Board

The Supervisory Board and the Executive Board work together for the benefit of RENK. Providing the Supervisory Board with sufficient information is a joint responsibility of Executive Board and Supervisory Board. In principle, the Chairman of the Executive Board is responsible for informing the Chairman of the Supervisory Board and the Supervisory Board committees as a result. An exception is when the Audit Committee is provided with the information for which the Chief Financial Officer is primarily responsible. In this context, the Chairman of the Supervisory Board and the Chairman of the Executive Board regularly consult each other on decision-making developments relating to RENK's strategy, risk and compliance. The Supervisory Board and the Executive Board involve each other in fundamental decisions in their respective areas of competence at an early stage. To the extent requested by the Supervisory Board, the members of the Executive Board will attend meetings of the Supervisory Board or its committees. In addition, the measures and transactions designated in the Rules of Procedure of the Executive Board require the prior approval of the Supervisory Board.

11.5.3 Composition including diversity and succession planning

The Executive Board of RENK Group AG consists of one or more members in accordance with Article 8 para. 1 of the Articles of Association. The Supervisory Board determines the exact number of members. The members of the Executive Board are appointed for a period of up to five years, with reappointments permitted.

At the end of fiscal year 2024 the Executive Board of RENK Group AG consisted of three members. These were: Susanne Wiegand (CEO), Anja Mänz-Siebje (CFO) and Dr. Alexander Sagel (COO). Further information on the resumes of the current Executive Board members can be found at https://ir.renk.com/de/corporate-governance/.

During fiscal year 2024 there were several changes in the Executive Board of RENK Group AG. Dr. Alexander Sagel was appointed member of the Executive Board with effect as of April 1, 2024 and has also held the office of Arbeitsdirektor (Executive Board member responsible for employee relations) since October 1, 2024. Mr. Christian Schulz (CFO) left the Executive Board at the end of September 2024 and had also held the office of Arbeitsdirektor (Executive Board member responsible for employee relations) until then. Ms. Anja Mänz-Siebje was appointed as a member of the Executive Board with effect from October 1, 2024.

Ms. Susanne Wiegand announced in November 2024 that she would be leaving the Executive Board on January 31, 2025. As of February 1, 2025 Dr. Alexander Sagel took over the office of Chairman of the Executive Board. Effective as of March 1, 2025 Dr. Emmerich Schiller was appointed as COO as a member of the Executive Board. Previously, he was a member of the Management Board of RENK GmbH.

The topic of diversity in all dimensions is of particular importance to RENK and is a focus of RENK's sustainability strategy. RENK is particularly aware that gender diversity promotes a more inclusive and equitable working environment, which can lead to greater employee satisfaction and retention.

Diversity in all respects is therefore also a central aspect for the composition of the Executive Board of RENK Group AG. With regard to the representation of women on the Executive Board, the target values and deadlines for achieving them set by Supervisory Board and, in addition, (on a voluntary basis) the statutory minimum quota are observed (cf. further details under item of 11.7.2 this statement). With regard to the age limit for members of the Executive Board of RENK Group AG, RENK has determined that appointments for members of the Executive Board (as a rule) end when they reach the age of 63 and that an extension for a maximum of five additional years is possible.

Moreover, in long-term succession planning and the requirements for the Executive Board members, different professional qualifications and experience depending on the business area play a key role in addition to management experience and skills in the area of strategy development, knowledge and networking in the defense industry. As a global company, RENK also takes into account its origins and headquarters in Germany and attaches importance to the German language skills of its Executive Board members. The Executive Board members should complement each other as much as possible in terms of their skills and experience. Taking these aspects into account, the Supervisory Board decides, in the interests of the Company and taking into account all the circumstances of the individual case, which person will fill a specific position on the Executive Board.

The Supervisory Board and the Executive Board are jointly responsible for long-term succession planning. Succession planning is a regular subject of the Supervisory Board meetings. In 2024, the Supervisory Board and the Executive Board discussed succession planning in two meetings of the Supervisory Board. The general discussion focused on potential succession for incumbent Executive Board members as well as on how to specifically fill the open Executive Board positions. As part of this process, suitable internal and external candidates were evaluated. As part of succession planning, appropriate planning is also carried out for management positions on the level below the Executive Board.

The aforementioned commitment of RENK to diversity and variety in the composition of the Management Board is confirmed, in particular by the fact that the proportion of women on the Executive Board of RENK Group AG at the end of fiscal year 2024 was two thirds and RENK thus assumes a pioneering role in the entire industry. The standard age limit for members of the Executive Board was also observed in fiscal year 2024.

11.5.4 Avoidance of conflicts of interest and independence

All members of the RENK Executive Board are committed to the Company's interests. They may not pursue any personal interests in their decisions, are subject to a comprehensive non-competition obligation during their work for the Company and are generally not permitted to exploit business opportunities for themselves or third party, if those belong to RENK Group AG or a RENK company. Each member of the Executive Board shall immediately disclose any conflicts of interest to the Chairman of the Supervisory Board and the Chairman of the Management Board and inform the other members of the Executive Board thereof. No conflicts of interest were disclosed in fiscal year 2024.

11.6 Supervisory Board

11.6.1 Working methods, such as cooperating with or receiving information from the Executive Board

The main task of the Supervisory Board of RENK Group AG is to appoint and dismiss the members of the Executive Board as well as to advise and monitor the Executive Board in the management of RENK. The Supervisory Board respects the recommendations of the Code and its further developments, if applicable, in accordance with the valid Declaration of Conformity of Executive Board and Supervisory Board pursuant to Section 161 German Stock Corporation Act. The Supervisory Board conducts its business in accordance with the legal provisions, the Articles of Association and the Rules of Procedure of the Supervisory Board, which are available on RENK's website at https://ir.renk.com/de/corporate-governance/. Details on the cooperation between theExecutive Board and the Supervisory Board can be found under item 11.5.2.

In accordance with its Rules of Procedure and Section 110 German Stock Corporation Act, the Supervisory Board must hold two meetings per calendar half-year (i.e., a total of four meetings per calendar year). Further meetings will be convened if this is necessary in the interests of the Company or if the convening of the meeting is requested by a member of the Supervisory Board or by the Executive Board, indicating the purpose and reasons. In fiscal year 2024, nine meetings of the Supervisory Board of RENK Group AG were held. Meetings of the Supervisory Board will be convened by the Chairman with a notice period of at least 14 calendar days. The Chairman of the Supervisory Board presides over the meetings of the Supervisory Board. It determines the order of the items on the agenda as well as the type and order of the votes. The Executive Board generally attends the meetings of the Supervisory Board and its committees.

Resolutions of the Supervisory Board are generally adopted in meetings which can be held either face-to-face or in the form of video or conference calls or as a mixture of the aforementioned participation options. Resolutions may also be adopted outside of meetings in writing, by e-mail or by other comparable means of communication, as well as in a combination of the aforementioned forms, if the Chairman of the Supervisory Board so orders or if all Supervisory Board members participate in the adoption of a resolution. The Supervisory Board has a quorum if at least half of the members that the Supervisory Board must consist of participate in the adoption of a resolution. Resolutions are generally adopted by a simple majority of the votes cast, with abstentions not deemed as votes cast. If a vote by the Supervisory Board results in a tie, the Chairman of the Supervisory Board will have two votes in the event of a new vote on the same matter if that vote also results in a tie. If the Chairman of the Supervisory Board is prevented from attendance, their deputy will have no such casting vote. Further information on the work of the Supervisory Board can be found in report of the Supervisory Board, which is included in notes to the annual financial statements of the Annual Report. The Annual Report is available on RENK's website at https://ir.renk.com/de/publications/.

11.6.2 Composition including diversity, competence profiles and qualification matrix*

The Supervisory Board of RENK Group AG consists of twelve members with equal representation and is made up of six members representing the shareholders and elected by the shareholders at the Annual General Meeting and six employee representatives elected according to the German Codetermination Act ("Mitbestimmungsgesetz"). Further information on the composition of the Supervisory Board is available on RENK's website at https://ir.renk.com/de/corporate-governance/.

At the end of fiscal year 2024, the Supervisory Board of RENK Group AG consisted of the following persons: The Supervisory Board included Claus von Hermann, Florian Hohenwarter, Johannes Meier, Doreen Nowotne, Karin Sonnenmoser and Klaus Stahlmann as shareholder representatives. The following employee representatives were members of the Supervisory Board: Klaus Refle, Sascha Dudzik, Lothar Evers, Adela Lieb, Ferdije Rrecaj and Mario Sommer. The Chairman of the Supervisory Board is Claus von Hermann and the Deputy Chairman is Klaus Refle.

During fiscal year 2024 there were several changes in the Supervisory Board of RENK Group AG. Swantje Conrad, Cécile Dutheil, Horst Ott, and Dr. Rainer Martens left the Supervisory Board. Florian Hohenwarter, Ferdije Rrecaj, Karin Sonnenmoser and Doreen Nowotne were appointed as members of the Supervisory Board.

The Supervisory Board of RENK Group AG has drawn up a competence profile and a diversity concept as well as other objectives regarding its composition.

Within the framework of the competence profile, the following requirements and objectives are considered essential for the composition of the Supervisory Board as a whole:

- experience in the management of companies, associations and networks
- familiarity of the members as a whole with the RENK sector and associated value chains
- adequate knowledge of the members as a whole regarding finance, accounting, risk management, law and compliance
- appropriate expertise of the members as a whole on sustainability issues that are important for RENK
- at least one member with special knowledge and experience (special expertise) in the field of financial reporting
- at least one member with special knowledge and experience (special expertise) in the field of audit of the financial statements
- at least one member with extensive experience in operations, including e.g., production, innovation, research & development and technology
- at least one member with extensive experience in legal issues, human resources and society
- at least one member with experience in the fields of security and/or defense industry
- expertise and experience in economic sectors outside the scope of RENK's activities

The Supervisory Board strives for sufficient diversity in terms of gender, internationality, and educational and professional background. It has therefore drawn up a diversity concept, according to which it takes the following criteria into account for its composition:

- at least 30% of men and women, respectively
- at least 30% of the members have international experience due to their origin or work
- at least 50% of the members have different education and professional experience
- at least 30% of the members are under 60 years old

* These sections marked with * contain typical management report disclosures that also deal with the disclosure requirements in accordance with ESRS 2 GOV-1.23.

In addition to the aspects of competence and diversity mentioned above, the Supervisory Board has set itself the following additional objectives regarding its composition:

Personality and integrity

The members of the Supervisory Board must be personally reliable and have the knowledge and experience necessary to conscientiously and independently fulfill the duties of a Supervisory Board member. The members of the Supervisory Board must also pass a (hypothetical) screening under the German Security Clearance Act (“Sicherheitsüberprüfungsgesetz”).

Time availability

Each member of the Supervisory Board shall ensure that they devote the time required to properly fulfill their mandate as a member of the Supervisory Board of RENK Group AG. When further mandates are taken over, the statutory mandate restrictions and the recommendations of the Code must be observed.

Age limit and length of membership

As a rule, only persons who have not yet reached the age of 70 at the time of the election should be proposed for election as members of the Supervisory Board.

Independence

In order to ensure independent monitoring of and advice to the Executive Board, the Supervisory Board should include an appropriate number of independent members both as a whole and among its members elected by the shareholders (shareholder representatives). When assessing independence, the Supervisory Board uses the assessment criteria of the current Code.

The status of the implementation of the competence and diversity profile of the Supervisory Board is shown in the qualification matrix:

Qualification Matrix

Status of Implementation of the Skills and Diversity Profile - Shareholders

	Claus von Hermann	**Florian Hohenwarter**	**Johannes Meier**	**Doreen Nowotne**	**Karin Sonnenmoser**	**Klaus Stahlmann**
Duration of membership						
Member	since 01.09.2023	since 07.03.2024	since 01.09.2023	since 26.06.2024	since 26.06.2024	since 01.09.2023
Control limit of membership	until the Annual General Meeting 2028	until the Annual General Meeting 2028	until the Annual General Meeting 2028	until the Annual General Meeting 2028	until the Annual General Meeting 2028	until the Annual General Meeting 2028
Diversity						
Year of birth	1974	1976	1984	1972	1969	1960
Standard age limit	✓	✓	✓	✓	✓	✓
Gender	m	m	m	f	f	m
Educational and professional background	Business administration/ Investment Advisory	Electrical engineering	Business administration/ Investment Advisory	Business administration/ Consulting	Business administration/ Finance	Business engineer
Nationality	German	German	German/ Austrian	German	German	German
Personal Aptitude						
Independence	-	✓	-	✓	✓	✓
According to the assessment of the shareholder representatives, the supervisory board has an appropriate number of independent members.						
No overboarding	✓	✓	✓	✓	✓	✓
Knowledge, skills and professional experience						
Management of companies, associations and networks	●●●	●●●	●●	●●●	●●●	●●●
Knowledge of the sector	●●●	●●●	●●●	●●	●●	●●●
Finance	●●●	●●	●●●	●●●	●●●	●●
Balancing	●●●	●	●●●	●●●	●●●	●●
Accounting	●●●	●	●●●	●●	●●●	●●
Risk management	●●	●●	●●	●●●	●●●	●●
Legal Affairs	●●	●●	●●	●	●●	●●
Compliance	●●	●●	●●	●●	●●●	●●●
Expertise in the area of financial reporting			✓		✓	
Expertise in the area of auditing			✓	✓	✓	
Sustainability issues important to RENK Group AG	●	●●	●	●●	●●●	●
Operations (including e.g. production, innovation, research and development and technology)	●●	●●●	●●	●	●●	●●●
Legal issues, Human ressources and society	●●	●●	●●	●●	●●	●●
Security and/or defence industry	●●	●●●	●●	●●	●	●●
Expertise and experience in economic sectors outside of RENK Group AG	●●●	●●●	●●●	●●●	●●●	●●●

AN = members of the supervisory board for the employees according to § 96 Abs. 1 AktG in connection with MitbestG

The qualification matrix is based on a self assessment of the members of the supervisory board:

●	**Basic knowledge**	sound basic knowledge in essential areas of the field, acquired through trainings an practical experience.
●●	**Advanced knowledge**	extensive knowledge acquired through longstanding practical experience related to the entire field or expertise in parts of the field.
●●●	**Expertise**	expert knowledge in the entire field, acquired through funtions of decision-maker.

Qualification Matrix

Status of Implementation of the Skills and Diversity Profile

	Klaus Refle	**Sascha Dudzik**	**Lothar Evers**	**Adela Lieb**	**Ferdije Rrecaj**	**Mario Sommer**
Duration of membership						
Member	since 01.09.2023	since 01.09.2023	since 01.09.2023	since 01.09.2023	since 11.06.2024	since 01.09.2023
Control limit of membership	until the next election of employees (presumably 2026)	until the next election of employees (presumably 2026)	until the next election of employees (presumably 2026)	until the next election of employees (presumably 2026)	until the next election of employees (presumably 2026)	until the next election of employees (presumably 2026)
Diversity						
Year of birth	1966	1977	1968	1976	1976	1981
Standard age limit	✓	✓	✓	✓	✓	✓
Gender	m	m	m	f	f	m
Educational and professional background	Machinist	Industrial mechanic/ Commercial and Labor Law	Industrial machinist	Business Administration/ Finance	Adult education	Production technology
Nationality	German	German	German	German	German	German
Personal Aptitude						
Independence	AN	AN	AN	AN	AN	AN
According to the assessment of the shareholder representatives, the supervisory board has an appropriate number of independent members.						
No overboarding	✓	✓	✓	✓	✓	✓
Knowledge, skills and professional experience						
Management of companies, associations and networks	●	●●●	●●	●	●●●	●
Knowledge of the sector	●	●	●●	●●●	●●	●
Finance	●●	●●	●	●●●	●●●	●
Balancing	●●	●●		●●●	●●	●
Accounting	●●	●●		●●●	●●	●
Risk management	●	●●		●	●●●	●
Legal Affairs	●	●●	●	●	●●●	●
Compliance	●	●●	●	●	●●●	●
Expertise in the area of financial reporting				✓	✓	
Expertise in the area of auditing				✓	✓	
Sustainability issues important to RENK Group AG	●●	●	●●	●	●●●	●●
Operations (including e.g. production, innovation, research "&ZEICHEN(10)&"and development and technology)	●●	●●	●●	●	●●●	●●
Legal issues, Human ressources and society	●	●●	●●	●	●●●	●
Security and/or defence industry	●	●	●	●	●●	●
Expertise and experience in economic sectors outside of RENK Group AG	●	●●		●	●●●	●

AN = members of the supervisory board for the employees according to § 96 Abs. 1 AktG in connection with MitbestG

The qualification matrix is based on a self assessment of the members of the supervisory board:

●	**Basic knowledge**	sound basic knowledge in essential areas of the field, acquired through trainings an practical experience.
●●	**Advanced knowledge**	extensive knowledge acquired through longstanding practical experience related to the entire field or expertise in parts of the field.
●●●	**Expertise**	expert knowledge in the entire field, acquired through funtions of decision-maker.

11.6.3 Avoidance of conflicts of interest and independence

The members of the Supervisory Board commit themselves exclusively to the interests of the Company. They may not pursue personal interests in their decisions or exploit business opportunities that belong to the Company. Each member of the Supervisory Board is obliged to disclose to the Chairman of the Supervisory Board any conflicts of interest, in particular those that may arise as a result of an advisory or executive function with customers, suppliers, lenders or other business partners. No conflicts of interest were disclosed in fiscal year 2024.

As can be seen from the qualification matrix above, RENK's Supervisory Board consists of a sufficient and appropriate number of independent Supervisory Board members among those elected by the shareholders. For reasons of transparency, it should be noted that Mr. Florian Hohenwarter is the Managing Director of KNDS Deutschland Verwaltungs GmbH as a general partner of KNDS Deutschland GmbH & Co. KG. The KNDS Group has a customer relationship with RENK. However, the Supervisory Board did not consider this customer relationship to be material within the meaning of Recommendation C.7 para. 2 of the Code to the extent that it affects independence. The Supervisory Board will review the independence of Mr. Hohenwarter after completion of the share acquisition following the exercise of options by KNDS N.V., an affiliated company of KNDS Deutschland GmbH & Co. KG, published on February 10, 2025 and adjust its assessment if necessary. The members of the Supervisory Board must maintain confidentiality regarding sensitive disclosures and secrets of the Company, in particular trade and business secrets which become known to them through their work on the Supervisory Board.

11.6.4 Self-assessment

The Supervisory Board will regularly, but at least every two years, review the effectiveness of the performance of its duties and those of its committees. In addition to the qualitative criteria defined by the Supervisory Board, the subject of this self-assessment is, in particular the procedural flows within the Supervisory Board, the flow of information between the committees and the plenary session, and the timely provision of information with sufficient content to the Supervisory Board. Self-assessment is a self-imposed part of the Rules of Procedure of the Supervisory Board.

In fiscal year 2024, the Supervisory Board has performed such a self-assessment. It was conducted using an online questionnaire. The survey was anonymous and evaluated by the Corporate Office. The results of the evaluation were discussed in detail at the meeting of the Supervisory Board. Potential for improvement was identified and appropriate measures were taken to implement it without delay.

11.6.5 Supervisory Board committees

After its formation in 2023 the Supervisory Board established four permanent committees. The Nomination Committee, Personnel Committee, Audit Committee and Mediation Committee contribute to the efficient performance of the Supervisory Board's tasks. The committees prepare the topics assigned to them and take the decisions delegated to them to the extent permitted by law.

- Nomination Committee

The Nomination Committee puts suitable candidates forward to the Supervisory Board for the latter's proposals to the Annual General Meeting regarding the election of the Supervisory Board members and regularly advises on succession planning. At the end of fiscal year 2024, the Nomination Committee consisted of three members who were exclusively shareholder representatives. These were: Doreen Nowotne, Johannes Meier and Claus von Hermann with Doreen Nowotne as the Chair. During fiscal year 2024 there was a change in the Nomination Committee: Cécile Dutheil left the committee and Doreen Nowotne was admitted to the committee. The Nomination Committee held one meeting in fiscal year 2024.

- Personnel Committee

The Personnel Committee prepares resolutions of the Supervisory Board plenary session on (a) all remuneration issues relating to the compensation of the Executive Board and the issues of the Supervisory Board relating to employee shares, (b) recommendations on the size of the Executive Board and on the appointment and dismissal of the Executive Board members, and (c) succession planning relating to the Executive Board. The Personnel Committee is composed of and staffed with four members with equal representation. These were: Doreen Nowotne, Claus von Hermann, Klaus Refle, and Ferdije Rrecaj with Doreen Nowotne as the Chair. During fiscal year 2024, there were several changes in the Personnel Committee: Cécile Dutheil and Horst Ott left the committee and Doreen Nowotne and Ferdije Rrecaj were admitted to the committee. The Personnel Committee held five meetings in fiscal year 2024.

- Audit Committee

The Audit Committee is responsible for (a) the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system as well as the audit of the financial statements, in particular the selection and independence of the auditor, the quality of the audit of the financial statements and the additional services provided by the auditor, (b) recommendations or proposals for ensuring integrity of the accounting process, (c) preparing the decision of the Supervisory Board on the approval of the annual financial statements and the consolidated financial statements and discussing half-year and quarterly reports, (d) preparing the decision of the Supervisory Board regarding the recommendation on the appointment of auditors and adoption of a resolution on the areas of emphasis of the audit and consent for the issuing of the audit mandate and the fee agreement, (e) monitoring compliance and sustainability issues (in particular their reporting and audit), (f) discussing with the auditor the assessment of the audit risk, the audit strategy and audit planning as well as the audit results, and (g) acknowledgment of the audit plan of the internal audit for consultation and adoption of a resolution. The Audit Committee is composed of and staffed with at least four members with equal representation. The members at the end of fiscal year 2024 were Karin Sonnenmoser, Johannes Meier, Klaus Refle and Sascha Dudzik with Karin Sonnenmoser as the Chair. During fiscal year 2024, there was a change in the Audit Committee: Swantje Conrad left the committee and Karin Sonnenmoser was admitted to the committee. The Audit Committee held six meetings in fiscal year 2024.

The incumbent Chair of the Audit Committee, Ms. Karin Sonnenmoser has particular expertise in the areas of financial reporting and audit of the financial statements due to her many years of experience in management positions in finance and controlling. At the same time, Ms. Sonnenmoser has expert knowledge in the areas of finance, accounting and bookkeeping as well as in sustainability issues that are important for RENK. She also has special experience and knowledge regarding internal control and risk management systems as well as sustainability reporting and its audit. Ms. Sonnenmoser held several management positions in the Volkswagen Group and her work covered various finance functions. In particular, she headed the General Secretariat of the Volkswagen brand group and worked in the top management of Volkswagen AG as Managing Director for finance, procurement, IT and venture capital as well as Chair of the Management Board of AutoVision GmbH, a wholly-owned subsidiary of Volkswagen AG. Ms. Sonnenmoser holds a degree in business administration from the University of Augsburg and a Master of Business Administration (MBA) from the University of Dayton, Ohio, USA.

Due to his many years of experience in finance and controlling, Mr. Johannes Meier has particular expertise in the areas of financial reporting and audit of the financial statements as well as expert knowledge in the areas of finance, accounting and bookkeeping as well as in sustainability issues that are important for RENK. Mr. Meier began his career as a controller at Voith GmbH. Following other roles in the finance sector, Mr. Meier has held the position of Investment Advisory Professional at Triton since 2018. Mr. Meier holds a degree in Business Administration from the Baden-Württemberg Cooperative State University, a degree in International Management from the Open University London and a degree of Chartered Financial Analyst® from the CFA Institute.

Due to his work as Treasurer of IG Metall, Mr. Sascha Dudzik has advanced knowledge and experience in the areas of finance, accounting, risk management and bookkeeping as well as in the areas of law and compliance. Mr. Dudzik is a trained industrial mechanic and has a diploma in Commercial and Labor Law.

Mr. Klaus Refle has advanced knowledge and experience in the areas of finance, accounting and bookkeeping due to his many years of activity as Chairman and Deputy Chairman of works councils in various companies at RENK. Mr. Refle also has fundamental knowledge in the areas of risk management, law and compliance. Mr. Refle is a trained machining mechanic.

The Chair of the Audit Committee, Ms. Swantje Conrad, who has since left the position, also had special expertise in the areas of financial reporting and audit of the financial statements. Ms. Conrad has held various senior finance positions, gaining in-depth knowledge and experience in finance at JP Morgan. In addition, Ms. Conrad has served on several supervisory bodies in Germany and abroad. Ms. Conrad holds a degree in Industrial Engineering from the Karlsruhe Institute of Technology (KIT) and a Master of Business Administration from the Darla Moore School of Business in South Carolina, USA.

- Mediation Committee

The Mediation Committee is responsible for making a proposal to the Supervisory Board for the appointment of the members of the Executive Board in accordance with Section 31 para. 3 German Codetermination Act. According to Section 27 para. 3 German Codetermination Act, the Mediation Committee will consist of the Chairman of the Supervisory Board, their deputy as well as two further members, one elected by the shareholder representatives on the Supervisory Board and one by the employee representatives on the Supervisory Board with a majority of the votes cast. At the end of fiscal year 2024, the members were Claus von Hermann as Chairman of the Supervisory Board, Klaus Stahlmann as member elected by the shareholder representatives, Klaus Refle as Deputy Chairman of the Supervisory Board and Lothar Evers as member elected by the employee representatives. The Mediation Committee did not hold any meetings in fiscal year 2024.

11.7 Disclosures on the proportion of women in the Supervisory Board, the Executive Board and on the two management levels below the Executive Board of RENK Group AG

11.7.1 Proportion of women and target values on the Supervisory Board

The Supervisory Board of RENK Group AG must, in accordance with Section 96 para. 2 German Stock Corporation Act, consist of at least 30% women and at least 30% men, since RENK Group AG is listed on the stock exchange and is subject to the German Codetermination Act. In fiscal year 2024, the composition of the Supervisory Board of RENK Group AG met the requirements for the statutory minimum proportion of men and women in accordance with Section 96 para. 2 German Stock Corporation Act. It is not necessary to set target values for the proportion of women on the Supervisory Board due to the mandatory application of the statutory minimum participation requirement in accordance with Section 111 para. 5 s. 8 German Stock Corporation Act.

11.7.2 Proportion of women and target values on the Executive Board and on the two management levels below the Executive Board

In fiscal year 2024, the Executive Board of RENK Group AG consisted of only three persons, so that the statutory requirements regarding the minimum participation quota for the staffing of the Executive Board by men and women (Section 76 para. 3 a s. 1 German Stock Corporation Act) did not apply. Rather, the Supervisory Board of RENK Group AG is obliged, in accordance with Section 111 para. 5 German Stock Corporation Act, to set target values for the proportion of women on the Executive Board of RENK Group AG and deadlines for achieving these target values. RENK has nevertheless met the requirements for the statutory minimum participation.

According to the valid and recently confirmed adoption of a resolution of the Supervisory Board, RENK has set a target value for the proportion of women among the members of the Executive Board of RENK Group AG at 30%. To achieve this target value, a deadline of June 30, 2028 was set. The target value was already achieved in fiscal year 2024.

In accordance with Section 76 para. 4 German Stock Corporation Act, the Executive Board of RENK Group AG is obliged to set target values for the two management levels below the Executive Board as well as deadlines for their achievement. The Executive Board has set itself the long-term goal of achieving a proportion of 20% women on the four management levels below the Executive Board by the year 2030. Hence, it has derived, with recently confirmed adoption of a resolution, the medium-term goal of achieving a proportion of 15.9% women on the four management levels below the Executive Board by the year 2027.

12. Closing statement of the Executive Board

In fiscal year 2024, in the period from January 1 to October 4, 2024, the RENK Group AG was a (multi-level) controlled company 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. within the meaning of Section 312 German Stock Corporation Act. The Executive Board of RENK Group AG has therefore prepared a report on relations with affiliated companies in accordance with Section 312 para. 1 German Stock Corporation Act, which covers the period from January 1 to October 4, 2024 and contains the following concluding statement:

“We declare that, in the case of the transactions and measures listed in the report on relationships with affiliated companies from January 1 to October 4, 2024, the Company has received an appropriate consideration for each legal transaction according to the circumstances known to us at the time the legal transactions were carried out or measures were taken or omitted. To the extent that the Company was disadvantaged by this, a legal claim to an adequate advantage in an appropriate amount was granted in settlement before the end of fiscal year on December 31, 2024. In this way, the Company was not disadvantaged by the measures being taken or omitted.”

Augsburg, March 17, 2025

RENK Group AG

Dr. Alexander Sagel	Anja Mänz-Siebje	Dr. Emmerich Schiller
Chief Executive Officer	Chief Financial Officer	Chief Operating Officer

13. Sustainability statement

13.1 General information

13.1.1 ESRS 2 General disclosures

BP-1 General basis for preparation of the sustainability statement

Report scope and framework

This sustainability statement is prepared on a consolidated basis for the RENK Group in full compliance with the European Sustainability Reporting Standards (ESRS). At the same time, it meets the requirements of non-financial reporting obligations under Articles 315b to 315c of the German Commercial Code (non-financial Group declaration). The disclosed report contents take into account the results of the double materiality assessment (DMA) and therefore the general conditions, impacts, risks and opportunities (IROs) currently relevant to RENK. If reporting requirements relate to facts or current or future projects that did not apply to RENK in the reporting period, this is disclosed transparently via a "comply or explain" approach. This also applies if the facts underlying the indication errors are interdependent or causally linked in some other way, which means that redundant statements are sometimes unavoidable.

The sustainability statements are based on the fiscal year of RENK Group AG, Augsburg, which covers the period from January 1 to December 31, 2024. The statement is prepared on a consolidated basis and is based on the fully consolidated group, which is set out in the list of shareholdings in accordance with chapter *33 List of shareholdings* in the notes to the consolidated financial statements, and also forms the basis of the management report. The disclosures are marked with * and form an integral part of this sustainability statement. As an exception to this, due to operational control, this sustainability statement also includes RENK Transmisyon Sanayi A.S., which is not included in the fully consolidated group for financial reporting purposes for materiality reasons.

In addition to the company's own business operations, the sustainability statement includes upstream and downstream stages of the value chain if at all possible, since the associated impacts, risks and opportunities were taken into account in the DMA. The upstream stages of the value chain particularly include suppliers of intermediate products such as castings, welded parts, bearings, forged parts, turned, milled or toothed parts, electrical equipment and hydraulic components. On the customer side, RENK manufactures, sells and maintains mission-critical applications such as gear units, vehicle drive systems, hybrid drive systems, suspension systems, slide bearings, couplings and test systems.

The downstream stages of the value chain particularly include customers. RENK has a wide range of customers in the defense and industrial sectors, with a particular focus on customers in the military vehicle, marine, civil maritime, cement and plastics production, and oil and gas sectors. In addition, customers in the energy generation industry, some of which work in hydrogen and carboncapture, utilization and storage, are supplied.

Data availability and comparability

In fiscal year 2024, RENK was in contact with industry associations to obtain relevant information on data from the upstream and downstream value chain. However, there are currently no practical systems or other exchange formats available that ensure a reliable flow of information. In the future, we plan to work with industry associations to promote exchange between companies in order to facilitate provision of the necessary information. RENK will examine other information-gathering measures in the next few years. Due to the lack of information and data in the upstream and downstream value chain, this cannot be fully considered in the relevant topic standards. Limitations of this kind are disclosed in the topic standards in this report.

The disclosures and data in this report are only partially comparable with the contents of the 2023 sustainability report, which was prepared with reference to the principles set out in the Sustainability Reporting Standards of the Global Reporting Initiative (GRI). RENK makes use of the option not to report prior-year figures when applying the ESRS for the first time. The key figures and metrics presented in this sustainability statement were subject to audit procedures as carried out on the basis of the issued audit engagement and the auditor's professional judgment. Further information can be found in section *C* of the annual report (*3 Assurance report of the Group Sustainability Statement*) and is also an integral part of this sustainability statement. Furthermore, no external validation was carried out.

	Yes	No
Option to omit certain information about intellectual property		
Did RENK make use of the option to omit information relating to certain research and development results, know-how and intellectual property in fiscal year 2024?		x
Exemption to disclosures about pending developments or matters under negotiation		
Did RENK make use of the exemption under Article 19a (3) and Article 29a (3) of Directive 2013/34/EU on exemptions from disclosing of imminent developments or matters under negotiation in fiscal year 2024?		x

BP-2 Disclosures in relation to specific circumstances

Legal provisions and references

The period-specific statements in this sustainability statement have been made in accordance with the definitions for short, medium and long-term timescales contained in ESRS 1 section 6.4. Apart from the provisions of the German Commercial Code, RENK does not disclose any other information from other legal provisions or generally accepted standards. Disclosures according to Article 8 of Regulation 2020/852 (Taxonomy Regulation) can be found in section ESRS E1 – Climate change. When the sustainability statement is prepared, the ESRS disclosure requirements, which are incorporated by reference to other sections of the annual report, include the following:

ESRS disclosure requirement	Reference
GOV-1.23 Skills and expertise of the Supervisory Board members	Section A Chapter 11 Combined Corporate Governance Statement according to Section 289 f and Section 315 d German Commercial Code
GOV-3.29 Sustainability-related incentive system and sustainability-related remuneration policy	Section C Chapter 5 Remuneration report for fiscal year 2024
GOV-5.36 a), b) Scope and main features of the internal control and risk management system, incl. identified risks	Section A Chapter 8.1 Report on the internal control and risk management system and significant risks and opportunities
SBM-1. 40 a) ii. Market position, strategy, business model(s) and value chain	Section A Chapter 1 Business description
SBM-1.42 a), b), c) Opportunities and risks associated with supply chain management	Section A Chapter 8.2 Risk and opportunity report
IRO-1.53 c) Description of the procedures for identifying, assessing, prioritising and monitoring risks	Section A Chapter 8.1 Report on the internal control and risk management system and significant risks and opportunities Section A Chapter 8.2 Risk and opportunity report
E1-5.40 Energy intensity based on net sales	Section B Consolidated Income Statement
E1-6.53 Greenhouse gas intensity based on net sales	Section B Consolidated Income Statement

Estimates and assumptions

	Yes	No
Estimation of upstream and/or downstream value chain data		
Did RENK estimate parameters using indirect sources that include data on the upstream and/or downstream value chain?	x	

The following data include estimates in section ESRS E1 – Climate change:

In order to determine the key figures for energy consumption from fossil, nuclear and renewable sources, estimates had to be made for November (five sites) and December (15 sites) based on the same months of the previous year (November and December 2023). In addition, energy consumption from fossil and renewable sources for four sites in Q4 2024 was based on consumption in the same quarter of the previous year. At the site in Bath (UK), the reported diesel consumption, which constitutes part of the energy consumption from fossil sources, for November and December is based on the average for January to October. Likewise, an estimate was made for the Augsburg site and its consumption in Q4 2024. This concerns electricity generation from non-renewable sources, and is based on consumption in the first three quarters of fiscal year 2024. For the fiscal year, total consumption of purchased heating (local heating) as well as total sub-metered electricity consumption at our site in Switzerland was derived from total consumption of the previous year. In addition, the direct purchased electricity consumption of this site in November and December was determined based on the previous month, October.

To determine the key figures for energy consumption from fossil sources, estimates had to be made based on, for example, planned test and inspection runs, service schedules or predicted consumption behavior for four sites. This concerns December 2024.

As RENK is not yet able to use direct inputs from the upstream and downstream value chain and, consequently, primary data from suppliers or other business partners for its scope 3 data, the indicator *significant Scope 3 GHG emissions* is subject to a degree of measurement uncertainty.

Overall, an estimated share of 13 % can be derived for the energy and scope 1 and 2 data.

Other disclosures on estimates:

Further detailed disclosures on estimates can be found in topic standard *ESRS E1 – Climate change*. Comparability with the results of the carbon footprints of previous years is no longer guaranteed due to the changed system boundaries, the newly included emission categories and the adjusted emission factors. For these reasons, 2024 is used as the new baseline for the future consideration and comparability of RENK's carbon footprints.

	Yes	No
Disclosures due to other legislation or generally recognised statements on sustainability reporting		
Does RENK disclose any other information from other legislation or generally recognised standards or frameworks for sustainability reporting?	x	

Reconciliation to the reporting requirements under commercial law

Legal basis and compliance of the reporting requirements according to the CSRD with the German Commercial Code ("Handelsgesetzbuch")

The Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD), which entered into force on January 5, 2023, had to be incorporated into national law by July 6, 2024. The German legislature did not comply with this requirement until December 31, 2024. Therefore, the reporting requirements under commercial law, last amended on December 27, 2024 by the Financial Market Digitalization Act, continue to apply to the RENK Group's reporting date of December 31, 2024.

The sustainability statement included in the management report was prepared in accordance with the ESRS, which form the reporting framework for fulfilling the CSRD requirements. This also fulfills the reporting obligations pursuant to Articles 315b to 315c of the German Commercial Code regarding preparation of the non-financial Group declaration, which are mandatory for RENK for the first time for the fiscal year ending on December 31, 2024, supplemented by the disclosures and explanations in the following section. The disclosures required under Article 8 of Regulation 2020/852 (EU Taxonomy Regulation) are listed in section *ESRS E1 – Climate change* of this sustainability statement as part of the environmental information. Consequently, the RENK sustainability statement also constitutes our non-financial Group declaration, including the parent company RENK Group AG.

Additional disclosures and explanations for the fulfillment of reporting obligations under commercial law

The reporting obligations regarding the aspects of environmental matters (see section *ESRS E1 – Climate change*), employee matters (see section *ESRS S1 – Own workforce*), social matters (see sections *ESRS S2 – Workers in the value chain, ESRS S3 – Affected communities* and *ESRS S4 – Consumers and end-users*), respect for human rights (see sections *ESRS S2 – Workers in the value chain, ESRS S3 – Affected communities* and *ESRS S4 – Consumers and end-users*) and combating corruption and bribery (*ESRS G1 – Business conduct)* are disclosed within the framework of the topic-specific disclosure requirements in accordance with the ESRS reporting structure. This includes the presentation of aspect-specific concepts and due diligence processes. The existing concepts have already produced some noticeable results. No measurement of effectiveness has been performed yet, as the formulated targets use fiscal year 2024 as the base year.

The materiality assessment in section ESRS 2 General disclosures and the presentation of the basic principles of the sustainability-related risk management system do not indicate any material risks that are very likely to have serious negative impacts on non-financial aspects as per Article 289c of the German Commercial Code. We refer in particular to the topic-specific disclosures on impacts, risks and opportunities in the above-mentioned chapter.

The financial management system does not currently include any non-financial performance indicators that are attributable to the most significant indicators. We refer to our comments in section *2.5 Non-financial performance indicators* of the management report, which are also an integral part of this sustainability statement.

GOV-1 The role of the administrative, management and supervisory bodies

The German Stock Corporation Act applicable to RENK provides for an organizational separation between the Executive Board with a management function and the Supervisory Board as the supervisory body (dualistic system). Appropriate organizational structures have been established to achieve the sustainability targets and implement the associated actions.

Executive Board as the management body

The Executive Board, consisting of the CEO, CFO and COO, is the statutory management body of RENK. It manages the company under its own responsibility and represents the company externally. The Executive Board has the following qualification profile:

	CEO	CFO	COO
Experience of management and supervisory bodies			
Sector-specific experience	✓	✓	✓
Product-specific experience	✓	✓	✓
Site-specific knowledge	✓	✓	✓

With the established organizational structures, the Executive Board has anchored responsibilities, tasks and structures at RENK. The management and supervision of sustainability topics is carried out centrally by RENK Group AG for the entire Group under the leadership of the Executive Board, which also bears overall responsibility for sustainability topics. Departmental responsibilities are allocated on the basis of an organizational chart.

Responsibility for formulating the sustainability strategy lies with the CEO and CFO. External sustainability reporting, the associated processes, the report-related internal control system (ICS) as well as the management and monitoring of IROs are the responsibility of the CFO. RENK has not implemented any specific controls or procedures relating to the management of qualitative issues pursuant to ESRS, nor the monitoring, control and monitoring of related IROs.

The Executive Board is actively involved in the double materiality assessment, examines its results, decides on sustainability-related corporate policies, strategies and actions, and monitors material IROs and the effectiveness of actions taken to reduce negative impacts and risks and realize opportunities. The Executive Board’s strategy development takes into account the essential characteristics of RENK’s business activities and material IROs. It includes a focus on efficient and effective resource allocation and consideration of the attainability and measurability of derived objectives, which are influenced by the maturity of the internal ESG organization, ESG reporting, information availability and existing technologies.

Supervisory Board and Audit Committee

The Supervisory Board is the control body, monitors the management of the company by the Executive Board and proper accounting, assesses transactions requiring approval and the correctness of the accounting system, and reviews the annual and consolidated financial statements and the non-financial reporting. The Supervisory Board has no authority to give instructions to the Executive Board. The Supervisory Board, in particular the Audit Committee, monitors and advises the Executive Board on sustainability-related topics. Interaction particularly takes place at the Supervisory Board meetings or on an ad-hoc basis. The Executive Board submits the sustainability statement to the Supervisory Board for auditing as part of the audit of the annual financial statements.

Structure of the management and supervisory bodies

	Unit	Management Board	Supervisory Board	Standard
Executive members	Number	3	0	GOV-1 21 (a)
Non-executive members	Number	0	12	GOV-1 21 (a)
Proportion of female members	%	66.66	33.33	GOV-1 21 (d)
Employee representative	Number	0	6	GOV-1 21 (b)
Independent members	%	0	33.33	GOV-1 21 (e)

Corporate sustainability team

In order to pay due attention to sustainability, an ESG-related competence team was formed in 2022, consisting of the Chief Human Resources Officer, General Counsel, the Head of Quality, Health, Safety & Environment (Q-HSE) Management and the Head of Procurement Excellence. In a further step, a corporate sustainability team was set up in fiscal year 2024, dealing exclusively with sustainability topics. It forms part of the Regulated Reporting unit, and is therefore given the same status as financial reporting.

The team is responsible for corporate center management of the identified IROs as well as standard-setting and Group-wide coordination of sustainability topics, and supports both the advancement of the RENK sustainability strategy and the collection of data and information for sustainability reporting. It also manages the ESG competence team, which remains in place. Since fiscal year 2024, operational sustainability management has been based on clearly defined roles and responsibilities, broken down into internal organizational units of RENK.

Expertise profile and advancement

The Executive Board and the corporate sustainability team are supported in their activities by qualified specialists and managers. To ensure adequate qualifications, selected individuals from the Executive Board, Supervisory Board and corporate sustainability team undergo continuous training, e.g. through specialist training courses or forums for exchanging experiences.

Through many years of experience in managing and monitoring capital market-oriented companies, the Executive Board and Supervisory Board have extensive skills and qualifications, particularly relating to the application of new regulatory requirements, operational and sustainability-related objectives, processes and governance structures. This qualification profile enables the company's bodies to efficiently and effectively address identified IROs and implement the targets of the sustainability strategy, which requires a high level of customer and employee orientation, process understanding, and awareness of regulatory frameworks, especially in the context of military applications. The qualification matrix for the Supervisory Board members can be found in chapter *11.6.2. Composition including diversity, competence profiles and qualification matrix* The disclosures are marked with * and are an integral part of this sustainability statement.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

On the basis of regular meetings with the head of the central corporate sustainability team, the CFO is informed about the current status of sustainability-related topics, makes strategic decisions together with the full Executive Board, sets the governance framework, and is responsible for the uniform implementation of the sustainability strategy set by the full Executive Board, including monitoring. The specialist units have operational responsibility for implementing the actions taken to achieve the targets of the sustainability strategy. The nature and scope of existing targets and actions are described in the topic-specific sections of the sustainability statement.

The Executive Board members responsible for their respective departments were regularly informed about sustainability-related topics such as concepts, key figures and targets by the departments they manage, which also prepare the information for the full Executive Board. RENK has not yet taken any actions based on this. In fiscal year 2024, project progress on the introduction of CSRD-compliant reporting, in this context the status and results of the DMA in particular, including all of the IROs, as well as the development of a sustainability strategy were especially important.

The Supervisory Board and Audit Committee are usually informed on a monthly basis at the relevant meetings in accordance with the meeting calendar. In addition to the review of the 2023 sustainability report as well as the underlying strategies, targets, actions and key figures, the main focus was project progress regarding the introduction of the CSRD, sustainability-related targets and the DMA. In this context, the derived IROs were thematically assigned to the reportable topic areas of the ESRS standards and allocated to four clusters according to low/high financial materiality and low/high materiality of impacts. Based on this summary of results, the outcomes and their significance to RENK were ascertained and discussed with the Supervisory Board. There was no discussion of concepts, key figures and actions in fiscal year 2024.

There were no complex issues in the fiscal year that could arise from a possible conflict between operating activities, in particular conducted or planned transactions, and the identified sustainability-related impacts, risks and opportunities.

GOV-3 Integration of sustainability-related performance in incentive schemes

The members of the Executive Board receive variable compensation, taking into account ESG-related factors. Climate-related factors are not taken into account in their compensation. Compensation consists of a short-term component (STI) and a long-term component (LTI). No ESG-related targets were formulated in the STI in the fiscal year. The LTI consists of four-year performance periods, after which the respective LTI for the performance period is paid out. For each performance period, the Supervisory Board sets several targets, including at least one non-financial target.

For the current performance period 2024 to 2027, the Supervisory Board has set a sustainability-related target in the LTI. This is weighted at 10 %. The share of variable compensation linked to sustainability-related targets amounts to between 1.2 % and 6.8 % of the total variable compensation of the three current members of the Executive Board during fiscal year 2024. This calculation is based on the respective variable compensation of the Executive Board members consisting of LTI and STI on a 100 % basis. The ratio of STI and LTI is not completely identical for each member of the Executive Board, meaning that the share of variable compensation linked to sustainability-related targets is different for each member of the Executive Board. The sustainability-related target of the LTI for the performance period 2024 to 2027 consists of two components: “CSRD readiness” as a criterion for 2024, and the target “increasing the proportion of women in management positions” for the entire performance period.

The CSRD readiness criterion is considered to be achieved if the CSRD requirements have been successfully implemented. The possible target attainment rates are therefore 100 % or 0 %. The target of “women in management positions” is considered to have been fully achieved if a quota of 15.9 % is reached at management levels M1-M4 as at December 31, 2027. This is derived from a linear growth path until the target quota is reached, based on share of women of 11.79 % in 2024.

The remuneration system for the Executive Board was resolved by the Supervisory Board and required the approval of the Annual General Meeting in June 2024 (Articles 87a and 120a para. 1 sentence 1 of the German Stock Corporation Act). The Supervisory Board is responsible for setting the specific performance indicators and targets for variable compensation as well as for determining the respective target attainment in accordance with the rules of the remuneration system (Articles 87 and 87a para. 2 sentence 1 of the German Stock Corporation Act), which is supported in this task by its Personnel Committee. A supplementary description of the remuneration system can be found in our annual report in section *C*, chapter *5 Remuneration report for fiscal year 2024* under Long Term Incentive (LTI) on the RENK website at https://ir.renk.com/corporate-governance. The disclosures are marked with * and are an integral part of this sustainability statement.

Sustainability-related performance in incentive schemes

	Unit	2024 01.01.-31.12.	Standard
Proportion of variable remuneration of members of the management and supervisory bodies dependent on sustainability-related targets and/or impacts	%	2.54	GOV-3 29 (d)

GOV-4 Statement on due diligence

The disclosures regarding ESRS 2 GOV-4 can be found in *13.5 Further information on the sustainability statement*.

GOV-5 Risk management and internal controls over sustainability reporting

Information on the structure and methodology of risk management with regard to sustainability-related risks and their presentation can be found in chapter *8.1 Key features of the internal control system* of the management report. The disclosures are marked with * and are an integral part of this sustainability statement.

As with the financial ICS, the aim of the non-financial ICS is to ensure the completeness and accuracy of externally reported data. So far, controls have only covered quantitative disclosures. The latter were divided into three risk categories (low-medium-high) as part of a scoping exercise by the Environmental (Q-HSE), Social (HR) and Governance (Legal & Compliance) departments, particularly with regard to susceptibility to errors and data quality. Key figures in the categories “medium” and “high” were included in the documented ICS and controls were added at the corresponding interfaces or process steps. Key controls include the principle of dual control, plausibility checks and system controls, which are documented in a risk control matrix for the specialist units. In addition, the introduction of a software tool ensured an audit-compliant and reliable method for the Group-wide data collection and calculation process for environmental indicators. Disclosures made in *ESRS 2 General disclosures* are not yet covered by the ICS.

Sustainability-related risks, controls and processes are subject to regular internal review, e.g. through annual updates of the scope of controls and reviews. These audits can be carried out by the Risk Management, Internal Control System, Internal Audit and Q-HSE departments. If vulnerabilities are identified, action plans are developed in conjunction with the affected units in order to manage any risks in accordance with the corporate strategy. In addition, the Executive Board and Audit Committee are informed every six months about the results of the risk assessment process and annually about the adequacy and effectiveness of the internal control system.

The physical and transitory climate risks identified by RENK as well as internal non-financial controls are integrated into the regular internal risk reporting to both the Executive Board and the Supervisory Board. In addition, climate and environmental risks were integrated into the risk strategy, which was approved by the Executive Board and presented to the Supervisory Board.

SBM-1 Strategy, business model and value chain

Strategy and business model

RENK had 3,956 employees in fiscal year 2024. The number of employees cited in the sustainability statement differs from that in the financial section of the management report, as different definitions apply here. In accordance with the CSRD rules, the indicator does not include temporary workers and external employees.

Strategy, business model and value chain

	Unit	2024 01.01.-31.12.	Standard
Employees[1]	**Number**	**3,956**	SBM-1 40 (a) iii
By geographical area			SBM-1 40 (a) iii
Europe	Number	3,303	SBM-1 40 (a) iii
America	Number	553	SBM-1 40 (a) iii
Asia	Number	100	SBM-1 40 (a) iii

[1] All figures in headcounts

RENK sees itself as one of the major providers of mission-critical drive technology for a wide range of applications with a global focus. RENK is divided into three segments. These are based on a product or market/customer structure and have a segment manager with full business responsibility who reports to the CEO of RENK Group AG. For information on the Group strategy, business model, business activities and customer groups, please refer to chapter *1.1 Organizational and reporting structure* and *1.2 Business model* of the management report. The disclosures are marked with * and are an integral part of this sustainability statement.

There are currently no sustainability targets relating to individual products, services, customer groups or their geographical distribution. In particular, products for military applications and related services may be subject to export restrictions, including in particular drive solutions for armored vehicles and military vessels.

As a leading provider of drive technology for military and civil applications, RENK makes a key contribution to preserving freedom, democracy and security. This vision and commitment form the foundation for our sustainability strategy, which integrates environmental, social and governance aspects into the core business. By anchoring sustainability aspects in this way, RENK is able to be resilient and commercially successful in the long-term and expand its role as a responsible company and leading provider in the industry.

With its sustainability strategy, RENK focuses on the essentials and takes into account the customer, capital market and legislative perspectives. Four focus areas are derived from this: social responsibility through product quality and safety, emission reduction of in-house operations, promotion of health, safety and inclusion in the workplace, and resilient corporate governance.

Social responsibility through product quality and safety

Product quality and safety are of paramount importance to our customers' demanding application scenarios in military and civilian contexts. RENK strives to strengthen the trust of customers, stakeholders and society in RENK and to ensure long-term resilience and competitiveness through an uncompromising focus on quality and safety. To this end, RENK relies on a comprehensive quality management system that includes all development and production processes. Through regular testing and certification, which is required for military and safety-critical applications, the company ensures that the highest standards are maintained.

This objective is underpinned by RENK's research and development activities, which are focused on innovation and continuous improvement of performance and reliability. Product quality and -safety are the cornerstones of product development. Our products are subjected to rigorous tests that simulate realistic usage scenarios and thus ensure long-term functionality in the field and on water. By working with customers, we create tailor-made solutions that meet the specific requirements and extreme demands in military and civilian applications. This continues with customer-oriented, proactive aftercare. The ability to address individual customer needs increases the quality and reliability of our solutions over their life cycle, which is also maximized in a resource-saving manner.

Emission reduction of in-house operations

RENK is committed to the ambition of consistently minimizing the ecological footprint of its own operations by reducing greenhouse gas (GHG) emissions from its own production. In doing so, RENK intends to promote a climate-friendly future and drive the transformation towards climate neutrality. RENK focuses on the energy efficiency of production processes, the use of renewable energy sources, energy-saving measures in building management, and employee awareness. Actions with the biggest contribution to emission reduction in relation to the resulting costs are prioritized so that short- and medium-term savings potential can be achieved in an optimum, economically rational way.

Promoting health, safety and inclusion in the workplace

RENK is committed to creating a work environment that supports the physical and mental health of employees, ensures their safety, and promotes diversity and inclusion. The aim is to increase employee satisfaction, productivity and loyalty, and to strengthen the company's position as a responsible and attractive employer. RENK has anchored these objectives in its Code of Conduct and employee-related guidelines, as set out in sections *ESRS S1 – Own workforce* and *ESRS G1 –*

Business conduct and explained in more detail with regard to the individual characteristics of objectives. At present, there are no comparable or derived objectives for employees in the downstream value chain.

The well-being of our employees is constantly and comprehensively considered through an occupational health and safety management system that includes clear guidelines and procedures for identifying, assessing and minimizing health risks in the workplace. RENK offers training to raise employees' awareness of safety-related issues and to provide them with the knowledge and skills they need to carry out their work safely. These actions are embedded in a culture of occupational safety in which employees are encouraged to raise safety concerns, report risks and support each other to ensure a safe work environment.

Resilient corporate governance

RENK is often system-relevant to its customers and partners due to mission-critical application scenarios. This gives rise to the need for resilient corporate governance that promotes responsible action at all levels of the company, enforces the highest standards, and enables long-term relationships with customers, partners and stakeholders. RENK’s corporate governance contributes to fulfilling these principles and objectives. Based on binding ethical principles of conduct and compliance requirements as laid down in the RENK Code of Conduct, it forms the basis for sound corporate governance within the RENK Group through open communication and constructive cooperation. The corporate governance structure fosters an open and risk-mitigating culture of compliance and integrity while advancing strategic business areas.

The compliance culture includes systematic internal training and awareness-raising aimed at ensuring compliance with legal and ethical standards and thus contributing to sustainable business performance. To prevent legal and reputational risks, RENK has a compliance management system (CMS). The aim of the CMS is the prevention and, if applicable, the early detection of violations of the law such as corruption, money laundering, breaches of competition law, and breaches of foreign trade law. Another CMS focus is on data privacy and information security. The CMS provides protection for RENK and its employees.

Robust supply chain management

At RENK, we see it as our mission to contribute to a safe and sustainable future through our products, and therefore in conjunction with our customer groups in the defense, mobility and industrial sectors. We are one of the world’s leading manufacturers of mission-critical drive solutions for a wide range of defense and civil end markets. We manufacture, sell and maintain equipment such as gear units, hybrid drive systems, chassis systems, slide bearings, couplings and test systems. Our aim is to meet the global need for peace and security and world that conserves resources, and to contribute to a safe, sustainable future.

RENK purchases a range of intermediate products, mainly including castings, welded parts, bearings, forged parts, turned, milled and geared parts, electrical equipment and hydraulic components. Our supplier base includes more than 5,000 suppliers worldwide, particularly in Europe, where approximately three quarters of our suppliers are based, as well as in North America and the United Kingdom. We have very limited supplier concentration, with no single supplier accounting for more than 2.5 % of our total supply costs and our 20 largest suppliers accounting for less than 20 % of our total supplies based on the cost of supplies for the fiscal year ended December 31, 2024.

Our supply chain management, which is also responsible for global procurement, is centrally controlled. By automating purchasing processes and systems, consolidating our supplier base across our segments and diversifying suppliers to prevent dependence on individual suppliers, RENK strives for a lean, consistently efficient procurement process. Corresponding implementation projects have been initiated. In addition, RENK ensures optimum provisioning for the company on the supply-chain side through careful selection processes, supplier reviews, active monitoring, reliability checks and long-term contracts for material and price protection. We also refer to the information on the risk management system for procurement risks in chapter *8.2 Risk and opportunity report* of the management report. The disclosures are marked with * and are an integral part of this sustainability statement.

SBM-2 Interests and views of stakeholders

RENK took into account the perspectives of the most important stakeholders when conducting the double materiality assessment. The perspectives were developed by subject matter experts from RENK's specialist units when identifying and evaluating IROs. For this process, the population of potential users of sustainability information and those affected by positive and negative impacts was identified. This was followed by a weighting to determine the most important stakeholders. The weighting factors used were the degree of possible influence (power) and the extent of stakeholders' interest regarding RENK (interest), including the demand for information on sustainability issues. The most important stakeholders were identified as those who can exert significant influence and who also have a particular interest in RENK. These include RENK's customers, employees and shareholders.

Stakeholder group	Description	Interaction
Customers	The specificity of the application scenarios for our drive solutions requires constant interaction with customers. This is particularly important when it comes to government contracts, which are subject to restrictive regulations.	Order-related interaction begins with contract initiation and includes the definition of qualitative requirements for drive solutions. In this context, the type and frequency of customer involvement and modalities for product testing and acceptance are also determined. The frequency and intensity of customer involvement is customer-, order- and product-specific.
Employees	Employees are the bearers of corporate values and culture and represent a key success factor for economic development. At the same time, employees require special protection, including occupational safety and the avoidance of discrimination or loss of personal rights. The ongoing involvement of employees in improvement processes, health protection, the promotion of equality and inclusion are based on open communication, transparent processes and fair behaviour at all hierarchical levels.	The views of employees are incorporated into RENK's strategies, decisions and actions through various firmly established dialogue formats. Please refer to the section ESRS S1-2. In addition, the Works Council was involved in ESG-related topics as an employee representative on several occasions in fiscal year 2024.
Shareholders	Due to the risk of loss for investors and their interest in positive and sustainable corporate development, RENK is of the opinion that their information requirements are very comprehensive, both in terms of the depth of information and the timeframe beyond the usual planning horizons.	The Investor Relations department ensures ongoing capital market communication (including sustainability information) and evaluates investor feedback. This is passed on to the Executive Board, which takes appropriate measures in accordance with identified areas of action based on the sustainability strategy and processes. In addition to the annual general meeting, the Management Board regularly interacts with capital representatives and employee representatives on the Supervisory Board as well as institutional investors in the context of ongoing capital market communication, including for example roadshows and institutional investor conferences.

Further stakeholder involvement

The initial risk analysis carried out during the reporting period for the company's own business area and suppliers in accordance with the German Act on Corporate Due Diligence Obligations in Supply Chains did not reveal any significant human rights-related risks to affected communities and/or indigenous peoples. If communities feel that their views, interests and rights are affected by RENK's business activities, one way of reporting any concerns is to use the "RENK Integrity Line" whistleblower system, which is accessible via the RENK website.

After the DMA was conducted for the first time, the results were presented to representatives of stakeholder groups. The two-member institution includes one representative each from banking and science. This ensures representation for stakeholder groups such as users of sustainability reporting and those affected by sustainability-related impacts. The task was to assess the completeness and balance of the identified IROs. As a result, the outcomes of the DMA were confirmed in all essential respects.

The Supervisory Board and Executive Board are informed about the perspectives and interests of affected stakeholder groups with regard to the material effects of RENK via the reporting channels described in chapter ESRS 2 GOV-2.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Topic-specific disclosures:

The IROs identified in the double materiality assessment are described in the tables below and examined in the topic-specific standards with regard to their interaction with the corporate strategy and business activities.

ESRS E1 - Climate change

Material impacts, risks and opportunities	Actual (A) / Potential (P)	Type	Value chain			Time horizon		
			upstream	own business operations	downstream	short-term	mid-term	long-term
Climate change adaptation								
Environmental degradation and health effects on humans due to climate hazards	P	Negative I.	•	•	•	•	•	•
Resilient infrastructure through modernisation	P	Positive I.		•		•	•	•
Financial expenditure due to climate adaptation measures	-	Risk		•		•	•	•
Financial expenditure due to business interruptions caused by environmental disasters	-	Risk		•		•	•	•
Climate change mitigation								
Contribution to global warming through GHG emissions in the supply chain	A	Negative I.	•			•	•	•
Contribution to global warming through GHG emissions in the procurement, production and use of energy	A	Negative I.	•	•		•	•	•
Contribution to global warming through GHG emissions from the operation of vehicles	A	Negative I.	•	•	•	•	•	•
Contribution to global warming through GHG emissions from the use of RENK products	A	Negative I.			•		•	•
Contribution to global warming through GHG emissions from waste and recycling	A	Negative I.	•	•	•	•	•	•
Reduction of GHG emissions in line with the 1.5-degree target	A	Positive I.	•	•	•	•	•	•
Reduction of GHG emissions through energy savings	P	Positive I.	•			•	•	•
Reduction of GHG emissions through efficiency and awareness-raising measures for employees	A	Positive I.	•	•		•	•	•
Reduction of GHG emissions by switching to renewable energy sources	A	Positive I.	•	•		•	•	•
Reduction of GHG emissions through the production of energy-efficient and low-emission components	A	Positive I.			•	•	•	•
Financial expenditure due to transition risks	-	Risk	•	•			•	•
Financial expenditure due to investment in emissions reduction	-	Risk		•			•	•
Sales potential through low-emission production and products	-	Opportunity		•	•		•	•
Energy								
Contribution to global warming/climate crisis through fossil energy sources	A	Negative I.	•	•	•	•	•	•
Energy savings in the utilization phase through energy-efficient products	A	Positive I.			•	•	•	•
Financial expenditure due to rising energy and fuel prices	-	Risk	•	•		•	•	•
Cost reduction through increased energy efficiency and renewable energies	-	Opportunity	•	•		•	•	•

ESRS S1 – Own workforce

Material impacts, risks and opportunities	Actual (A) / Potential (P)	Type	Value chain			Time horizon		
			upstream	own business operations	downstream	short-term	mid-term	long-term
Working conditions								
Employment security through permanent employment contracts	A	Positive I.		●		●	●	●
Employment security through stable business model	A	Positive I.		●		●	●	●
Employee overload due to overtime and staff shortages	P	Negative I.		●		●	●	●
Increasing employee satisfaction through compensation schemes (pay or time off)	A	Positive I.		●		●	●	●
Increasing employee satisfaction through appropriate remuneration	A	Positive I.		●		●	●	●
Increasing employee satisfaction and motivation through transparent communication, problem solving and active involvement	A	Positive I.		●		●	●	●
Increasing employee satisfaction through co-determination within the framework of employee representatives	A	Positive I.		●		●	●	●
Employment security through collective labour agreements	A	Positive I.		●		●	●	●
Restrictions on cost flexibility due to tariff agreements	-	Risk		●		●	●	●
Restrictions on employee well-being, especially production employees, due to a lack of work-life balance	A	Negative I.		●		●	●	●
Promotion of employee well-being, especially administrative staff, through a good work-life balance	A	Positive I.		●		●	●	●
Work-related accidents due to high-risk production environments	P	Negative I.		●		●	●	●
Work-related fatalities due to high-risk production environments	P	Negative I.		●		●	●	●
Promotion of occupational safety through effective health and safety measures	A	Positive I.		●		●	●	●
Equal treatment and equal opportunities								
Financial security and job satisfaction through a small gender pay gap	A	Positive I.		●		●	●	●
Lack of personal and professional development due to lack of further training[1]	A	Negative I.		●		●	●	●
Increasing employee satisfaction through personal and professional development	A	Positive I.		●		●	●	●
Loss of efficiency and productivity due to inadequate training	-	Risk		●		●	●	●
Increasing employer attractiveness and employee satisfaction and performance through comprehensive training and further training	-	Opportunity		●		●	●	●
Endangering the well-being of employees through violence and harassment	P	Negative I.		●		●	●	●
Increasing employee well-being through zero tolerance of violence and harassment	A	Positive I.		●		●	●	●
Endangering the well-being of employees through discrimination	P	Negative I.		●		●	●	●
Increasing productivity and innovative strength through active diversity	-	Opportunity		●		●	●	●
Other work-related rights								
Negative impact on information due to data breach	P	Negative I.		●		●	●	●
Legal consequences of breaches of employee data protection	-	Risk		●		●	●	●
Loss of trust in the company due to loss of personal data	-	Risk		●		●	●	●

[1] Related to topic-specific training courses at varying levels of development.

ESRS S2 – Workers in the value chain

Material impacts, risks and opportunities	Actual (A) / Potential (P)	Type	Value chain: upstream	Value chain: own business operations	Value chain: downstream	Time horizon: short-term	Time horizon: mid-term	Time horizon: long-term
Working conditions								
Strengthening social stability through employment security based on permanent employment contracts	P	Positive I.	•		•	•	•	•
Strengthening social stability while taking national conditions into account through appropriate remuneration	P	Positive I.	•		•	•	•	•
Work-related accidents due to hazardous working conditions and lack of occupational safety measures	P	Negative I.	•		•	•	•	•
Health effects due to lack of safety equipment	P	Negative I.	•		•	•	•	•
Promotion of occupational safety through effective health and safety measures	P	Positive I.	•		•	•	•	•
Other work-related rights								
Human rights violations and exploitation through toleration of child labour	P	Negative I.	•		•	•	•	•
Avoidance of child labour through compliance with ethical working practices and implementation of targeted preventive measures	A	Positive I.	•		•	•	•	•
Avoidance of forced labour through compliance with ethical working practices and implementation of targeted preventive measures	A	Positive I.	•		•	•	•	•

ESRS S3 – Affected communities

Material impacts, risks and opportunities	Actual (A) / Potential (P)	Type	Value chain: upstream	Value chain: own business operations	Value chain: downstream	Time horizon: short-term	Time horizon: mid-term	Time horizon: long-term
Economic, social and cultural rights of communities								
Endangering the civilian population in conflict areas through military use of RENK propulsion solutions	P	Negative I.			•	•	•	•
Contribution to the protection of the civilian population in conflict zones through the military use of RENK propulsion solutions	A	Positive I.			•	•	•	•

ESRS S4 – Consumers and end-users

Material impacts, risks and opportunities	Actual (A) / Potential (P)	Type	Value chain			Time horizon		
			upstream	own business operations	downstream	short-term	mid-term	long-term
Adaptation to consumers and end-users								
Risk to human life due to product malfunction in use	A	Negative I.			●	●	●	●
Reputational risks due to massive negative quality incidents	-	Risk			●	●	●	●
Legal consequences due to massive negative quality incidents	-	Risk			●	●	●	●

ESRS G1 – Business conduct

Material impacts, risks and opportunities	Actual (A) / Potential (P)	Type	Value chain			Time horizon		
			upstream	own business operations	downstream	short-term	mid-term	long-term
Corporate culture								
Increase in employee satisfaction and company identification through a positive working atmosphere and ethical corporate culture	A	Positive I.		●		●	●	●
Legal consequences of breaches of ethical standards and legal requirements	-	Risk		●		●	●	●
Reputational risks due to breaches of ethical standards and legal requirements	-	Risk		●		●	●	●
Increasing employee loyalty and reputation through compliance with ethical standards and legal requirements	-	Opportunity		●		●	●	●
Protection of whistleblowers								
Discrimination, harassment and retaliation against whistleblowers due to lack of whistleblower protection	P	Negative I.	●	●	●	●	●	●
Increasing employee motivation and company identification through open corporate culture and established whistleblower protection	A	Positive I.	●	●	●	●	●	●
Legal consequences due to lack of whistleblower protection	-	Risk	●	●	●	●	●	●
Increased willingness to report concerns through established whistleblower protection	-	Opportunity	●	●	●	●	●	●
Political involvement and lobbying activities								
Reputational risks due to non-transparent, unethical influence on politics and customers	-	Risk		●	●	●	●	●
Gain in reputation through political commitment to promoting sustainable business practices and technologies	-	Opportunity		●	●	●	●	●
Corruption and bribery								
Reduced product quality and standards due to deviation from processes and guidelines as a result of corruption	P	Negative I.	●	●		●	●	●
Legal consequences of inadequate anti-corruption measures and money laundering incidents	-	Risk	●	●	●	●	●	●
Reputational risks due to inadequate anti-corruption measures and money laundering incidents	-	Risk	●	●	●	●	●	●
Increased risk of reputational damage if parts of the value chain are located in countries with an increased risk of corruption	-	Risk	●	●	●	●	●	●

Conducting the resilience analysis

In fiscal year 2024, RENK fiscal conducted a resilience analysis for the entire Group to analyze the resilience of the strategy and business model in terms of material impacts and risks as well as to exploit significant opportunities. The analysis builds on the results of the double materiality assessment and the climate risk analysis from the current fiscal year and uses the same time horizons. The value chain is also taken into account where appropriate.

The starting point for the analysis is the list of material impacts, risks and opportunities in the DMA, clustered at sub-and sub-sub-topic level. To assess resilience, the following aspects were analyzed for all material IROs:

- coverage in existing concepts, actions and targets,
- consideration in the sustainability and corporate strategy,
- reference to the business model and inherent characteristics of the industry, and
- planned implementation of adaptation measures.

Overall, no material impacts, risks or opportunities have been identified for RENK that would require a fundamental modification of the business model or could significantly impair or improve the earnings, financial and net asset position in the short term. The analysis shows that RENK is able to address and manage the material IROs. The extent of this ability varies depending on the subject area. This is explained in more detail in the respective topic-specific standards.

Current financial impacts

For fiscal year 2024, no current financial impacts of significant risks and opportunities on the net asset, financial and earnings position need to be reported.

Material impacts, risks and opportunities and their interaction with strategy and business model	Unit	2024 01.01.-31.12.	Standard
Current financial effects of material risks and opportunities on financial position, financial performance and cash flows and material risks and opportunities for which there is significant risk of material adjustment within next annual reporting period to carrying amounts of assets and liabilities reported in related financial statements	€	-	SBM-3 48 (d)

IRO-1 Description of the process to identify and assess material impacts, risks and opportunities

In fiscal year 2024, RENK performed a double materiality assessment in line with ESRS requirements. It included the identification and objective assessment of the impacts, risks and opportunities arising from RENK's business activities. This took into account the risks and opportunities that could affect RENK's profitability, and the impacts of its business activities on stakeholders, the environment and society. The impacts on stakeholders, including the environment and society, and the resulting effects were evaluated based on the experience of the relevant specialist units, see *ESRS 2 SBM-3*.

At the start of its work on the DMA, RENK defined its value chain, including upstream and downstream activities, as well as its own business model. A longlist of topics was devised on the basis of the mandatory ESRS topics according to ESRS 1 Annex 1, Annex A, AR 16 as well as other company-specific topics. Particular attention was paid to those subject areas covered by the sustainability strategy. The perspectives of customers, capital markets and legislators are particularly important here, especially with regard to country-specific factors. Each topic on the longlist was assigned actual and potential impacts, risks and opportunities that arise directly or indirectly, within and outside the company and over the short, medium and long term.

The assessment of the actual and potential IROs with regard to environmental, social and governance issues was carried out by RENK's respective subject-matter experts. The assessment and the selected materiality thresholds are based on the methodology of the EFRAG "Double materiality conceptual guidelines for standard setting".

When identifying and evaluating the IROs, the entire value chain was taken into account wherever possible. This included risks and opportunities arising from business relationships as well as the dependence on natural and social resources. There are no individual activities or business relationships that pose a fundamentally increased risk of negative impacts. The risks and opportunities were each assessed according to the probability of occurrence and the extent of the financial effect (gross). Financial risks and opportunities are consistent with RENK's financial risk management. Information on the structure and methodology of risk management with regard to sustainability-related risks and their presentation can be found in chapter *8.1 Key features of the internal control system* of the management report. The disclosures are marked with * and are an integral part of this sustainability statement.

The impacts on people and the environment resulting from RENK's business activities were analyzed on a multidimensional basis, distinguishing between actual and potential, positive and negative, as well as short, medium and long-term impacts. In the case of actual negative impacts, materiality is determined by the extent, scope and immutability of the impact. In the case of potential negative impacts, the extent, scope, irremediability and likelihood of occurrence are decisive. In the case of potential negative impacts on human rights, however, the likelihood of occurrence takes second place to the severity of the impact. The materiality of potential positive impacts is determined by the extent, scope and likelihood of occurrence. The latter factor does not apply to actual positive impacts.

The considered factors are each converted into scale values by RENK, added up, averaged, probability-weighted and thus condensed to a total value between 0 and 5. Impacts with an overall value between 3 and 5 are categorized as material and therefore reportable.

For RENK, a sustainability issue is financially material if it could have a significant negative or positive impact on the company and its assets, financial position and results of operations. The thresholds for the probability of occurrence and the financial effects were based on the risk management assessment scales. The significance of financial risks and opportunities is measured on the basis of the potential impact in terms of amount and the probability of occurrence. Risks and opportunities with an overall value of between 3 and 5 are categorized as significant and therefore reportable. The results of the DMA are validated by the topic experts from the specialist departments and by the Executive Board and presented to the representatives of the stakeholder groups for discussion. Compliance with the reporting on financial risks and opportunities in accordance with chapter *8.2 Risk and opportunity report* of the management report is ensured through the involvement of RENK's Risk Management. The disclosures are marked with * and form an integral part of this sustainability statement.

The IROs presented in this sustainability report are based on the DMA as conducted in fiscal year 2024. In accordance with the RENK guidelines on sustainability reporting, RENK is obliged to update the DMA annually. The IROs relevant to fiscal year 2024 and their implications for the environment, people and RENK are presented in the following sections on topic-related reporting obligations. The corresponding report contents can be found in *ESRS E1 – Climate change, ESRS S1 – Own workforce, ESRS S2 – Workers in the value chain, ESRS S3 – Affected communities* and *ESRS G1 – Business conduct*.

IRO process description for each topic standard

ESRS E1 – Climate change

To determine its impacts on climate change *(ESRS E1 – Climate change*), RENK systematically reviewed its activities and plans to identify both actual and potential future sources of GHG emissions. To ensure that the materiality assessment takes into account all activities and projects that actually or potentially cause GHG emissions, RENK performed a value chain analysis in advance. This describes the upstream and downstream value chain as well as the activities of the company itself. In this way, we ensure that all relevant emission sources and climate-related impacts are recorded and assessed. The actual and potential impacts on climate change identified by this analysis were assessed by RENK subject-matter experts.

The climate-related physical risks were determined using the available data from Zurich Insurance's *Resilience Solutions* software. Selected short-, medium- and long-term climate risks listed in *ESRS E1 – Climate change* AR 11 were identified here. For each of our sites under RENK's operational control, an analysis was performed to determine whether and to what extent they could be exposed to corresponding climate hazards. This was based on two climate-change scenarios of the Intergovernmental Panel on Climate Change (IPCC): SSP5-8.5 (high emissions) and SSP1-2.6 (low emissions). Short-term (<1 year), medium-term (two to five years), and long-term (>5 years) time horizons were considered. These timescales are not related to the expected useful life of the assets, the strategic planning horizons or the capital allocation plans of RENK.

By means of an expert survey within the procurement function, we determined whether and to what extent climate-related physical risks could impact our suppliers and affect RENK. On account of our business model and the geographical location of our main production sites and suppliers, the climate-related physical risks arising from the climate hazards under both scenarios were classified as not material within the meaning of RENK risk management.

Transition risks and opportunities for RENK's business activities and assets as well as for the upstream and downstream value chain were identified in the current fiscal year as part of RENK's risk management through workshops with experts. The identification of transition events and the assessment of exposure were carried out with due consideration of the IPCC's climate-change scenario SSP1-2.6. The analysis considered the impact of transition risks (according to TCFD classification) on RENK's business activities and assets over the short, medium and long term. The timescales are based on the requirements of ESRS 1 section 6.4.

On this basis, the risks and opportunities arising for RENK from the transition to a low-carbon economy were analyzed and assessed taking into account the extent and duration of the transition events. We are not aware of any assets or business activities that would be incompatible with the transition to a climate-neutral economy or would require significant efforts to be compatible with the transition to a climate-neutral economy.

When analyzing the identification and valuation of physical risks, transition risks and opportunities, RENK did not use any climate-related scenario analysis with a number of other climate scenarios, except for the consideration of the climate-change scenarios mentioned above. No additional climate scenarios were taken into account in the financial reporting.

ESRS E2 – Pollution

To determine the material impacts, risks and opportunities in the area of pollution (ESRS E2 - Pollution), RENK's business activities and sites were analyzed. The same applies to the upstream and downstream value chain. RENK operates at its sites in accordance with applicable EU and national environmental regulations to avoid any type of pollution. This means that there is no likelihood of significant soil, water and air pollution from the sites. Identification and assessment of the IROs were carried out on the basis of the available analyses and internal data on pollutant releases with reference to internal expert assessments.

Due to complex value chains and the limited influence of RENK, a targeted, active dialogue with affected stakeholders requires more in-depth analyses. Against this background, there was no direct consultation with affected communities in the context of the materiality assessment of the impact of pollution during fiscal year 2024.

ESRS E3 – Water and marine resources

RENK's business activities and sites were also assessed to identify impacts, risks and opportunities related to water and marine resources (ESRS E3 – Water and marine resources). This analysis also included the upstream and downstream value chain. Water risks for RENK's sites were investigated using the World Resources Institute's (WRI) "Aqueduct" Water Risk Atlas. Based on this evaluation, no material impacts, risks and opportunities have been identified regarding RENK's sites and the value chain. The overall analysis and evaluation were carried out based on the expertise of RENK's subject-matter experts without direct consultation with affected communities. Based on the overall analysis, the topic of water and marine resources was classified as not material by the subject-matter experts at RENK.

ESRS E4 – Biodiversity and ecosystems

To identify impacts, risks and opportunities related to biodiversity and ecosystems (ESRS E4 – Biodiversity and ecosystems), focus was placed on RENK’s sites as well as the upstream and downstream value chain. The analysis of the actual and potential impacts on biodiversity and ecosystems at our own sites was conducted taking into account the respective geographical location and the activities performed there (production, administration, sales and engineering). For each site, RENK's subject-matter experts checked whether it is located in or near areas defined as Natura 2000 areas, UNESCO World Heritage Sites and/or Key Biodiversity Areas (KBA). Currently, no RENK site has an influence on any of the areas mentioned.

No dependencies on biodiversity and ecosystems and their benefits were identified at our own sites or within the upstream and downstream value chain. The same applies to transitory risks and systemic risks related to biodiversity. No affected communities could be reasonably identified. Consequently, there was no systematic consultation with affected communities. As no material IROs relating to biodiversity and ecosystems were established at the company's own sites or within the upstream and downstream value chain, RENK has not identified any required biodiversity-related remediation.

ESRS E5 – Resource use and circular economy

To address the issues of resource use and circular economy (ESRS E5 – Resource use and circular economy), no further site analyses were carried out in addition to the procedures already described. Impacts, risks and opportunities were identified by RENK's subject-matter experts. The overall analysis did not involve direct consultation of affected communities.

ESRS G1 – Business conduct

Material impacts, risks and opportunities in the area of corporate governance (*ESRS G1 – Business conduct*) were identified based on RENK's business activities, also taking into account the associated exposure with regard to comprehensive regulation, political influence, corruption and bribery. The IROs were identified and assessed by RENK's internal subject-matter experts with specific information and expertise. The basis for this was the Group-wide compliance and risk management system, which is geared towards identifying and managing impacts, risks and opportunities in the context of corporate governance. We refer to section *ESRS G1 – Business conduct*.

13.2 Environmental information

Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)

Objectives and background of the EU taxonomy

The EU taxonomy is a key tool for promoting sustainable investment in Europe, developed in response to the 2015 Paris Climate Agreement. The aim of the agreement is to limit global warming to well below two degrees Celsius, ideally to no more than 1.5 degrees. To support this, the EU aims to achieve net zero greenhouse gas emissions by 2050 and reduce emissions by at least 55 percent by 2030. Germany has set even more ambitious targets, with a reduction of 65 percent by 2030 and greenhouse gas neutrality by 2045. In addition to the two environmental objectives (1) climate change mitigation (CCM) and (2) climate change adaptation (CCA), the EU taxonomy includes four further environmental objectives to be pursued: (3) sustainable use and protection of water and marine resources (WTR), (4) transition to a circular economy (CE), (5) pollution prevention and control (PPC), and (6) protection and restoration of biodiversity and ecosystems (BIO).

The EU Taxonomy Regulation supports these objectives by promoting transparent and sustainable financial flows that are consistent with environmentally friendly developments. It classifies economic activities according to their ecological sustainability, thus offering investors security and preventing greenwashing. This is based on Regulation (EU) 2020/852, which has been in force since July 2020 and both sets out sustainable investment criteria and expands disclosure requirements.

The European Commission is empowered to define technical assessment criteria through delegated acts. On December 9, 2021, legal acts were established for climate change mitigation and climate change adaptation (environmental objectives 1 and 2). In June 2023, the Commission introduced further criteria, this time for economic activities contributing to non-climate-related environmental objectives. These objectives include sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. In addition to the delegated regulations on the technical assessment criteria for the six environmental objectives, the EU Taxonomy Regulation provides for a further delegated regulation on the taxonomy-related reporting obligations pursuant to Article 8 of the EU Taxonomy Regulation, which contains more detailed provisions on content, methodology and presentation.

The EU taxonomy distinguishes between taxonomy-eligible and taxonomy-aligned economic activity. Economic activities that are described in the delegated acts are “taxonomy-eligible”. The EU taxonomy includes criteria for economic sectors and economic activities that have the potential to make a substantial contribution to climate and environmental protection or to climate change adaptation.

Economic activities are “taxonomy-aligned” within the meaning of the Taxonomy Regulation if they cumulatively meet the following criteria:

- They contribute substantially to one or more of the environmental objectives,
- they do not significantly harm any of the other five EU environmental objectives, each demonstrated by compliance with the criteria defined by the EU, and
- they comply with minimum safeguards criteria.

Determination of taxonomy eligibility and taxonomy conformity

Taxonomy-eligible economic activities were determined by reviewing all of RENK’s business activities. In the context of the taxonomy-eligible economic activities, the areas of new energy, slide bearings and test systems were identified as relevant, and the company's activity was classified under the economic activity "3.1 Production of technologies for renewable energy" (environmental objective 1). This classification is based on the fact that the gear units, slide bearings and test systems produced are used in various areas of renewable energies, such as wind power, renewable energy distribution, hydropower generation and geothermal energy generation. In order to determine the taxonomy conformity of economic activity CCM 3.1, the corresponding technical screening criteria must be reviewed in the current fiscal year. This is the substantial contribution to fulfilment of the environmental objective and the "do no significant harm" principle of the other environmental objectives, each based on specific requirements for each relevant economic activity. Verification of the substantial contribution for the respective economic activities was carried out by means of interviews with the experts of the respective specialist unit, evaluation of the existing certifications, and implementation of the specified evidence requirements by the project team. With regard to proof of adherence to the "do no significant harm" principle, the requirements of the delegated act were also checked and documented for each relevant economic activity by the project team in cooperation with the specialist units. Compliance with the social minimum requirements was also checked and documented at a higher level with reference to the individual economic activities. However, this review led to the conclusion that the minimum protection criteria could not yet be fully demonstrated in fiscal year 2024, which is why no further in-depth reviews were carried out.

Based on the assessment of taxonomy eligibility and conformity, the internal data collection of the financial key figures turnover, capital expenditure (CapEx) and operating expenditure (OpEX) required by the taxonomy was used to convert the economic activities identified as taxonomy-eligible and taxonomy-aligned into key figures. The KPIs[1] of the EU Taxonomy Regulation were determined on the basis of the IFRS consolidated financial statements for fiscal year 2024.

In fiscal year 2024, 1 % of the Group's turnover were taxonomy-eligible, and included products from the area of New Energy (segment M&I), Slide Bearings (segment Slide Bearings) and test systems (segment VMS). Turnover was allocated according to the share of products in total turnover. This turnover in the above-mentioned areas forms the taxonomy-eligible numerator of the financial key figure “turnover”. The population of turnover (denominator of the financial key figure) represents the “revenue” line of the consolidated statement of profit or loss (*see* section *B Consolidated Income Statement*) for fiscal year 2024. As explained above, RENK does not report any taxonomy-aligned turnover in fiscal year 2024 due to the incomplete verification of the minimum protection criteria.

In fiscal year 2024, 23 % of CapEx was taxonomy-eligible. Based on the project description, an analysis of taxonomy eligibility and conformity is performed, along with a comparison with annexes I and II of delegated regulation 2021/2139 and the environmental objectives of delegated regulation 2023/2468. The sum of the additions reflecting a taxonomy-eligible investment forms the numerator of the taxonomy-eligible CapEx indicator amounting to € 9.5 million from capital expenditure related to the additions of taxonomy-eligible services and products. These include capital expenditure on electrical and electronic equipment such as IT hardware (economic activity CE 1.2) and the installation of charging stations for electric vehicles (economic activity CCM 7.4). A significant share also came from the acquisition or leasing and ownership of buildings (economic activity CCM 6.5) for additional office space or extension of existing leases, as well as the leasing of passenger cars (economic activity CCM 6.5). There was no capital expenditure on activities adapted to climate change.

The population (denominator of the financial key figure) of capital expenditure includes the Group's capital expenditure on “property, plant and equipment” (including right-of-use assets according to IFRS 16 and any capital expenditure on “noncurrent assets held for disposal”), “investment property” and “other intangible assets” (excluding “goodwill”) of fiscal year 2024 (see section *B 15. Intangible assets* and *16. Property, plant and equipment)*.

Operating expenditure (OpEX) according to the EU taxonomy generally includes direct, non-capitalized costs for research and development, building renovation measures, short-term leasing, maintenance and repairs as well as any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. An analysis of the last three fiscal years has shown that this operating expenditure (OpEX) is financially immaterial to the Group's business model. Therefore, this KPI has been excluded from the calculations and disclosure in accordance with section 1.1.3.2 of annex I to delegated regulation (EU) 2021/2178 of the Commission. Accordingly, and in accordance with 1.1.3.1 of annex I to delegated regulation (EU) 2021/2178, we disclose the calculated total value of the OpEx denominator as € 51.6 million.

[1] KPIs in accordance with the EU Taxonomy Regulation must be considered separately from the KPIs required in DRS 20.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ('Does not Significantly Harm')									
Economic activities	**Code(s)**	**Absolute turnover**	**Proportion of turnover**	**Climate change mitigation**	**climate change adaption**	**Water**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Climate change mitigation**	**climate change adaption**	**Water**	**Pollution**	**Circular economy**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2023[1]**	**Category (enabling activity)**	**Category (transi-tional activity)**
		in € millions	**in %**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**in %**	**E**	**T**
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		–	–	0%	0%	0%	0%	0%	0%										
thereof enabling activities		–	–	0%	0%	0%	0%	0%	0%									E	
thereof transitional activities		–	–	0%															T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of renewable energy technologies	CCM3.1	10.9	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		10.9	1	1%	0%	0%	0%	0%	0%										
Turnover of Taxonomy-eligible acitivities (A.1. + A.2.)		**10.9**	**1**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**								**–**		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities (B)		1,129.6	99																
Total		**1,140.5**	**100**																

[1] In accordance with FAQ 146 to the Delegated Regulation on reporting obligations of November 29, 2024, the figures for the 2023 financial year will not be published.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ('Does not Significantly Harm')									
Economic activities	**Code(s)**	**Absolute CapEx**	**Proportion of turnover**	**Climate change mitigation**	**Climate change adaption**	**Water**	**Pollution**	**Circular economy**	**Biodiversity and**	**Climate change mitigation**	**Climate change adaption**	**Water**	**Pollution**	**Circular economy**	**Biodiversity and**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, 2023[1]**	**Category (enabling activity)**	**Category (transi-tional activity)**
		in € millions	**in %**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**in %**	**E**	**T**
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		–	–	0%	0%	0%	0%	0%	0%										
thereof enabling activities		–	–	0%	0%	0%	0%	0%	0%									E	
thereof transitional activities		–	–	0%															T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.4	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM7.4	0.1	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	CCM7.7	8.1	20	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Manufacture of electrical and electronic equipment	CE1.2	1.0	2	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		9.5	23	21%	0%	0%	0%	2%	0%										
CapEx of Taxonomy-eligible activities (A.1. + A.2.)		**9.5**	**23**	**21%**	**0%**	**0%**	**0%**	**2%**	**0%**								–		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities (B)		31.5	77																
Total		**41.0**	**100**																

[1] In accordance with FAQ 146 to the Delegated Regulation on reporting obligations of November 29, 2024, the figures for the 2023 financial year will not be published.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria ('Does not Significantly Harm')									
Economic activities	**Code(s)**	**Absolute OpEx**	**Proportion of OpEx**	**Climate change mitigation**	**climate change adaption**	**Water**	**Pollution**	**Circular economy**	**Biodiversity and**	**Climate change mitigation**	**climate change adaption**	**Water**	**Pollution**	**Circular economy**	**Biodiversity and**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, 2023[1]**	**Category (enabling activity)**	**Category (transi-tional activity)**
		in € millions	**in %**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N; N-EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**in %**	**E**	**T**
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		–	–	0%	0%	0%	0%	0%	0%										
thereof enabling activities		–	–	0%	0%	0%	0%	0%	0%									E	
thereof transitional activities		–	–	0%															T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		–	–	0%	0%	0%	0%	0%	0%										
OpEx of Taxonomy-eligible activities (A.1. + A.2.)		**–**	**–**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**–**		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities (B)		51.6	100																
Total		**51.6**	**100**																

[1] In accordance with FAQ 146 to the Delegated Regulation on reporting obligations of November 29, 2024, the figures for the 2023 financial year will not be published.

Proportion of turnover/ Total turnover 2024	Taxonomy-aligned for each objective	Taxonomy-eligible for each objective
CCM (climate change mitigation)	0%	1%
CCA (climate change adaption)	0%	0%
WTR (water and marine resources)	0%	0%
CE (circular economy)	0%	0%
PPC (pollution prevention and control)	0%	0%
BIO (biodiversity and ecosystems)	0%	0%

Proportion of CapEx/ Total CapEx 2024	Taxonomy-aligned for each objective	Taxonomy-eligible for each objective
CCM (climate change mitigation)	0%	21%
CCA (climate change adaption)	0%	0%
WTR (water and marine resources)	0%	0%
CE (circular economy)	0%	2%
PPC (pollution prevention and control)	0%	0%
BIO (biodiversity and ecosystems)	0%	0%

Proportion of OpEx/ Total OpEx 2024	Taxonomy-aligned for each objective	Taxonomy-eligible for each objective
CCM (climate change mitigation)	0%	0%
CCA (climate change adaption)	0%	0%
WTR (water and marine resources)	0%	0%
CE (circular economy)	0%	0%
PPC (pollution prevention and control)	0%	0%
BIO (biodiversity and ecosystems)	0%	0%

Activities related to nuclear energy and fossil gas

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

13.2.1 ESRS E1 – Climate change

Climate change is one of the greatest challenges of our time. Meeting this challenge is of great importance to RENK. We are therefore committed to the international climate protection goals, and strive to make our contribution to ensuring they are met. Accordingly, we are currently developing specific targets and actions that we would like to implement in order to achieve our own ambitions and in view of the international agreements.

E1-1 Transition plan for climate change mitigation

In line with the strategic pillar of consistently reducing the ecological footprint of its own operating activities, RENK intends to advance the transformation towards climate neutrality in the future. To achieve this, RENK is focusing on the energy efficiency of production processes, the use of renewable energy sources, energy-saving measures in building management, and employee awareness. According to RENK 's current assessment, there are no obstacles to the future derivation of this transition plan.

	Yes	No
Disclosure of whether and when a transition plan will be adopted		
Did RENK make use of the option in fiscal year 2024 not to disclose a transition plan and not to publish a timetable for the adoption of such a plan?	x	
Does RENK plan to adopt a transition plan?	x	

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The impacts, risks and opportunities identified as material in the double materiality assessment can be found in tabular form for all topic-specific standards in the section *ESRS 2 SBM-3*.In the following section, the identified IROs are examined with regard to their interaction with the corporate strategy and business activities.

Climate-related transition risk analysis

In section *ESRS 2 General disclosures*, we described in detail the procedure for conducting the climate-related physical and transition risk analysis. The information below is based on the theoretical 1.5-degree scenario, which simulates limiting global warming to 1.5-degrees. Consequently, the following disclosures should be evaluated from this perspective.

Climate-related transition risks exist in particular due to possible bans or rising CO_2-pricing of fossil fuels such as diesel, which is often used as an energy source for drive solutions at the level of RENK's end products. The same applies to logistics within the company’s own value chain as well as the upstream and downstream value chain. Furthermore, energy-intensive production steps and the heating of production facilities are currently based to a significant extent on the use of natural gas. RENK is also a buyer of carbon-intensive intermediate products, the availability of which is either in question due to the above mechanisms such as bans or emission pricing, or could only be realized at unacceptable costs.

According to RENK's current assessment, the conversion of energy-intensive production steps to renewable energy sources and the reorientation of procurement towards products with a low carbon footprint are associated with transition costs that may be significant depending on the underlying scenarios. This affects both the company's own business activities and intermediate products from suppliers, whose cost base is increased by their own remedial measures and their passing on to customers such as RENK.

Resilience analysis

Building on the above-mentioned climate risk analysis and the underlying theoretical scenario, RENK conducted a climate change-related resilience analysis for all business activities and sites in fiscal year 2024. Consequently, the following disclosures should be evaluated from this perspective.

The analysis involved a comprehensive examination of the entire upstream and downstream value chain, with no individual parts of it being deliberately excluded. The risks and opportunities identified in the previous analyses were examined to determine the extent to which RENK is prepared for the impacts of climate change and can adapt to these changes. The same climate scenarios and time horizons were applied as those used in the physical and transitory climate risk analysis. In addition, the potential financial effects were assessed using the materiality assessment methodology, although expected financial effects have not yet been quantified. The resilience analysis is based on assumptions about future developments in climate change as well as market and price developments that are associated with uncertainties.

The resilience analysis, especially with absolute tracking of net-zero efforts, also with regard to RENK's product range, some of which serves military purposes, results in the identification of challenges that are inherent in the industry and business model. The reason for this is the energy intensity of the intermediate products, the company's own production, and downstream product use. It is mainly the latter that results in GHG emissions, which are attributed to RENK as a contribution to climate change in accordance with the relevant calculation rules. The reduction in GHG emissions that can be avoided by RENK entails the risk of a substantial need for investment in the company's own infrastructure and technology, in transformation processes in the company's own production operations and transportation as well as the risks of cost increases in the procurement of low-carbon energy sources and material resources due to limited availability or substitutability.

To reduce risk, RENK is examining the possibilities of purchasing alternative energy sources and material resources, converting machines and agreeing price hedges in energy supply contracts. Furthermore, RENK is exposed to the risks of operational interruptions due to potential climate hazards at its own sites and in the supply chain, and the associated capital expenditure. The upcoming capital expenditure is taken into account in the overall business strategy as well as in the capital expenditure and liquidity planning, and is intended to make RENK's sites and business activities more resilient to the effects of climate change, as well as making the production and use of its products more energy-efficient and carbon-efficient.

Results of analyses

Based on the analyses carried out, RENK is confident of adapting its business model to climate change in the medium and long term, including in terms of access to finance and modernization of assets, as well as relocation of the product range and retraining of employees. However, this requires more in-depth analyses to derive suitable adaptation measures in order to achieve the necessary transformation. This applies to our own sites as well as our product range and cooperation with suppliers.

E1-2 Policies related to climate change mitigation and adaptation

RENK governance guideline RGR-19-1 Health, Safety and Environment (HSE) defines all the basic values in connection with climate change protection and climate change adaptation on which our business activities should be based. It is binding for all of our employees.

Guideline on Health, Safety and Environment (HSE)

Policy	**RGR-19-1 Health, Safety and Environment (HSE)**
Main contents	• Environmental protection and health and safety at the workplace • Implementation of and compliance with standards • Consideration of relevant legal requirements
General objectives	• Control of processes, planning, implementation, monitoring and improvement of the corresponding activities • Conservation of resources • Protection of the environment • Prevention of environmental pollution • Minimizing risks to the environment • Promotion of biodiversity, reduction of waste, water and energy consumption, substitution of chemicals and substances • Consultation and participation of employees in decisions regarding health and safety in the workplace • Providing safe and healthy working conditions • Prevention of work-related injuries and illnesses
Monitoring process	• Internal audits and adaptation of requirements by the Q-HSE department
Scope of application	• Employees of RENK
Responsible organizational level	• Board members of RENK • Central Q-HSE department
Reference to third-party standards or initiatives	• Paris Agreement on climate change
Consideration of the interests of stakeholders	Central Q-HSE management ensures that the interests of stakeholders are taken into account. The material criteria of this policy are also part of the supplier selection process.
Availability of the policy	Available in German and English language: • Intranet “OneRENK”

The following table shows whether corresponding disclosure requirements are covered by the concepts mentioned above.

	Yes	**No**
Consideration of the area of “climate change mitigation” in the policies		
Do RENK's policies include climate change mitigation?	x	
Consideration of the area of “climate change adaptation” in the policies		
Do RENK's policies include climate change adaptation?	x	
Consideration of the area of “energy efficiency” in the policies		
Do RENK's policies include the topic of energy efficiency?	x	
Consideration of the area of “renewable energy deployment” in the policies		
Do RENK's policies include the topic of of renewable energy deployment?	x	
Other areas considered in the policies		
Other areas are taken into account in the RENK's policies.	x	

E1-3 Actions and resources in relation to climate change policies

	Yes	**No**
Specific actions		
Did RENK establish specific actions in fiscal year 2024?		x

In fiscal year 2024, we focused on performing CSRD-compliant calculation of our Scope 1, 2 and 3 emissions. Building on this, we are planning our ambitions regarding the selection of decarbonization paths and the reduction of our emissions. We will take a more specific approach in order to translate our ambitions into actions. Assessing the impacts of target-setting and transformation on RENK's climate-related risks and opportunities will be a focus in the future.

E1-4 Targets related to climate change mitigation and adaptation

	Yes	No
Specific targets		
Did RENK formulate specific targets in fiscal year 2024?		x
Does RENK track the effectiveness of its policies and actions with regard to the material sustainability-related impacts, risks and opportunities?		x

To support the international climate targets as well as the sustainability-related impacts, risks and opportunities that are material to RENK, we decided to update our previous climate targets in fiscal year 2024. Our ambition is to achieve net-zero emissions in Scope 1 and 2 by 2050. In this way, we aim to make our contribution to limiting global warming to 1.5°C above pre-industrial levels and thus play a part in achieving the goals of the EU Green Deal and international climate policy. In the course of fiscal year 2025, we will formulate ESRS-compliant targets and intermediate targets.

E1-5 Energy consumption and mix

Total energy consumption in connection with the company's own operations

Our energy needs are mainly covered by electricity and a fossil energy source, gas. As part of our science-based ambition, we are working to reduce the mix of non-renewable energy and bring renewable energy into the mix to use electricity from renewable sources for our own operations.

Explanation of data quality

RENK's energy balance sheet was prepared in fiscal year 2024 using the Sphera Cloud software, version 8.12.2 (hereinafter: Sphera tool). The respective energy consumption values entered in the Sphera tool can have the following different data qualities: exact values, planned values (estimates, e. g. based on previous year's values) or estimated values (estimates, e. g. averages, projections or scenario assumptions).

Estimates of energy consumption were only used when primary sources such as bills or meter readings were not yet available. A detailed description of the estimates used, and the key figures concerned can be found in section *ESRS 2 General disclosures*. In the next reporting cycle, the estimates used will be checked for plausibility.

Energy intensity based on net sales revenue

All of RENK's business areas are in the climate-intensive sector. To calculate energy intensity, total energy consumption is divided by RENK's net sales revenue.

Net sales revenue from activities in climate-intensive sectors, in RENK's case due to its allocation to mechanical engineering, correspond to the amount shown in chapter *Consolidated Income Statement* of the consolidated financial statements under the heading "sales revenue" for fiscal year 2024. The information is marked with * and is an integral part of this sustainability statement.

Total energy consumption and energy intensity

	Unit	2024 01.01.-31.12.	Standard
Total energy consumption related to own operation	**MWh**	**125,713**	E1-5 37
Total energy consumption from fossil sources	**MWh**	**93,290**	E1-5 37 (a)
Coal and coal products	MWh	0	E1-5 38 (a)
Crude oil and petroleum products	MWh	12,659	E1-5 38 (b)
Natural gas	MWh	52,675	E1-5 38 (c)
Other fossil sources (MWh)	MWh	0	E1-5 38 (d)
Purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	27,955	E1-5 38 (e)
Total energy consumption from nuclear sources	**MWh**	**5,461**	E1-5 37 (b)
Total energy consumption from renewable sources	**MWh**	**32,547**	E1-5 37 (c)
Renewable sources including biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, hydrogen from renewable sources	MWh	0	E1-5 37 (c) i
Purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	32,495	E1-5 37 (c) ii
Self-generated non-fuel renewable energy	MWh	52	E1-5 37 (c) iii
Own non-renewable energy production and renewable energy production	**MWh**	**1,373**	E1-5 39
Own non-renewable energy production	MWh	1,238	E1-5 39
Own renewable energy production	MWh	136	E1-5 39
Energy intensity (total energy consumption per net revenue) associated with activities in high climate impact sectors	**MWh/ € thousands**	**0.11**	E1-5 40

E1-6 Gross scopes 1, 2, 3 and total GHG emissions

The disclosed data on gross GHG emissions in the Scope 1, 2 and 3 as well as total GHG emissions cover all sites and legal entities under the operational control of RENK. To calculate GHG emissions, RENK follows the Greenhouse Gas Protocol (GHG Protocol).

Scope 1 and Scope 2 – Own operations

In 2024, RENK's GHG emissions amounted to 22,950 tonnes of CO_2 equivalents (tCO_2e) based on the market approach (taking green electricity into account). 14,162 tCO_2e were allocated to Scope 1 and 8,788 tCO_2e to market-based Scope 2.

RENK's carbon footprint was prepared in fiscal year 2024 for Scope 1 and Scope 2 emissions using the Sphera tool. The emission factors used therein stem from the DEFRA v13 (09/2024) database, which is also suggested on the GHG Protocol website as a third-party database and is provided by the UK Government's Department for Environment, Food & Rural Affairs. The emission factors used do not differentiate between the percentage share of biomass or biogenic CO_2, and also take into account all greenhouse gases according to the GHG Protocol. Scope 1 and Scope 2 emissions are based on the energy consumption entered in the Sphera tool. Estimates described in section E1-5 are therefore fully transferable to Scope 1 and Scope 2 emissions.

Scope 3 – Value chain

In fiscal year 2024, RENK set itself the objective of analyzing its Scope 3 emissions and evaluating them in terms of materiality. The result of this analysis is that for RENK, only the categories *3.1 Purchased goods and services* and *3.11 Use of sold products* are material, since more than 95% of emissions are attributable to these two categories. The remaining categories were assessed as immaterial based on this analysis and are therefore not reported. Categories *3.14 Franchises* and *3.15 Investments* are not relevant to RENK. For 2024, GHG emissions (Scope 3) amounted to 14,8 million tCO_2e.

Our material Scope 3 emissions were determined for the first time for fiscal year 2024. The emission factors used stem from the current DEFRA v13 (09/2024) database and the website “Our World in Data”, which provides a global electricity mix emission factor (*https://ourworldindata.org/grapher/carbon-intensity-electricity*). Category 3.1 includes the goods and services purchased in fiscal year 2024 as well as their transportation. These emissions were calculated using an expenditure-based approach. As transport costs are predominantly reflected in the price of goods, category 3.1 inevitably also contains emissions from category 3.4 (*Upstream transportation and distribution*).

The raw data source for our purchased goods and services is our supplier data management system “IVALUA”. For category 3.11, a corresponding calculation formula was developed for each product area. Our individual products were grouped into product areas by experts in sales and technology on the basis of the product range already existing on our website. The volume-based approach was chosen for these emissions. The calculation formula includes the rated power and energy consumption of RENK products during their usage phase, the energy sources used as well as the service life, operating hours, and number of products sold in fiscal year 2024.

The share of energy consumption was determined based on the actual efficiency of the product areas. Likewise, the rated power was taken from the corresponding technical specification. Depending on the use of the products, either electricity or fuels were used as energy sources. The service life and operating hours of the products are based on expert estimates, as primary data sources could not be used. The number of products sold per product area in fiscal year 2024 was provided by our Sales department. The emission factor for products powered by electricity corresponds to a global average electricity mix emission factor. For products installed in applications that use fuels such as diesel or marine diesel oil, the relevant DEFRA emission factors were used. Furthermore, no other inputs from the upstream and downstream value chain and no primary data from suppliers or other business partners were used to measure and calculate Scope 3 GHG emissions.

Greenhouse gas intensity based on net sales revenue

To calculate greenhouse gas intensity, total greenhouse gas emissions are divided by RENK’s net sales revenue. Net sales for the calculation of greenhouse gas intensity correspond to the amount shown in chapter *Consolidated Income Statement* under the heading “sales revenue” for fiscal year 2024. The information is marked with * and is an integral part of this sustainability statement. RENK purchases electricity from renewable sources through its electricity contract at its sites in Augsburg, Hanover, Rheine, Starnberg and Bath. This corresponds to 54.9 % of RENK’s Scope 2 GHG emissions.

Gross Scopes 1, 2, 3 and Total GHG emissions

	Retrospective				Milestones and target years		
	Base year	Comparative	2024	% 2024 / 2023	2025	2030	Annual % target / Base year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO_2e)	-	-	14,162	-	-	-	-
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (in %)	-	-	0	-	-	-	-
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions (tCO_2e)	-	-	19,517	-	-	-	-
Gross market-based Scope 2 GHG emissions (tCO_2e)	-	-	8,788	-	-	-	-
Significant Scope 3 GHG emissions							
Total Gross indirect (Scope 3) GHG emissions (tCO_2e)	-	-	14,789,075	-	-	-	-
1 Purchased goods and services	-	-	162,576	-	-	-	-
2 Capital goods	-	-	n.r.[1]	-	-	-	-

Gross Scopes 1, 2, 3 and Total GHG emissions							
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	-	-	n.r.[1]	-	-	-	-
4 Upstream transportation and distribution	-	-	n.r.[1]	-	-	-	-
5 Waste generated in operations	-	-	n.r.[1]	-	-	-	-
6 Business traveling	-	-	n.r.[1]	-	-	-	-
7 Employee commuting	-	-	n.r.[1]	-	-	-	-
8 Upstream leased assets	-	-	n.r.[1]	-	-	-	-
9 Downstream transportation	-	-	n.r.[1]	-	-	-	-
10 Processing of sold products	-	-	n.r.[1]	-	-	-	-
11 Use of sold products	-	-	14,626,499	-	-	-	-
12 End-of-life treatment of sold products	-	-	n.r.[1]	-	-	-	-
13 Downstream leased assets	-	-	n.r.[1]	-	-	-	-
14 Franchises	-	-	n/a[2]	-	-	-	-
15 Investments	-	-	n/a[2]	-	-	-	-
Total GHG emissions							
Total GHG emissions (location-based) (tCO_2e)	-	-	14,822,754	-	-	-	-
Total GHG emissions (market-based) (tCO_2e)	-	-	14,812,025	-	-	-	-
GHG emissions intensity based on net revenue							
GHG emissions intensity (location-based) (tCO2e/€ thousands)	-	-	13.00	-	-	-	-
GHG emissions intensity (market-based) (tCO2e/€ thousands)	-	-	12.99	-	-	-	-

[1] Not relevant
[2] Not applicable

E1-7 Greenhouse gas removals and greenhouse gas mitigation projects financed through carbon credits

Total amount of carbon credits

In fiscal year 2024, RENK used offset credits totaling 6,000 tCO_2e for its natural gas consumption at the Augsburg, Rheine and Hanover sites. Offsetting of the use of natural gas at the Augsburg, Rheine and Hanover sites through the acquisition of carbon offsets is contractually regulated until 2026 and always covers the total amount of natural gas consumed at these sites, which is expected to amount to 12,000 tCO_2e.

The carbon offsets are mapped by the product ÖkoPLUS/EcoPLUS from Bischoff & Ditze Energy GmbH Co. KG. ÖkoPLUS/EcoPLUS climate protection projects are analyzed with regard to the actions implemented or to be implemented in areas such as education, medical care, infrastructure, equality, and child and cultural support, and are certified accordingly by TÜV Rheinland. The requirements are met for 2024/2025. Validity can be viewed via certificate ID 37968 at https://www.certipedia.com/.

GHG removals and GHG mitigation projects financed through carbon credits	Unit	2024 01.01.-31.12.	Standard
Total amount of GHG removals and storage	**tCO_2e**	**0**	E1-7 58 (a)
Total amount of carbon credits outside the value chain that are verified against recognised quality standards and cancelled in reporting period	**tCO_2e**	**6,000**	E1-7 59 (a)
Of which reduction projects	%	100	E1-7 AR62 (a)
Of which removal projects	%	0	E1-7 AR62 (a)
Of which for each recognised quality standard	%	100	E1-7 AR62 (c)
Of which issued from projects in the EU	%	0	E1-7 AR62 (d)
Share that qualifies as a corresponding adjustment under Article 6 of the Paris Agreement.	%	0	E1-7 AR62 (e)

GHG removals and GHG mitigation projects financed through carbon credits	Unit	2024 01.01.-31.12.	Standard
Total amount of carbon credits outside the value chain planned to be cancelled in future	**tCO_2e**	**12,000**	E1-7 59 (b)
Of which reduction projects	%	100	E1-7 AR62 (a)
Of which removal projects	%	0	E1-7 AR62 (a)
Of which for each recognised quality standard	%	100	E1-7 AR62 (c)
Of which issued from projects in the EU	%	0	E1-7 AR62 (d)
Share that qualifies as a corresponding adjustment (under Article 6 of the Paris Agreement)	%	0	E1-7 AR62 (e)

E1-8 Internal carbon pricing

	Yes	No
Application of an internal CO_2 pricing system		
Did RENK use an internal CO_2 pricing system in fiscal year 2024?		x

13.3 Social information

13.3.1 ESRS S1 – Own workforce

Our own employees are essential to our business performance, so we strive to create a safe and inclusive work environment by adhering to occupational safety standards and promoting diversity in our own workforce. In this way, we aim both to ensure the satisfaction of our employees and to support the diversity of ideas and perspectives with which we can develop new solutions for our customers.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The impacts, risks and opportunities identified as material in the double materiality assessment can be found in tabular form for all topic-specific standards in section *ESRS 2 SBM-3*. In the following section, the identified IROs are examined with regard to their interaction with the corporate strategy and business activities.

As a strategic pillar, employees occupy a special position for RENK. This gives rise to the goal of a working environment that is safe, financially attractive, family-friendly and aligned with ethical corporate values. The non-negotiable essential requirement for this is the physical and mental health of employees, protection of which is the key focus of a series of guidelines such as the RENK Global HR Policy or RGR-10-1 Health, Safety and Environment (HSE), from which appropriate actions are derived. RENK's business activities are attributable to mechanical engineering and are therefore exposed to risks typical of the industry, such as working with technical equipment, the improper use of which can pose significant health risks. Therefore, employees are made aware of safety-related issues, for example through training, and the knowledge and skills required to carry out their work safely are imparted.

Based on this, RENK strives to develop employees through education, training, career development and active employee interaction. Employees are the key input factor for RENK’s productive activities and innovative capacity. This ensures the long-term competitiveness of the Group. In return, RENK undertakes to pay its employees fairly on an individual or collective-agreement basis, and to promote the compatibility of family and career. Diversity, inclusion, freedom from discrimination and the protection of personal rights play a central role in the competition for employee potential, and are firmly anchored in RENK's corporate values. Without protection of employees, development of their potential, and fair pay and interaction, there is a medium to long-term risk of a decreasing employer attractiveness, associated with the loss of or inadequate access to employees, and ultimately a decline in the profitability and financial strength of RENK.

The DMA did not identify any business activities that pose a significant risk of forced or child labor in relation to the nature of the activities or the countries in which these activities are carried out.

The resilience analysis regarding the company's own workforce confirms RENK's ability to control and manage the material impacts, risks and opportunities in the medium and long term within the framework of its human resources policy, which supports RENK's strategy and business model. Group-wide implementation of the new Global HR Policy in combination with the corresponding processes and existing concepts and the planned actions to increase the proportion of women in management positions by 2030 is considered to be central to the contribution to working conditions, equal treatment and equal opportunities and other work-related rights, as well as the contribution to employee satisfaction and addressing the risk of a shortage of skilled workers.

For RENK, employees are all persons who have a direct contractual relationship with the company. They include full-time and part-time employees, employees with fixed-term or permanent contracts, working students, interns, holiday workers, hourly wage earners, graduate students and vocational trainees. At RENK, all persons who are requested by RENK through an agency or third-party company, such as temporary or agency workers and other external parties, are not considered employees.

The following information and disclosures apply to the entire RENK GmbH throughout Germany. Information on differing legal, contractual or other rules that are due to a different legal framework at a foreign location is not presented. RENK guidelines are binding throughout the Group by virtue of the direct or indirect controlling position of RENK GmbH as the (majority) owner of these companies.

When analyzing impacts, risks and opportunities, RENK made a distinction between employees in production (blue collar) and employees in office and administration (white collar), but not with regard to sites. In RENK 's view, such differentiation based on the current company structure and size leads to better insights and results in terms of employee protection and development. However, potential risks and opportunities based on impacts and dependencies in relation to the workforce cannot be assigned to specific employee groups.

S1-1 Policies related to own workforce

RENK has the following relevant guidelines and policies in place to identify, assess, control and manage material impacts on affected stakeholders:

1) RENK Global Human Resources Policy
2) Implementation of human rights due diligence
3) Policy Statement on Human Rights
4) Diversity, equity and inclusion
5) Anti-Harassment Policy
6) Code of Conduct
7) Health, safety and environment (HSE)

1) RENK Global Human Resources Policy

Policy	RGM-11-0 RENK Global HR Policy
Main contents	• Protection of human rights • Building a strong corporate culture and leadership skills • Growth through human resources development • Fostering the health, safety and well-being of our employees • Diversity, equity and inclusion • Fostering open communication and social dialogue • Ensuring fair working conditions
General objectives	• Establishing a working environment based on respect, fairness and equal opportunities
Monitoring process	• Monitoring within standard processes by management, HR, and internal audit
Scope of application	• Own operations
Responsible organizational level	• Executive Board of RENK • Central HR department incl. responsible departments
Reference to third-party standards or initiatives	• UN Global Compact • UN Declaration of Human Rights • Core Conventions of ILO • OECD Guidelines
Consideration of the interests of stakeholders	The interests of stakeholders have been ensured by the central HR department. For topics that fall under the responsibility of other departments, but are included in the Global HR Policy for completeness, the respective departments ensure that the interests of stakeholders have been appropriately considered.
Availability of the policy	Available in German and English language: • Intranet “OneRENK”
Reference	• Declaration of principles on human rights • RGR-4-10 Implementation of human rights due diligence • RGR-0-3 Code of Conduct • RGR-10-1 Health, Safety and Environmental Protection (HSE) • RGR-11-1 Diversity, equity and inclusion • RGR-11-5 Anti-Harassment Policy

2) Implementation of human rights due diligence

Policy	RGR-4-10 Implementation of human rights due diligence
Main contents	• Description of internal risk management for the implementation of human rights due diligence obligations in its own business area
General objectives	• Compliance with human rights
Monitoring process	• Human Rights Committee (HRC) monitors compliance • Chief Legal Officer monitors the work of the HRC and reports to the Management Board and Supervisory Board • Internal and external audits
Scope of application	• Own operations and supply chain
Responsible organizational level	• Executive Board of RENK • Central compliance department
Reference to third-party standards or initiatives	• UN Global Compact • UN Declaration of Human Rights • Core Conventions of ILO • OECD Guidelines • German Supply Chain Due Diligence Act (LkSG) • UK Modern Slavery Act 2015 • Norwegian Transparency Act
Consideration of the interests of stakeholders	The interests of employees, suppliers and other potentially affected groups are taken into account via the 'RENK Integrity Line' whistleblower system.
Availability of the policy	Available in German and English language: • Intranet “OneRENK”

3) Policy Statement on Human Rights

Policy	Policy Statement on Human Rights
Main contents	• Respect for human rights in own operations and supply chain • Recognition of the UN Declaration of Human Rights • Membership of the UN Global Compact • Commitment based on the ILO core conventions and OECD guidelines
General objectives	• Taking social responsibility • Sustainable success through respect for human rights • Anchored in the sustainability strategy
Monitoring process	• Implementation by the HRC • Monitoring by the Chief Legal Officer • Regular reporting to the Executive Board and Supervisory Board
Scope of application	• Own operations and supply chain
Responsible organizational level	• Executive Board of RENK
Reference to third-party standards or initiatives	• UN Global Compact • UN Declaration of Human Rights • Core Conventions of ILO • OECD Guidelines
Consideration of the interests of stakeholders	The interests of relevant stakeholders are taken into account through a respectful working environment, preventive measures, training, risk analyses and audits. The 'RENK Integrity Line' makes it possible to submit complaints. In addition, transparent reporting is ensured.
Availability of the policy	Available in German and English language: • Intranet “OneRENK” • RENK website

4) Diversity, equity and inclusion

Policy	RGR-11-1 Diversity, equity and inclusion
Main contents	• Principles of diversity, equity and inclusion • Legal protection of differences in gender, abilities, orientation, nationality, identity, race, religion, age, education, and industry background in many countries • Lack of protection in some countries • Global, consistent approach by RENK at all locations • Respectful workplace for all employees
General objectives	• Creating an inclusive working environment within RENK • Commitment, cooperation and appreciation as a basis
Monitoring process	• Shared responsibility of the Executive Board, managers, and HR departments to ensure that HR processes comply with this policy
Scope of application	• Own operations
Responsible organizational level	• Executive Board of RENK • Central HR department
Reference to third-party standards or initiatives	n/a
Consideration of the interests of stakeholders	The consideration of the interests of stakeholders has been ensured by the central HR department.
Availability of the policy	Available in German and English language: • Intranet "OneRENK" • RENK website

5) Anti-Harassment Policy

Policy	RGR-11-5 Anti-Harassment Policy
Main contents	• Prevention of harassment at the workplace • Zero tolerance policy towards harassment • Definition of the terms "harassment" and "sexual harassment" • Dealing with harassment • Reporting channels for affected persons • Investigating and punishing incidents
General objectives	• Working environment free of harassment of any kind • Clarification of the terms of harassment and sexual harassment • Clarification of the obligations of superiors • Information on reporting channels and the process of investigation and penalisation
Monitoring process	• Responsibility of managers to provide a climate that prevents any kind of harassment • Responsibility of managers to report incidents to the Corporate Ethics & Compliance department
Scope of application	All companies of RENK that are directly or indirectly held by RENK GmbH or over which RENK GmbH exercises a controlling influence.
Responsible organizational level	• Executive Board of RENK • Companies are responsible for implementing the policy
Reference to third-party standards or initiatives	• Code of Conduct • Diversity, Equity and Inclusion Policy • Applicable legal requirements
Consideration of the interests of stakeholders	Guaranteed by various reporting channels: "RENK Integrity Line", compliance email inbox, direct approach to the manager or employee of the Corporate Ethics & Compliance department or the HR department and employee representatives.
Availability of the policy	Available in German and English language: • Intranet "OneRENK"

6) Code of Conduct

RENK's Code of Conduct is the central element of internal compliance and an essential part of our corporate culture. It contains rules for lawful and ethical conduct and regulates business practices. The commitments contained therein apply within the entire Group as well as to external partners and the public, and therefore also include potentially affected communities. For further information, please see section *ESRS G1 – Business conduct*.

7) Health, safety and environment (HSE)

RENK attaches great importance to occupational safety and has a global occupational health and safety management system that is continuously improved. Site-specific HSE programs and regular audits ensure the safety of employees and external persons. We are committed to preventing and minimizing work-related accidents and illnesses. When it comes to creating safe and employee-friendly workplaces and processes, our employees and employees of external companies have equal importance. For further information, please see section *ESRS E1 – Climate change*.

	Yes	No
Information in the Supplier Code of Conduct (SCoC) for determining the safety of employees		
Does the SCoC cover the issue of unsafe working conditions?	x	
Does the SCoC cover the issue of human trafficking?	x	
Does the SCoC cover the issue of forced labour or child labour?	x	
Is the information in the SCoC based on the core labour standards of the ILO?	x	

Respect for human rights, including workers' rights

In addition to complying with all legal requirements regarding respect for human rights, RENK aligns its actions with international standards and conventions. These include the principles of the UN Global Compact, the core conventions of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises. In addition, RENK is guided by the Diversity Charter and the German implementation of the United Nations Global Sustainability Goals (SDGs). By adopting the “Declaration of Principles on Human Rights”, the Executive Board of RENK Group AG has created a framework to ensure the protection of human rights, including with regard to its own workforce. The Declaration of Principles describes RENK’s commitment to human rights. The declaration is publicly available on the RENK corporate website.

The S1-2 procedures outlined in the ESRS for companies engaging their own workforce and employee representatives regarding material impacts can also be used by employees to address and discuss human rights issues with RENK.

Remedy in the event of impacts on human rights

Training courses are provided to raise employees’ awareness of human rights. Employees in the risk areas of sales and purchasing receive targeted training on human rights in the supply chain. In year 2024, RENK carried out a risk analysis in its own business area in accordance with the German Act on Corporate Due Diligence in Supply Chains. In this process, potential human rights and environmental risks of the Group companies were identified and prioritized. Based on the results, individual actions were derived to ensure continuous development of due diligence obligations.

The following table shows whether corresponding disclosure requirements are covered by the concepts mentioned above.

	Yes	No
Consideration of the issues of human trafficking, forced labour and child labour		
Do RENK's policies regarding its own workforce cover the issues of human trafficking, forced labour and child labour?	x	
Consideration of the issue of occupational health and safety		
Do RENK's policies cover the prevention of occupational accidents?	x	
Specific policies for eliminating discrimination, promoting equal opportunities or other ways of fostering diversity and inclusion		
Does the company have concepts aimed at eliminating discrimination, promoting equal opportunities and other ways of fostering diversity and inclusion?	x	
Recording the reasons for discrimination		
Are the reasons for discrimination explicitly covered by the policies?	x	

These procedures include regular training for employees, clear reporting channels for incidents of discrimination, and the establishment of monitoring bodies to monitor compliance with the concepts and take actions where necessary. Every incident of discrimination uncovered is discussed in the Incidents Response Committee (IRC), ensuring that specific actions are developed and taken in each case. For further information, please see section *ESRS G1 – Business conduct*.

Conformity of the concepts with relevant internationally recognized instruments

RENK's concepts are based on the UN Global Compact, the UN Declaration of Human Rights, the OECD Guidelines and the internationally recognized United Nations Guiding Principles on Business and Human Rights. These form the basis for all requirements.

Implementation of concepts as well as inclusion and support measures

To ensure that discrimination is prevented, reduced and appropriately combated when suspected, as well as to promote diversity and inclusion in general, specific procedures are used to implement the above guidelines. Our procedures for preventing discrimination and promoting inclusion focus in particular on groups of people who are at higher risk of discrimination due to their personal characteristics. The relevant reasons for discrimination are listed in the relevant concepts.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

	Direct involvement	Involvement by employee representatives
Procedures for engagement		
How are the company's own workers engaged?	x	x

Phases, type and frequency of involvement

The participation and involvement of the company's own workforce are crucial for RENK. Therefore, there are many opportunities to gather employees' perspectives and opinions. The possible forms of employee involvement and their frequency vary from site to site. This is shown in the table below.

Type of interaction	Directly (D) or by employee representation (ER)	Validity	Participation (P), consultation (C), information (I)	Frequency
Collective legal associations (works council, youth representation, representation of severely disabled employees, committees)	ER	RENK Group	P / C / I	At least once a month
Intranet “OneRENK”	D	RENK Group	P / I	Ongoing
Engagement Survey	D	RENK Group	P	Annually (exception: 2024)
Employee appraisals	D	RENK Group	P / C / I	Annually
All Hands Meetings / Townhall	D	RENK Group	P / I	Weekly, monthly, quarterly
Works meeting	D / ER	Sites with works council	P / I	Three times a year
Innovation management	D	RENK Group	P / C	As required
RENK Integrity Line' (digital whistleblower system)	D	RENK Group	P / C	As required

General changes resulting, for example, from the introduction of new technologies or work processes are taken into account within the framework of our established occupational health and safety management system. This system ensures that all new processes and workflows are examined with regard to their impacts on health, safety and working conditions and structured accordingly. Our employees are involved in the standardized occupational health and safety processes and are regularly informed about relevant changes.

The Executive Board and the management of the central Human Resources department are responsible for the inclusion of employees. By adopting the aforementioned “Declaration of Principles on Human Rights” in August 2024, the Executive Board created a framework to ensure the protection of human rights, including with regard to its own workforce. There is no global agreement with employee representatives in this regard.

Involvement of workers and employee representatives in relation to impacts

RENK communicates with the workforce about operational changes, including actions to reduce CO_2 emissions and sustainable transformation, within the framework of existing dialog formats. Global communication takes place primarily via our intranet “OneRENK” and the “Sustainability” channel therein. The Works Council is also informed throughout the year about the sustainability strategy and any special topics.

In developing the climate-related transition risks, initial cross-disciplinary workshops were held to ensure that all possible impacts, risks and opportunities were taken into account.

Assessment of the effectiveness of inclusion

In our experience, the dialogue formats mentioned above are effective tools for incorporating the views of the company's own workforce in decisions and activities. Ideas, dialog, perspectives and opinions are gathered appropriately and different levels are informed. Appropriate actions are then developed in the divisions and departments based on this employee feedback.

Communication with particularly affected employees and groups of employees takes place via individual and personal channels. Managers are generally encouraged to pursue personal dialog with sensitive groups of people. This is done as and when required.

To gain a better insight into the perspectives of those who are particularly vulnerable to impacts, our German sites have youth and trainee representatives as well as the representative body for disabled people. The above-mentioned disclosures on collective associations apply to these. Regular dialog ensures a flow of information. In accordance with the legal rules, information is communicated with management and the Human Resources department.

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

General approach

In our opinion and experience, the channels mentioned in S1-2 are effective methods to detect possible negative impacts on our employees and initiate remediation. Regular dialogues between employees and their managers are particularly important. As required, experts from the HR department and, if applicable, members of the Works Council can be involved. In the event of negative impacts, our employees at the German sites can also contact the Works Council, the youth and trainee representatives or the representative body for disabled people to initiate remediation.

Employees can use our publicly accessible complaints procedure (“RENK Integrity Line”) to report violations of national and international laws, as well as (internal) regulations and guidelines, and to enable the prompt clarification and cessation of misconduct. A detailed description of the “RENK Integrity Line” can be found in section *ESRS G1 – Business conduct*.

Dialog formats and their effectiveness

There are various dialog formats through which employees can express their concerns or needs to the company and have them examined:

- Dialog with the employee's own manager
- Exchange with the Works Council, youth and trainee representatives or the representative body for disabled people
- Dialog with the central Compliance department
- Dialog with the central Human Resources department
- Dialog with an external ombudsman
- Participation in employee surveys
- Input via the “RENK Integrity Line” whistleblower system

Information about the above-mentioned channels is available to all employees on the “OneRENK” intranet and, to a limited extent, on the RENK company website. The contact details of the respective contact persons are accessible to all employees via “OneRENK”. Employees are encouraged to report their complaints and other grievances.

In our opinion, the dialog formats in which employees can express their concerns and needs are effective because they are well established and well known, and dialogues with managers and employee surveys are conducted at fixed intervals. On account the fixed intervals, actions taken to improve employee concerns are regularly monitored, taking employee interests into account. Using the RENK Case Management System, reports and results of complaints and concerns are documented securely and confidentially.

	Yes	No
Knowledge and trust of own workers in the structures or procedures		
Do RENK's concepts with regard to its own workforce include the protection of individuals against retaliation?	x	

The regular use of the various dialog formats and the opportunity to raise concerns anonymously and in a protected environment at any time mean that RENK has no reason to doubt that its employees do not trust the structures or procedures.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

	Yes	No
Specific measures		
Did RENK establish specific measures in fiscal year 2024 beyond the implemented precautions, such as the aforementioned exchange formats and types of involvement?		x

In fiscal year 2024, RENK concentrated on supplementing its policies and policies with regard to its own workforce and backing them up with appropriate targets. Based on the targets listed below, see section S1-5 , actions will be developed for fiscal year 2025.

S1-5 Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities

	Yes	No
Specific targets		
Did RENK define specific targets in fiscal year 2024?	x	

We report on general targets in section S1-1. As part of our ongoing commitment to increasing employee satisfaction and creating a positive working environment, we have set clear ambitions for employee engagement. By 2028, we aim to achieve an engagement score of 3.78 based on Gallup's Q12 survey and a participation rate of 80% in our employee engagement survey. An engagement score of > 4 indicates a very high level of employee engagement. For comparison, according to the Gallup press release of March 14, 2024, only around 14% of employees in Germany had this level of commitment to their company in 2023. We will gauge the engagement score for the first time in 2025.

In line with our commitment to foster a diverse and inclusive working environment, we aim to increase the share of women in management positions within our organization. Our measurable target is therefore to increase the proportion of women in management positions to 20% by 2030.

Target	Increasing the proportion of women in management positions to 20 % by 2030
Relationship of the target to the policy objectives	The target corresponds to the target set in the global HR policy.
Defined target level	For management levels M1 - M4, the Executive Board and Supervisory Board set the target of 20 % women by 2030 in December 2024.
Scope	The target applies to all managers in all legal entities of the RENK Group.
Baseline value and base year	In 2024, the proportion of women at management levels M1 - M4 was 11.54%.
Involving of stakeholders	Stakeholder interests were taken into account by the Human Resources department when defining the targets and by the employee representatives on the Supervisory Board when determining the targets.
Alteration of targets and parameters	No changes as fiscal year 2024 is the first reporting year.
Monitoring	Monitoring is carried out through the remuneration report and regular reports are made to the Executive Board and Supervisory Board.
Target key figure	Quota of women in management positions.

This target was set on the basis real and consistently available data. It was not necessary to make any significant assumptions. The employee life cycle was used as a basis for developing the target. This also makes it possible to take local conditions into account. The target was adopted by the Executive Board and Supervisory Board as well as the employee representatives represented there, and agreed with the HR department. Collaboration with the company's workforce in monitoring progress towards achieving this target is ensured through the processes for inclusion of the workforce and employee representatives set out in section S1-2 . This also applies to collaboration with the workforce to identify insights or opportunities for improvement.

S1-6 Characteristics of the undertaking's employees[1]

General information on the data collection process for specific key figures

The data collection process for key figures that are subject to disclosure requirements S1-6, S1-8 and S1-9 is carried out in the RENK Group through notifications from the Group companies (bottom-up), and is the responsibility of the HR Information System (HR-IS) department. The relevant data basis is the information entered primarily in SAP R3 (especially headcount) and the software application Cornerstone (other HR key figures and data). To ensure data quality, reports are compared with the database. The data entered in Cornerstone by the Group companies includes arrivals, departures, injuries, personal data, including gender and date of birth, as well as the allocation of employees to collective agreements or the status as employee representatives. For control purposes, HR-related key figures are reported monthly to the HR Information System department via a standardized Excel report file. This continuously compares the monthly-reported data with the information in Cornerstone and the internal SAP data. Detected discrepancies are tracked and corrected. The checked and, if applicable, corrected database is then imported into the Tagetik controlling software on a monthly basis and finally checked for plausibility. The monthly HR controlling final report from Tagetik is stored centrally and made available internally to the Executive Board and relevant stakeholders. The monthly reports are consolidated for the annual calculation.

The data is collected by the contact persons at the respective sites and transmitted to the globally responsible HR-IS manager.

By gender	Number of employees	Standard
Male	3,389	S1-6 50 (a)
Female	567	S1-6 50 (a)
Other	0	S1-6 50 (a)
Not reported	0	S1-6 50 (a)
Total Employees	3,956	S1-6 50 (a)

Country	Number of employees	Standard
Germany	2,899	S1-6 50 (a)
U.S.	481	S1-6 50 (a)

2024 01.01-31.12.	Female	Male	Other	Not disclosed	Total	Standard
Number of employees	567	3,389	0	0	3,956	S1-6 50 (a)
Number of permanent employees	523	3,151	0	0	3,674	S1-6 50 (b) i
Number of temporary employees	44	238	0	0	282	S1-6 50 (b) ii
Number of non-guaranteed hours employees	0	0	0	0	0	S1-6 50 (b) iii

[1] All figures in the tables given under S1-6 in headcounts

Employee turnover

	Unit	2024 01.01.-31.12.	Standard
Employees who have left the undertaking	Number	541	S1-6 50 (c)
Employee turnover	%	14.18	S1-6 50 (c)

S1-8 Collective bargaining coverage and social dialog

In Germany, the binding collective bargaining agreements of IG Metall in the respective regional version (Bavaria, North Rhine-Westphalia and Lower Saxony) apply to the employees subject to collective bargaining agreements at the three main plants in Augsburg, Rheine and Hanover. These include all contractual arrangements in the general collective agreement and the wage agreement and therefore constitute the basic content of the employment contract. Collective bargaining agreements whose application is voluntary or subject to a works agreement are only used in isolated cases (e.g. partial early retirement).

Other than those mentioned above, collective bargaining agreements do not apply. At RENK, there is no European Works Council (EWC), Societas Cooperativa Europaea Works Council (SCE) or Societas Europaea Works Council (SE).

Collective bargaining coverage and social dialogue

	Unit	2024 01.01.-31.12.	Standard
Total employees covered by collective bargaining agreements	**%**	**82.48**	S1-8 60 (a)
By country			S1-8 60 (b)
Germany	%	82.48	S1-8 60 (b)
Employees covered by workers' representatives	**%**	**98.14**	S1-8 63 (a)
By country			S1-8 63 (a)
Germany	%	98.14	S1-8 63 (a)

S1-9 Diversity metrics

Diversity metrics	Unit	2024 01.01.-31.12.	Standard
Gender distribution at top management level[1]	**Number**	**25**	S1-9 66 (a)
Of which male	Number	20	S1-9 66 (a)
	%	80.00	S1-9 66 (a)
Of which female	Number	5	S1-9 66 (a)
	%	20.00	S1-9 66 (a)
Of which diverse	Number	0	S1-9 66 (a)
	%	0	S1-9 66 (a)
Not reported	Number	0	S1-9 66 (a)
	%	0	S1-9 66 (a)
Female workforce with grading M1 - M4	**Number**	**27**	ESRS 2 MDR-T 80 (e)
	%	11.54	ESRS 2 MDR-T 80 (e)
Age distribution of employees			S1-9 66 (b)
Age distribution of employees under 30 years old	Number	788	S1-9 66 (b)
	%	19.92	S1-9 66 (b)
Age distribution of employees between 30 and 50 years old	Number	1,858	S1-9 66 (b)
	%	46.97	S1-9 66 (b)
Age distribution of employees over 50 years old	Number	1,310	S1-9 66 (b)
	%	33.11	S1-9 66 (b)

[1] Employees with management functions related directly to the managing directors of RENK GmbH.

S1-10 Adequate wages

In fiscal year 2024, an analysis of RENK's compensation structures was carried out to ensure that all employees receive adequate wages. This analysis was based on relevant benchmarks, including industry standards, statutory regulations and regional comparative values. The results of the analysis confirm that the compensation of all employees meets the requirements for adequate wages. In this way, we ensure that our employees are paid fairly and that their compensation contributes to social and economic security.

S1-14 Health and safety metrics

Health and safety metrics[2]	Unit	2024 01.01.-31.12.	Standard
People in own workforce covered by the undertaking's health and safety management system	%	100	S1-14 88 / AR80 (a)
Fatalities as result of work-related injuries for all employees	Number	0	S1-14 88 (b)
Significant work-related accidents within all employees	Number	81	S1-14 88 (c)
	Rate[3]	14	S1-14 88 (c)
Fatalities as result of work-related injuries within all other employees working at the company's sites	Number	0	S1-14 88 (b)

[2] The key figures were collected using the group-wide Sphera tool. The key figures do not contain any assumptions or estimates.
[3] Rate per 1 million working hours

S1-16 Remuneration metrics (pay gap and total remuneration)

In 2024, salary data for all employees was collected on a global level for the first time. The data was extracted from the respective local HR systems and databases in an Excel document and transferred to Cornerstone. Based on this data, the wage gap and the gender pay gap were comprehensively analyzed.

In Germany, no significant gender pay gap was found for employees working 35 hours per week. The ERA collective bargaining agreement minimizes pay gaps through uniform basic wages and creates a fair and transparent pay structure. Individual performance-related salary components lead to variances but not to structural differences. Regular analyses are intended to ensure that there are no systemic distortions and that actions to eliminate wage differences are effective.

Remuneration metrics (pay gap and total remuneration)

	Unit	2024 01.01.-31.12.	Standard
Gender pay gap expressed as percentage of the average pay level of male employees	%	(3.96)	S1-16 97 (a) / AR100
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)		19.75	S1-16 97 (b)

S1-17 Incidents, complaints and severe human rights impacts

No cases of human rights violations (e.g. forced labor, human or child trafficking or child labor) were identified in 2024. Two incidents of discrimination based on gender, race, ethnic origin, nationality or religion were reported to the Human Resources department and the Legal & Compliance department.

Incidents, complaints and severe human rights impacts

	Unit	2024 01.01.-31.12.	Standard
Incidents of discrimination (incl. harassment)	Number	2	S1-17 103 (a)
Complaints filed through channels for people in the own workforce to raise concerns	Number	27	S1-17 103 (b)
Total amount of fines, penalties and compensation for damages as a result of incidents and complaints disclosed in 103 (a, b)	€	0	S1-17 103 (c)
Severe human rights issues and incidents related to own workforce incl. cases of non-compliance with the UN Guiding Principles and OECD Guidelines for Multinational Enterprises	Number	0	S1-17 104 (a)
Total amount of fines, penalties and compensation for damages related to incidents described in 104 (a)	€	0	S1-17 104 (b)

13.3.2 ESRS S2 – Workers in the value chain

RENK is committed to respecting human rights at its own sites and in its collaboration with suppliers and business partners. We have established this commitment in central guidelines that shape our business relationships with our suppliers.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The impacts, risks and opportunities identified as material in the double materiality assessment can be found in tabular form for all topic-specific standards in section ESRS 2 SBM-3. In the following section, the identified IROs are examined with regard to their interaction with the corporate strategy and business activities.

A key pillar of RENK's sustainability strategy is social responsibility through high product quality and safety. This requirement cannot be realized without considering the supply chain. This is a quality-enhancing or quality-inhibiting factor and therefore makes a decisive contribution to the achievement of this long-term objective. While no significant financial disadvantages are apparent for RENK in the short to medium term, compromises in quality and safety, especially in critical deployment scenarios, could have highly negative impacts on its reputation, and therefore indirectly affect its business success.

The health, protection and safety of workers in the supply chain, especially minors, are essential values, At the same time, RENK is of the opinion that the absence of these values makes it impossible to achieve product-related quality and safety requirements. Rather, they form the basis for the individual development of employees within and outside of their own business operations and therefore for RENK's financial and non-financial objectives.

On account of RENK's positioning within the supply chain and our requirements for supplier acceptance, RENK's business activities have no direct impact on the working conditions of employees in the value chain. Our business activities are in the mechanical engineering category, which is associated with industry-typical risks such as occupational safety in the directly upstream and downstream stages of the value chain. Our requirements regarding working conditions at suppliers prevent industry-specific risks associated with the use of technical equipment in their production from becoming systemic, and instead ensure that incidents retain the character of isolated cases.

When analyzing IROs, RENK did not distinguish between specific groups of workers or their locations. In RENK 's view, such differentiation does not lead to better insights and outcomes regarding the protection of workers in the value chain. Potential risks and opportunities based on impacts and dependencies in relation to workers cannot therefore be attributed to specific groups of workers.

Due to a lack of transparency with regard to workers in the value chain, RENK focuses on the immediately upstream stage of the value chain (tier 1) as well as on the service providers and workers of the end customers commissioned by RENK in the downstream value chain. These are examined for human rights risks as part of a system-controlled risk analysis. The identification of an actual risk or a human rights violation leads to an immediate response in the form of remediation by RENK. In order to meet this requirement, RENK has introduced an HRC, which is responsible for the implementation of human rights due-diligence obligations. In RENK’s opinion, there are currently no material financial risks and opportunities arising from impacts and dependencies on workers in the value chain.

In addition, the resilience analysis carried out in fiscal year 2024 shows that RENK is able to address the material impacts related to the workers employed in the value chain. There are no inherent challenges arising from the supplier base, the business model or the geographical concentration of the supply chain. In procurement, the Code of Conduct for Suppliers and other Business Partners (SCoC) has been implemented as a key tool for addressing minimum requirements and human rights due-diligence obligations when dealing with workers in the upstream value chain, which can result in positive and negative impacts on the working conditions of RENK's suppliers in the short, medium and long term.

S2-1 Policies related to value-chain workers

RENK has the following relevant guidelines and policies in place to identify, assess, control and manage material impacts on affected stakeholders:

1) Code of Conduct for Suppliers and other Business Partners (SCoC)
2) Policy Statement for Quality, Environmental, and Occupational Health and Safety
3) Policy Statement on Human Rights
4) Implementation of human rights due diligence

1) Code of Conduct for Suppliers and other Business Partners (SCoC)

RENK's corporate values extend not only to its own business operations, but along the entire supply chain. This gives rise to the requirement for sustainable and responsible procurement and supplier management. The RENK SCoC describes the values and basic principles of RENK, which must also be observed by suppliers. It sets a binding minimum standard and defines clear requirements and expectations for suppliers. Full respect of human rights in-house and along the upstream supply chain are the basis for collaboration. The provisions of the SCoC are based on the ILO core labor standards. By accepting the RENK purchasing conditions, our suppliers undertake to comply with the SCoC standards. RENK reserves the right to carry out an audit of compliance with these standards on an ad-hoc basis.

Policy	RGR-0-4 Code of Conduct for Suppliers and other Business Partners (SCoC)
Main contents	• Protection of human rights and the explicit prohibition of all forms of human trafficking, forced labor and child labor • Ensuring equal opportunities and prohibiting discrimination • Ensuring freedom of association and fair working conditions • Occupational health and safety
General objectives	• Compliance with applicable law and ethical, environmental and social standards within the company and throughout the supply chain
Monitoring process	• Unwavering commitment to compliance with all applicable laws and observance of the basic ethical principles listed in the SCoC for all suppliers, other business partners and RENK • SCoC as part of our supplier qualification
Scope of application	• Contractual partners who supply RENK with goods, materials, work or services • Business partners with an intermediary or representative function as well as cooperation partners
Responsible organizational level	• Executive Board of RENK • Central Compliance Department • Supply Chain Management
Reference to third party standards or initiatives	• UN Global Compact • Core Conventions of ILO • Supply Chain Due Diligence Act (LkSG)
Consideration of the interests of stakeholders	The consideration of the interests of stakeholders was ensured by the central compliance department during the drawing up of the SCoC.
Availability of the policy	Available in German and English language: • Intranet “OneRENK” • RENK website

2) Policy Statement for Quality, Environmental, and Occupational Health and Safety

Policy	**Corporate Policy for Quality, Environmental Protection and Occupational Health and Safety**
Main contents	• Management systems for quality, occupational health and safety, environment and energy • Compliance with legal and regulatory requirements as well as the requirements of customers and interested parties
General objectives	• Identification and fulfillment of customer requirements • Continuous improvement of customer satisfaction
Monitoring process	• Regular review of the performance and effectiveness of the management systems by the management of RENK and the management of the segments
Scope of application	• Employees of RENK
Responsible organizational level	• Executive Board of RENK • Central Q-HSE department
Reference to third party standards or initiatives	• ISO 9001 • ISO 14001 • ISO 45001
Consideration of the interests of stakeholders	The consideration of the interests of stakeholders was ensured by the central Q-HSE department.
Availability of the policy	Available in German and English language: • RENK website

3) Policy Statement on Human Rights
4) Implementation of human rights due diligence

We are committed to fully respecting human rights. RENK is convinced that taking social responsibility for the well-being of people is the basis for sustainable success. Therefore, compliance with human rights, both in our own business operations and in the supply chain, is an essential component of good corporate governance and firmly anchored in our sustainability strategy. RENK recognizes the United Nations Universal Declaration of Human Rights. By joining the UN Global Compact, RENK has committed itself to the principles in the areas of human rights, labor standards, environmental protection and corruption prevention.

RENK's commitment to human rights is set out in the "Policy Statement on Human Rights". It describes responsibilities and actions for implementing human rights due diligence within the company's own business area and in the supply chain. The declaration is communicated both internally and externally to relevant target groups. For further information, please see section *ESRS S1 – Own workforce*.

RENK has only a very limited influence on the more distant stages of the downstream value chain. Despite these challenges, RENK is committed to continuously examining opportunities for improvement and developing alternative approaches to minimizing potential long-term impacts on workers in the value chain.

S2-2 Processes to engage with value-chain workers about impacts

	Yes	No
Procedure for inclusion		
Did RENK establish a process in fiscal year 2024 that would serve as a basis for the regular and systematic inclusion of workers in the value chain?		x

S2-3 Processes to remediate negative impacts and channels for value-chain workers to raise concerns

Stakeholders throughout RENK's value chain can report any human rights risks via the "RENK Integrity Line," which is available online worldwide in various languages. The HRC will advise on any remediation. The procedures and actions for investigating reported violations described in section *ESRS G1 – Business conduct* are also applicable to reports from workers in the value chain.

Further information on the redress and complaint mechanism and the related concept can be found in sections *ESRS S1 – Own workforce* and *ESRS G1 – Business conduct*. The effectiveness of remediation in the supply chain is ensured, depending on the type of measure, by follow-up checks, e.g. submission of documents or control audits of direct business partners. As soon as RENK takes a remedial action, an effectiveness assessment is carried out based on the individual action.

The whistleblower system is available to all internal and external stakeholders on the RENK website. All whistleblowers are protected from reprisals within the framework of our rules of procedure and the actions set out therein. Since workers in the value chain can raise their concerns anonymously and in a protected environment at any time, RENK has no reason to doubt that they lack confidence in the structures or procedures. The complaint procedure is highlighted within the framework of the SCoC, and its use is actively encouraged.

S2-4 Taking action on material impacts on value-chain workers, and approaches to managing material risks and pursuing material opportunities related to value-chain workers, and effectiveness of those actions and approaches

	Yes	No
Specific measures		
Did RENK establish specific measures in fiscal year 2024 beyond the implemented precautions such as the whistleblower system (“RENK Integrity Line”)?		x

RENK attaches great importance to responsible action. By integrating the relevant topics of product safety, ethical business practices and compliance with international standards and regulations into our sustainability strategy and business model, RENK believes that the rights and needs of workers in the value chain, as far as they are within RENK's sphere of influence, are taken into account and protected. However, RENK reserves the right to establish further actions in the future if the existing ones prove to be inadequate. There is currently no substantial evidence for this.

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

	Yes	No
Specific targets		
Did RENK formulate specific targets in fiscal year 2024?		x

RENK has only a very limited influence on the more distant stages of the upstream and downstream value chain. Should RENK experience negative impacts, necessary changes can only be implemented in the long term and with considerable effort, and possibly only partially. Therefore, setting specific targets regarding potential indirect impacts on workers in the value chain is extremely complex and must be done on the basis of need in order to define a functional framework for action and ensure measurable success. For these reasons, verifying the effectiveness of targets and actions in relation to material sustainability-related impacts is difficult and has not yet been carried out.

In addition to the ambition of avoiding negative impacts of business activities on workers in the value chain as far as possible, RENK currently does not have any time-bound or result-oriented targets. As a result, there is no ongoing monitoring of the degree of target achievement. RENK reserves the right to formulate targets and establish actions in the future, provided that this involves the prospect of measurability and enforceability.

13.3.3 ESRS S3 – Affected communities

RENK is aware of its social responsibility towards affected communities and is committed to respecting human rights. We are confident that we assume social responsibility with regard to affected societies as part of our business activities, as we have been one of the world's leading manufacturers of mission-critical products and components for security and defense for decades.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The impacts, risks and opportunities identified as material in the double materiality assessment can be found in tabular form for all topic-specific standards in section *ESRS 2 SBM-3*. In the following section, the identified IROs are examined with regard to their interaction with the corporate strategy and business activities.

To the extent that RENK's product range serves military application fields, these are subject to political decision-making for procurement measures and their military use. The reporting period and previous years have been characterized by an increasing threat situation since Russia's war of aggression against Ukraine. This results in increased global military spending. Taking into account RENK’s main markets, these are attributable to the NATO countries and their allies. According to Article 1 of the NATO Treaty, the Alliance is committed to peaceful conflict resolution. At the same time, NATO states are called upon to establish defense capabilities in accordance with Article 3 and to provide assistance in the event of a conflict resulting from an external attack in accordance with Article 5. The corporate purpose and the corporate strategies derived from it, including those that address sustainability goals, indirectly serve this overarching goal, in particular conflict prevention through deterrence. The latter is equivalent to the positive impacts of RENK's business activities by contributing to the prevention of armed conflicts. The strategic focus on high quality of mission-critical drive solutions contributes to the credibility of this deterrence, which protects communities within the defense alliance.

Nevertheless, the identified potential negative impacts reflect the remaining possibility that the civilian population will be injured or killed as a result of acts of war using RENK technology. As a component supplier, RENK has no direct influence on armed conflicts, which is why the strategy and business model are only indirectly linked to both the negative and positive impacts on affected societies in operational areas.

The potentially affected communities are not communities that live or work near our operations, but exclusively groups of people who are subject to the protective function of RENK's government customers or who may be injured or killed as a result of the use of RENK technology in the event of defense. The potential impact arises from the proximity to armed conflicts and the corresponding living conditions, but not necessarily from certain characteristics or activities of the communities. A deeper understanding of how affected communities with certain characteristics and communities living in certain environments or performing certain activities may be at greater risk has not yet been developed.

The potential negative impacts are therefore concentrated on individual areas and individual incidents related to the use of military vehicles or naval vessels equipped with RENK drive solutions. RENK's choice of business partners is also heavily regulated by export control regulations, ensuring the legally compliant distribution of our products under the additional condition of global compliance with these regulations. This results in the strengthening of the deterrence-based positive impacts and therefore the reduction of possible negative impacts.

The double materiality assessment was carried out without direct consultation with affected communities. The impact on communities is derived from NATO's defense architecture and was assessed by the subject-matter experts at RENK in light of the current geopolitical framework.

S3-1 Policies related to affected communities

RENK has the following relevant guidelines and policies in place to identify, assess, control and manage material impacts on affected stakeholders:

1) Export compliance within the RENK Group
2) Policy Statement for Quality, Environmental, and Occupational Health and Safety
3) Code of Conduct
4) Policy Statement on Human Rights
5) Code of Conduct for Suppliers and other Business Partners

Since the material impacts are not related to indigenous peoples, there are no specific provisions to prevent and manage impacts on indigenous peoples in the concepts set out below. Accordingly, there is no reference to internationally recognized standards that explicitly refer to indigenous peoples.

1) Export compliance within the RENK Group

In addition, we apply our governance policy on export compliance within the RENK Group. This policy includes checking exports for possible risks and compliance with sanctions and embargoes. Compliance with these regulations is critical to minimizing legal and reputational risks and ensuring the trust of affected communities and other stakeholders.

Policy	RGR-14-2 Export compliance within the RENK Group
Main contents	• Description of the export control process • Execution of the scope • Specification of the requirements
General objectives	• Ensuring compliance with applicable export control laws and regulations • Implementation of processes for compliance with export control regulations
Monitoring process	• Companies ensure the highest possible level of compliance with the policy
Scope of application	• Worldwide for all companies of RENK and their employees • Implementation and application of the policy in coordination with export control officers in companies where RENK cannot directly enforce its validity • Applies to all regulations issued after entry into force • Previously issued regulations will be adapted at the next review or amendment
Responsible organizational level	• Export Control Officer • Otherwise management, if no export control officer appointed
Reference to third-party standards or initiatives	n/a
Consideration of the interests of stakeholders	The interests of stakeholders were taken into account by the central legal department when drawing up the export control policies.
Availability of the policy	Available in German and English language: • Intranet “OneRENK”

2) Policy Statement for Quality, Environmental, and Occupational Health and Safety

RENK is committed to ensuring compliance with all relevant safety and quality standards and implementing processes for continuous monitoring and improvement of our products. Compliance with the quality, environmental, occupational health and safety, and energy policies makes a significant contribution to gaining and maintaining the trust of our customers in the EU, NATO and NATO-equivalent countries. Meeting all customer requirements and continuously improving customer satisfaction ensure high product quality and safety. It also provides the basis for preventing potential collateral damage to the civilian population and promoting the potential protection of the civilian population when using our products. For further information, please see section *ESRS S2 – Workers in the value chain*.

3) Code of Conduct

RENK's Code of Conduct is the central element of internal compliance and an essential part of our corporate culture. It contains rules on lawful and ethical conduct and regulates our business practices. The commitments contained therein apply within the entire Group, as well as to external partners and the public, and therefore also include potentially affected communities. For further information, please see section *13.4.1 ESRS G1 – Business conduct*.

4) Policy Statement on Human Rights

We are also committed to fully respecting human rights. RENK is convinced that taking social responsibility for the well-being of people is the basis for sustainable success. Therefore, compliance with human rights, both in our own business operations and in the supply chain, is an essential component of good corporate governance and firmly anchored in our sustainability strategy. RENK recognizes the United Nations Universal Declaration of Human Rights. By joining the UN Global Compact, RENK has committed itself to the principles in the areas of human rights, labor standards, environmental protection and corruption prevention. RENK's commitment to human rights is also based on the ILO core conventions and the OECD Guidelines for Multinational Enterprises. Further information can be found in *ESRS S1 – Own workforce*.

Despite the challenge of limited influence over the use of RENK products on site, RENK is committed to continuously examining opportunities for improvement and developing alternative approaches to minimizing long-term and potential impacts on affected communities.

During fiscal year 2024, there were no cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises involving affected communities.

5) Code of Conduct for Suppliers and other Business Partners

RENK's corporate values extend not only to its own business operations, but along the entire supply chain. The SCoC explicitly calls on RENK's suppliers and other business partners to respect the rights of local communities, indigenous peoples and minorities. They do not resort to reprisals against human rights defenders. For further information, please see section *ESRS S2 – Workers in the value chain*.

S3-2 Processes for engaging with affected communities about impacts

During the reporting period, there was no direct involvement of or interaction with affected communities directed at the identified impacts.

	Yes	No
Procedure for inclusion		
Did RENK establish a process in fiscal year 2024 that would serve as a basis for the regular and systematic inclusion of the affected communities?		x

S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns

Stakeholders throughout the value chain can use our publicly accessible complaints procedure ("RENK Integrity Line") to report violations of national and international laws, (internal) regulations and guidelines, and to enable the prompt clarification and cessation of misconduct. The procedures and actions for investigating reported violations described in section *ESRS G1 – Business conduct* are also applicable to reports from affected communities in the value chain.

Further information on the redress and complaint mechanism and the related concept can be found in sections *ESRS S1 – Own workforce* and *ESRS G1 – Business conduct*. The whistleblower system is available to all internal and external stakeholders on the RENK website. All whistleblowers are protected from reprisals within the framework of our rules of procedure and the actions described therein. Since affected communities can raise their concerns anonymously and in a protected environment at any time, RENK has no reason to doubt that they have confidence in the structures or procedures. The effectiveness of the relevant complaint procedures has not yet been reviewed.

S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

	Yes	No
Specific actions		
Did RENK establish specific actions in fiscal year 2024 beyond the implemented precautions such as the whistleblower system ("RENK Integrity Line")?		x

RENK attaches great importance to responsible action. By integrating the relevant topics of product safety, ethical business practices and compliance with international standards and regulations into our sustainability strategy and business model, RENK believes that the rights and needs of the affected communities, as far as they are within RENK's sphere of influence, are taken into account and protected. However, RENK reserves the right to establish further actions in the future if the existing ones prove to be inadequate. There is currently no substantial evidence for this.

S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

	Yes	No
Specific targets		
Did RENK formulate specific targets in fiscal year 2024?		x

RENK has only a very limited influence on the more distant stages of the upstream and downstream value chain. Should RENK experience negative impacts, necessary changes can only be implemented in the long term and with considerable effort, and possibly only partially. Therefore, setting specific targets regarding potential indirect impacts on affected communities is extremely complex and must be done on the basis of need in order to define a functional framework for action and ensure measurable success. For these reasons, verifying the effectiveness of targets and actions in relation to material sustainability-related impacts is difficult and has not yet carried out.

In addition to the ambition of avoiding negative impacts of business activities on affected communities as far as possible, RENK currently does not have any time-bound and outcome-oriented targets. As a result, there is no ongoing monitoring of the degree of target achievement. RENK reserves the right to formulate targets and establish actions in the future, provided that this involves the prospect of measurability and enforceability.

13.3.4 ESRS S4 – Consumers and end-users

The health, protection and safety of the end-users of our products are of utmost importance to us. That is why we set the highest quality standards for our products. Our strict security and quality requirements are designed to prevent negative impacts of our business activities on consumers and end-users under all circumstances.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The impacts, risks and opportunities identified as material in the double materiality assessment can be found in tabular form for all topic-specific standards in section *ESRS 2 SBM-3*. In the following section, the identified IROs are examined with regard to their interaction with the corporate strategy and business activities.

RENK's products are used in end products for the civil and military sectors and are sold to customers in the defense, energy and industrial sectors around the world. End-users of the products are soldiers of the army and navy as well as civilian users such as energy, industrial and commercial shipping companies and their employees. The operation of RENK products does not expose end-user groups to any harmful impacts. The risk of chronic disease also remains unaffected. The services provided by RENK do not have a negative impact on the right to privacy, protection of personal data, freedom of expression and non-discrimination of end-users. RENK’s product portfolio is highly customer- and application-specific. Therefore, end-users typically receive technical training in safe operation of the products, which, as installed system components for drive solutions, only constitute part of the functional and usage context. Nevertheless, users are to a certain extent dependent on knowledge of product-related information in order to ensure safe operation. Particularly vulnerable user groups are not addressed by the products and services.

On account of RENK's quality-oriented positioning and our high requirements for acceptance by end-users, our business activities have no direct impacts on their security and well-being. Our work in mechanical engineering entails industry-typical risks in the area of product safety, which can arise in the immediately downstream stages of the value chain. Our strict requirements regarding the safety and quality of our products are intended to ensure that these industry-specific risks associated with the use of technical equipment do not become systemic problems, but remain limited to individual cases. In addition, no users of specific products were identified who would be particularly at risk. Rather, all user groups are equally exposed to risks arising from impacts and dependencies.

Although no significant financial disadvantages for RENK are apparent in the short term, compromises in quality and safety, especially in critical deployment scenarios, could have material negative impacts on the company's reputation and therefore indirectly affect its business success.

The health, protection and safety of end-users are essential values for us. RENK is convinced that without these values, it would not be possible to meet our high standards of product quality and safety. Rather, they form the basis for the individual development of our employees both within and outside of our business operations and therefore make a significant contribution to achieving RENK's financial and non-financial objectives.

In RENK 's opinion, there are two material financial risks that may arise from the identified impacts. Firstly, there are reputational risks and the danger of an impairment loss in the event of major negative quality incidents that could cost the lives of soldiers. Such incidents could significantly undermine trust in our products and damage RENK's reputation in the long term. Secondly, there is the threat of legal proceedings and fines in the event of major negative quality incidents that cost soldiers' lives. These incidents could result in significant legal consequences, including costly litigation and heavy fines, which could jeopardize RENK's financial stability. RENK considers the endangerment of soldiers' lives and the safety of civilian users of drive solutions as a very significant potential impact if RENK technology does not meet mission-critical requirements due to poor quality. Therefore, RENK places a special strategic focus on product quality.

RENK's business model and policy are focused on the material potential impacts and risks with regard to product quality, since concessions in product quality put human lives at risk. With this responsibility in mind, testing procedures and certifications according to ISO 9001 are mandatory.

S4-1 Policies related to consumers and end-users

RENK has the following relevant guidelines and policies in place to identify, assess, control and manage material impacts on affected stakeholders:

1) Policy Statement on Human Rights
2) Implementation of human rights due diligence
3) Policy Statement for Quality, Environmental, and Occupational Health and Safety

Through the HRC, RENK ensures that end-users and consumers are provided with a direct point of contact. In fiscal year 2024, no violations of the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises were identified throughout RENK's value chain. Furthermore, no serious human rights incidents related to consumers and end-users were identified.

1) Policy Statement on Human Rights and
2) Implementation of human rights due diligence

We are committed to fully respecting human rights. RENK is convinced that taking social responsibility for the well-being of people is the basis for lasting success. Therefore, compliance with human rights, both in our own business operations and in the supply chain, is an essential component of good corporate governance and firmly anchored in our sustainability strategy. RENK recognizes the United Nations Universal Declaration of Human Rights. By joining the UN Global Compact, RENK has committed itself to the principles in the areas of human rights, labor standards, environmental protection and corruption prevention.

RENK's commitment to human rights is set out in the "Policy Statement on Human Rights". It describes responsibilities and actions for implementing human rights due diligence within the company's own business area and in the supply chain. The declaration is communicated both internally and externally to relevant target groups. Further information on the policy statement can be found in section *ESRS S1 – Own workforce*.

Despite the actions taken, RENK has only a very limited influence on the more distant stages of the downstream value chain and therefore also on consumers and end-users. Nevertheless, RENK is committed to continuously examining opportunities for improvement and developing alternative approaches to minimizing possible impacts on consumers and end-users in the long term. For further information, please see section *ESRS S3 – Affected communities*.

3) Policy Statement for Quality, Environmental, and Occupational Health and Safety

RENK is committed to ensuring compliance with all relevant safety and quality standards and to implementing processes for the continuous monitoring and improvement of its products. Compliance with the product safety and product quality policy makes a significant contribution to ensuring safety for end-users. For further information, please see section *ESRS S2 – Workers in the value chain*.

S4-2 Processes for engaging with consumers and end-users about impacts

	Yes	No
Procedures for inclusion		
Did RENK establish a process in fiscal year 2024 that serves as a basis for regular and systematic inclusion of consumers and end users?		x

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Stakeholders throughout the value chain can use our publicly accessible complaints procedure ("RENK Integrity Line") to report violations of national and international laws, as well as (internal) regulations and guidelines, and to enable the prompt clarification and cessation of misconduct. The procedures and actions for investigating reported violations described in section *ESRS G1 – Business conduct* are also applicable to reports from consumers and end-users in the value chain.

Further information on the redress and complaint mechanism and the related concept can be found in section *ESRS S1 – Own workforce* and *ESRS G1 – Business conduct*. The whistleblower system is available to all internal and external stakeholders on the RENK website. All whistleblowers are protected from reprisals within the framework of our rules of procedure and the actions described therein. Since end-users and consumers can raise their concerns anonymously and in a protected environment at any time, RENK has no reason to doubt that they trust the structures or procedures. The effectiveness of the relevant complaint procedures has not yet been reviewed.

S4-4 Taking action on material impacts on consumers and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

	Yes	No
Specific measures		
Did RENK establish specific measures in fiscal year 2024 beyond the implemented precautions such as the whistleblower system ("RENK Integrity Line")?		x

RENK attaches great importance to responsible action. By integrating the relevant topics of product safety, ethical business practices and compliance with international standards and regulations into our sustainability strategy and business model, RENK believes that the rights and needs of consumers and end-users, as far as they are within RENK's sphere of influence, are taken into account and protected. However, RENK reserves the right to establish further actions in the future if the existing ones prove to be inadequate. There is currently no substantial evidence for this.

S4-5 Targets related to addressing material negative impacts, advancing positive impacts, and managing material risks and opportunities

	Yes	No
Specific targets		
Did RENK formulate specific targets in fiscal year 2024?		x

RENK has only a very limited influence on the more distant stages of the upstream and downstream value chain and on the use of the products on site. Should RENK experience negative impacts, necessary changes can only be implemented in the long term and with considerable effort, and possibly only partially. Therefore, setting specific targets regarding potential indirect impacts on consumers and end-users is extremely complex and must be done on the basis of need in order to define a functional framework for action and ensure measurable success. For these reasons, verifying the effectiveness of targets and actions in relation to key sustainability-related impacts is difficult and has not yet been carried out.

In addition to the ambition of avoiding negative impacts of business activities on consumers and end-users as far as possible, RENK currently does not have any time-bound and result-oriented targets. As a result, there is no ongoing monitoring of the degree of target achievement. RENK reserves the right to formulate targets and establish actions in the future, provided that this involves the prospect of measurability and enforceability.

13.4 Governance information

Responsible corporate governance is the basis for our business success. We attach great importance to responsible, fair and reliable action at all levels of the company. Ensuring compliance with statutory regulations is also part of successful corporate governance. At RENK, this is ensured through the compliance organization and the compliance management system (CMS). Other central topics include the provision of reporting channels and the protection of whistleblowers, as well as the prevention and detection of corruption.

13.4.1 ESRS G1 – Business conduct

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The impacts, risks and opportunities identified as material in the double materiality assessment can be found in tabular form for all topic-specific standards in section *ESRS 2 SBM-3*. In the following section, the identified IROs are examined with regard to their interaction with the corporate strategy and business activities.

RENK has anchored resilient corporate governance in its corporate strategy, which promotes responsible action at all levels of the company, enforces high standards and enables long-term relationships with customers, partners and stakeholders. RENK is aware of its special position in view of mission-critical application scenarios of products and the associated services.

Without a positive corporate culture that is focused on employee satisfaction, motivation and loyalty, on compliance and a culture of constrictive criticism, RENK runs the risk of limiting or not leveraging employee potential, not meeting customer quality expectations, taking on increased legal risks and, as a result, suffering a significant loss of reputation. While a lack of employee engagement hinders the prospects of financial success due to lower output, inadequate quality and dwindling innovation capacity, legal disputes, a lack of prevention of corruption and bribery and loss of reputation can constitute facts that endanger the existence of a company. RENK's corporate governance therefore successfully is doing everything in its power to reduce negative impacts and risks and instead leverage employee and productivity potential. The foundations for this are RENK's corporate values, from which the content and structural requirements for corporate culture, corporate governance, compliance culture and the CMS are derived.

ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies

At RENK, the bodies are divided into the Executive Board and the Supervisory Board. The Supervisory Board advises the Executive Board on the management of the company and monitors its activities. Furthermore, the Supervisory Board appoints the members of the Executive Board. The Executive Board manages RENK Group AG under its own responsibility. The control and supervision of governance factors are carried out centrally by RENK Group AG for the entire Group under the leadership of the Executive Board and the Supervisory Board. The Executive Board bears overall responsibility for sustainability issues. The Chief Legal Officer communicates directly with the Chief Executive Officer and reports regularly to the Supervisory Board. We also refer to the information on the RENK compliance organization in section ESRS *G1-1 Business conduct policies and corporate culture*.

Corporate governance

For RENK, corporate governance means responsible, fair and reliable action at all levels of the company – in the Supervisory Board, in the Executive Board, in relation to employees and to all other stakeholders. The management and monitoring tier at RENK has a role-model function here. Building on the RENK corporate values, this also includes transparent documentation and communication as well as trust-based cooperation, which form the basis for good corporate governance within RENK. The corporate governance structure promotes an open and risk-mitigating compliance and integrity culture while simultaneously advancing the strategic business segments. Key aspects of the corporate and compliance culture include systematic internal training and awareness-raising aimed at compliance with legal and ethical standards, thus contributing to sustainable business performance.

G1-1 Business conduct policies and corporate culture

RENK has the following relevant guidelines and policies to identify, assess, control and manage significant impacts on affected stakeholders. These apply to all employees, including those identified as risk groups: the Executive Board, the management tier of RENK companies, Sales, Purchasing, Service departments and the representatives of RENK in the political discourse:

1) Code of Conduct
2) Handling of gifts, hospitality and invitations to events
3) Global Human Resources Policy

1) Code of Conduct

Policy	RGR-0-3 Code of Conduct (CoC)
Main contents	• Binding ethical principles of conduct and compliance requirements for all employees • CoC as a central element of internal compliance and an essential component of the corporate culture • Complementing the CoC with various compliance guidelines • Supporting employees in complying with legal requirements and implementing internal compliance processes
General objectives	• Guidelines for legally compliant and ethical behaviour • Validity of obligations within the entire group of companies as well as towards external partners and the public • CoC as a framework for all decisions made by RENK and its employees • Specific instructions and approval processes for dealing with conflicts of interest and secondary employment • Maintaining objectivity by strictly separating professional and private interests
Monitoring process	• Unwavering commitment to comply with all applicable laws and to observe fundamental ethical principles for all employees without exception • Core elements of the CMS • Raising awareness through training
Scope of application	• All legal entities of RENK • Special role model function of managers • If necessary, additional measures due to company-, business- and country-specific requirements
Responsible organizational level	• Executive Board of RENK • Central Compliance Department
Reference to third-party standards or initiatives	• UN Global Compact • Core Conventions of ILO
Consideration of the interests of stakeholders	The interests of stakeholders were taken into account by the central compliance department when drawing up the Code of Conduct.
Availability of the policy	Available in German and English language: • Intranet "OneRENK" • RENK Website

2) Handling of gifts, hospitality and invitations to events

Policy	**RGR-4-1 Handling Gifts, Hospitality and Invitations to Events**
Main contents	• General criteria for determining the appropriateness of benefits • Approval processes for accepting and giving gifts, hospitality and invitations to events • Rules for dealing appropriately with public officials • Documentation of benefits requiring approval
General objectives	• Prevention of corruption • Adherence to high compliance standards • Raising employee awareness of the risks of corruption • Clear instructions for dealing with benefits
Monitoring process	• Joint responsibility of the Management Board, Chief Legal Officer, managers and specialist departments
Scope of application	• Own operations
Responsible organizational level	• Executive board of RENK • Implementation by the CMS • Central Compliance Department
Reference to third-party standards or initiatives	n/a
Consideration of the interests of stakeholders	The interests of stakeholders were taken into account by the central compliance department when drawing up the Code of Conduct.
Availability of the policy	Available in German and English language: • Intranet “OneRENK”

3) Global Human Resources Policy

For RENK, creating a working environment characterized by respect, fairness and equal opportunities is of central importance. The RENK Global HR Policy serves as a guide for all employees and managers to ensure that our working practices are transparent, fair and compliant with the law. A positive working atmosphere both promotes the well-being of employees and forms the basis for our mutual success. This policy defines clear expectations and promotes a culture of collaboration and mutual respect. For further information, please see section *ESRS S1 – Own workforce*.

Corporate culture

RENK has internal guiding principles that were developed and approved by our Executive Board and published on the intranet in 2023. The guiding principles give our managers and employees a basis for sustainable action in their own areas of responsibility and fields of activity. They summarize the following key points:

- How RENK is positioning itself in terms of sustainability,
- that RENK focuses on its customers and business partners,
- how RENK is geared towards the challenges of growing transformation,
- that at RENK, we treat each other in a respectful, fair and open manner, and
- that RENK is keen to grow profitably and globally through innovation and internationalization.

All managers are called upon to firmly integrate the guiding principles into their daily business life and to live by them. In addition, the RENK Code of Conduct and the ethical principles of conduct contained therein apply to all employees.

Compliance organization and compliance management system

The RENK compliance organization is headed by the Chief Legal Officer and is a function within the area of responsibility of the Chief Executive Officer. The Chief Legal Officer communicates directly with the Chief Executive Officer and regularly reports to RENK’s Supervisory Board on functionality, risks and any incidents. Material compliance risks and incidents are addressed on an ad-hoc basis outside of regular reporting. Based on internal and external training and their professional experience, the members of the Executive Board and Supervisory Board have comprehensive expertise to assess identified compliance risks and incidents in accordance with the relevant legal or regulatory framework and to take appropriate actions to deal with them.

The Chief Legal Officer is in charge of the Corporate Ethics & Compliance department, which in turn is headed by the Head of the Corporate Ethics & Compliance department, which implements and enhances the Group-wide CMS. The management bodies in the legal entities, in particular their management teams, are responsible for the implementation of the compliance program implemented Group-wide by the Executive Board and managed by the Corporate Ethics & Compliance department. Each management body of a legal entity has also appointed an Ethics Officer. Ethics Officers report to the Head of Corporate Ethics & Compliance ("dotted line") and assist the Corporate Ethics & Compliance department in the effective implementation of compliance actions at the respective sites or with questions that arise at the site in this context.

In order to protect the company and its employees from legal and reputational risks, RENK has a Group-wide CMS. The aim is the prevention and, if necessary, early detection of violations of the law such as corruption, money laundering, breaches of competition law, and violations of foreign trade law. Another CMS focus is on data privacy and information security. The CMS serves to actively manage risk, and provides a protective function for RENK and its employees.

Compliance training

In order to create awareness of how to deal with integrity-relevant issues and to impart the necessary knowledge for legally compliant and transparent behavior, we conduct mandatory compliance training for all employees. The compliance training concept pursues a target group-oriented approach. This means that an employee's training is always tailored to their respective work area and therefore to their specific risk exposure. Depending on the topic, we provide employees with e-learning and/or face-to-face or virtual training courses, which are repeated at a set training interval and are mandatory.

E-learning courses ensure consistent, Group-wide compliance knowledge at all levels of the company and can be completed independently and flexibly in the workplace. All employees must complete a "Code of Conduct" training course as basic training. Mandatory in-depth modules are also offered. Face-to-face and virtual training courses are primarily aimed at the risk groups: the Executive Board, the management tier of RENK companies, Sales, Purchasing, Service departments or the representatives of RENK in the political discourse. The content was tailored to the prevailing compliance risks in the respective area of work and organized interactively.

The company also supports the Supervisory Board to an appropriate extent with human and financial resources in order to help the members of the Supervisory Board ease into their role and enable them to receive the training necessary to maintain the required expertise.

Reporting system and protection of whistleblowers

When identifying compliance violations, RENK relies on information from employees, as misconduct can largely only be discovered based on internal reports. Employee feedback is important in order to create and maintain a compliance culture based on sustainability, social responsibility and integrity. The purpose of whistleblowing is to help the entire company and all its employees to behave lawfully and therefore make a sustainable and long-term contribution to business performance and to securing jobs. RENK encourages all employees to report suspicious activities and violations. Therefore, all employees are informed about the various reporting channels and processes. This is done primarily on the basis of compliance training, supported by accompanying actions such as posters and the distribution of flyers.

Information can be provided via RENK's digital whistleblower system "RENK Integrity Line" and through direct communication with the Corporate Ethics & Compliance department, whose contact details are accessible to all employees on the intranet. In addition, the "RENK Integrity Line" can be accessed online at any time and from anywhere. It is available in several languages to all employees, but also to customers, suppliers, their employees and other third parties. Information can be provided either anonymously or with disclosure of personal details. The set-up of a protected digital mailbox also enables communication between the Corporate Ethics & Compliance department and the whistleblower (also anonymously). Incoming reports are reviewed and processed by the Corporate Ethics & Compliance department.

Processing is carried out within the framework of a defined incident management process. As an official reporting office established by the German Whistleblower Protection Act, the Corporate Ethics & Compliance department is obliged to maintain particular confidentiality in order to protect the identity of the whistleblower. People from the Corporate Ethics & Compliance department who are charged with the tasks of an internal reporting office exercise their duties independently, i.e. separately from the Executive Board, and have special expertise in dealing with and investigating tip-offs. Only a few people deal with tip-offs, and the sharing of information follows the “need-to-know” principle. If a whistleblower does not wish to reveal his or her identity, there is always the option of submitting an anonymous report to the Corporate Ethics & Compliance department.

Alternatively, whistleblowers can contact an external ombudsman. The ombudsman protects the identity of a whistleblower by maintaining a duty of confidentiality. The whistleblower’s identity will only be disclosed to the Corporate Ethics & Compliance department upon request and with his or her express consent. The ombudsman’s contact details are also available on the intranet and on the RENK company website.

At RENK, whistleblowers are protected from discrimination, unfair treatment and reprisals. Therefore, whistleblowers can have no fear of disciplinary action or any other negative consequences from RENK as a result of their report, unless they themselves are involved in the reported compliance violation. RENK does not tolerate hostility or discrimination against whistleblowers. The processes and actions implemented for this purpose are in line with Directive (EU) 2019/1937 on the protection of whistleblowers. At the same time, the reporting channels provided by RENK may not be used to express knowingly false suspicions or accusations. An interdisciplinary Incident Response Committee advises on investigations and sanctions in the event of serious compliance violations. It contains representatives from the Compliance, HR and IT departments.

G1-3 Prevention and detection of corruption and bribery

Rules and actions to prevent corruption

RENK operates in a highly regulated environment and therefore pays particular attention to preventing corruption and acting in accordance with the law. This requirement applies throughout the Group and to the entire upstream and downstream value chain. Particularly affected corporate functions such as the Executive Board, the management tier of RENK companies, the Sales, Purchasing and Service departments or the representatives of RENK in the political discourse are trained every two years by means of e-learning on possible compliance risks in the area of corruption prevention. In addition, a more in-depth classroom training session lasting for several hours is held annually for the Sales, Purchasing and Service departments. Using practical examples, the e-learning and classroom training covers aspects such as the correct way to handle donations and awareness of the various forms of corruption. In particular, lawful conduct towards public officials is explained.

96.9 % of the affected corporate functions participated in appropriate training measures in fiscal year 2024. The Code of Conduct and the policies derived from it, as well as the actions and behavioral guidelines set out therein, are available to all employees in English and German on the “OneRENK” intranet.

In order to implement the zero-tolerance strategy pursued by RENK, benefits in the form of gifts, hospitality or invitations to events are distinguished on the basis of a Group-wide policy based on a traffic light system, which is differentiated according to the type and extent of possible compliance risks. If compliance violations are identified, an audit is carried out, and suitable and appropriate sanctions are implemented. The Incident Response Committee develops recommendations for handling the respective incident, which are then submitted by the Chief Legal Officer to the management or the Executive Board for decision. Sanctions range from disciplinary action and consequences under civil law to criminal charges, depending on the severity of the violation. The implementation of sanctions is monitored within the Group.

In order to avoid compliance violations, all employees are asked to contact their managers, specialist units or the Compliance department with any questions or suggestions. To ensure that irregularities can be identified at an early stage, we give our employees the opportunity to report them confidentially (“RENK Integrity Line”).

Prevention and detection of corruption and bribery	Unit	2024 01.01.-31.12.	Standard
Percentage of at-risk functions covered by anti-corruption/bribery training	%	96.9	G1-3 21 (b)

ESRS G1-4 Confirmed incidents of corruption or bribery

As no judgments were issued against RENK for corruption or bribery offenses in fiscal year 2024, no case-specific actions had to be taken. Therefore, no penalties had to be paid.

Incidents of corruption or bribery	Unit	2024 01.01.-31.12.	Standard
Convictions for violations of anti-corruption and anti-bribery laws	Number	0	G1-4 24 (a)
	€	0	G1-4 24 (a)

RENK considers the prevention of corruption and bribery incidents to be extremely important. The creation of a transparent and ethical working environment is continuously advanced. As internal processes are regularly reviewed and comply with the highest compliance standards, there is currently no reason to introduce new actions. The effectiveness of the actions already established is demonstrated by the fact that no relevant incidents have occurred so far. However, RENK reserves the right to instigate further actions in the future if the existing ones prove to be inadequate. There is currently no substantial evidence for this.

Specific measures	Yes	No
Did RENK develop specific measures in fiscal year 2024?		x

G1-5 Political influence and lobbying activities

Advocacy

In political communication, RENK maintains contact with political representatives through its Government Relations department. For this purpose, RENK maintains an office in the German capital that is responsible for all political representation of the company's interests at state (Bavaria), federal and EU level. In addition, work with political associations is coordinated from there. There is also an advocacy team in Washington, D.C., USA.

The nature and extent of advocacy work can be viewed in the lobby register of the German Bundestag, in which RENK is listed under register entry R000345, the Bavarian lobby register under register number DEBYLT00CF and the EU transparency register under the entry 149024447497-03. Along with this, advocacy in the USA is carried out by RENK Holdings Inc., Wilmington, USA, which is registered under the number 565530001 (House Registration Number) in accordance with the Lobbying Disclosure Act. The Chief Executive Officer and the Supervisory Board monitor all activities of the advocacy team. None of the members of Executive Board and Supervisory Board held a comparable position in public administration (including regulatory authorities) in the two years prior to their appointment. RENK made financial contributions and in-kind contributions totaling € 10,200 in fiscal year 2024 in Germany. Donations in kind in the form of sample transmissions to members of parliament and associations accounted for € 1,700 of this. No political contributions were made in the United States.

Key topics on which RENK contributed to the political decision-making process in Germany and the USA mainly concern security and defense policy with a focus on the affairs of the armed forces, industrial policy issues, mechanical engineering and the energy sector. In Germany in fiscal year 2024, this involved the legal basis of arms export control and the Carbon Capture and Transport Act. The lobbying activities regarding the legal framework for arms exports are essentially aimed at maintaining the existing regulations and accelerating approval procedures. With regard to the Carbon Capture and Transport Act, RENK takes the position that rapid implementation and a clear commitment to the expansion and financing of the corresponding infrastructure are required.

Overall, the lobbying activities serve to highlight the need for predictability of political action, openness to new technologies, especially for attainment of climate goals, and an effort to maintain existing regulations that have proven to be resilient and robust, rather than creating new bureaucratic burdens. While predictability and reduced bureaucracy are factors of the political business environment, the aspect of technological openness focuses on RENK's strategic opportunity to transform negative impacts into positive ones through energy-efficient product solutions that contribute to climate-change protection.

Political influence and lobbying activities

	Unit	2024 01.01.-31.12.	Standard
Direct and indirect financial contributions, broken down by country			G1-5 29 (b)
Germany	€	8,500	G1-5 29 (b)
USA	€	0	G1-5 29 (b)
Direct and indirect contributions in kind, broken down by country			G1-5 29 (b)
Germany	€	1,700	G1-5 29 (b)
USA	€	0	G1-5 29 (b)

13.5 Further information on the sustainability statement

ESRS 2 GOV-4 Statement on due diligence

Core elements of due diligence	References within the sustainability statement
a) Integration of due diligence into governance, strategy and business model	Cf. reporting on ESRS 2 GOV-2, GOV-3, SBM-3
b) Involvement of affected stakeholders in all key due diligence steps	Cf. reporting on ESRS 2 GOV-2, SBM-2, IRO-1, MDR-P on material topic-specific disclosures relating to concepts, topic-specific stakeholder engagement processes
c) Identification and assessment of negative impacts	Cf. reporting on ESRS 2 IRO-1 (including topic-specific IRO-1 disclosures), SBM-3
d) Measures to address these negative impacts	Cf. Reporting on ESRS 2 MDR-A on material topic-specific disclosures relating to actions, topic-specific procedures to address adverse impacts and actions taken in relation to material impacts.
e) Monitoring and communicating the effectiveness of these efforts	Cf. reporting on ESRS 2 MDR-M and MDR-T on material topic-specific disclosures relating to key figures and targets, topic-specific disclosures relating to channels through which concerns can be raised

ESRS 2 IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

ESRS content index

ESRS 2 General Disclosures			Reference
2	BP-1	General basis for preparation of the sustainability statement	ESRS 2 BP-1
2	BP-2	Disclosures in relation to specific circumstances	ESRS 2 BP-2
2	GOV-1	The role of the administrative, management and supervisory bodies	ESRS 2 GOV-1
2	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	ESRS 2 GOV-2
2	GOV-3	Integration of sustainability-related performance in incentive schemes	ESRS 2 GOV-3
2	GOV-4	Statement on due diligence	ESRS 2 GOV-4
2	GOV-5	Risk management and internal controls over sustainability reporting	ESRS 2 GOV-5
2	SBM-1	Strategy, business model and value chain	ESRS 2 SBM-1
2	SBM-2	Interests and views of stakeholders	ESRS 2 SBM-2
2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS 2 SBM-3
2	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	ESRS 2 IRO-1
2	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statements (ESRS Index)	ESRS 2 IRO-2

ESRS E1 Climate Change			Reference
E1	GOV-3	Integration of sustainability-related performance in incentive schemes (Climate)	ESRS E1 ESRS 2 GOV-3
E1	E1-1	Transition plan for climate change mitigation	ESRS E1-1
E1	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS E1 ESRS 2 SBM-3
E1	IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	ESRS E1 ESRS 2 IRO-1
E1	E1-2	Policies related to climate change mitigation and adaptation	ESRS E1-2
E1	E1-3	Actions and resources in relation to climate change policies	ESRS E1-3
E1	E1-4	Targets related to climate change mitigation and adaptation	ESRS E1-4
E1	E1-5	Energy consumption and mix	ESRS E1-5

ESRS E1 Climate Change			Reference
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	ESRS E1-6
E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	ESRS E1-7
E1	E1-8	Internal carbon pricing	ESRS E1-8

ESRS S1 Own Workforce			Reference
S1	SBM-2	Interests and views of stakeholders	ESRS S1 ESRS 2 SBM-2
S1	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS S1 ESRS 2 SBM-3
S1	S1-1	Policies related to own workforce	ESRS S1-1
S1	S1-2	Processes for engaging with own workers and workers' representatives about impacts	ESRS S1-2
S1	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	ESRS S1-3
S1	S1-4	Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches	ESRS S1-4
S1	S 1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S1-5
S1	S1-6	Characteristics of the undertaking's employees	ESRS S1-6
S1	S1-8	Collective bargaining coverage and social dialogue	ESRS S1-8
S1	S1-9	Diversity Metrics	ESRS S1-9
S1	S1-10	Adequate Wages	ESRS S1-10
S1	S1-14	Health and safety metrics	ESRS S1-14
S1	S1-16	Compensation metrics (pay gap and total remuneration)	ESRS S1-16
S1	S1-17	Incidents, complaints and severe human rights impacts	ESRS S1-17

ESRS S2 Workers in the Value Chain			Reference
S2	SBM-2	Interests and views of stakeholders	ESRS S2 ESRS 2 SBM-2
S2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS S2 ESRS 2 SBM-3
S2	S2-1	Policies related to value chain workers	ESRS S2-1
S2	S2-2	Processes for engaging with value chain workers about impacts	ESRS S2-2
S2	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	ESRS S2-3
S2	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	ESRS S2-4
S2	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S2-5

ESRS S3 Affected Communities			Reference
S3	SBM-2	Interests and views of stakeholders	ESRS S3 ESRS 2 SBM-2
S3	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS S3 ESRS 2 SBM-3
S3	S3-1	Policies related to affected communities	ESRS S3-1
S3	S3-2	Processes for engaging with affected communities about impacts	ESRS S3-2
S3	S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	ESRS S3-3
S3	S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	ESRS S3-4
S3	S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S3-5

ESRS S4 Consumers and End-users			Reference
S4	SBM-2	Interests and views of stakeholders	ESRS S4 ESRS 2 SBM-2
S4	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS S4 ESRS 2 SBM-3
S4	S4-1	Policies related to consumers and end-users	ESRS S4-1
S4	S4-2	Processes for engaging with consumers and end-users about impacts	ESRS S4-2
S4	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	ESRS S4-3
S4	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	ESRS S4-4
S4	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S4-5

ESRS G1 Business Conduct			Reference
G1	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS G1 ESRS 2 SBM-3
G1	GOV-1	The role of the administrative, management and supervisory bodies	ESRS G1 ESRS 2 GOV-1
G1	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	ESRS G1 ESRS 2 IRO-1
G1	G1-1	Business conduct policies and corporate culture	ESRS G1-1
G1	G1-3	Prevention and detection of corruption and bribery	ESRS G1-3
G1	G1-4	Confirmed Incidents of corruption or bribery	ESRS G1-4
G1	G1-5	Political influence and lobbying activities	ESRS G1-5

List of data points in general and topic-specific standards arising from other EU legislation

The following table contains all data points originating from other EU legislation as listed in ESRS 2 Appendix B, and indicates where the data points can be found in our sustainability statement. If no page number is specified, the data point is not relevant for RENK.

Disclosure requirement and associated data point	Reference to other EU legal regulations	Reference
ESRS 2 GOV-1 Board's gender diversity Paragraph 21 d	- SFDR: Indicator No. 13 in Annex 1 Table 1 - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816 by the Commission(5), Annex II	ESRS 2 GOV-1
ESRS 2 GOV-1 Percentage of board members that are independent Paragraph 21 e	- Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816 by the Commission, Annex II	ESRS 2 GOV-1
ESRS 2 GOV-4 Statement on due diligence Paragraph 30	- SFDR: Indicator No. 10 in Annex 1 Table 3	ESRS 2 GOV-4
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	- SFDR: Indicator No. 4 Table 1 in Annex 1 - Pillar 3 reference: Article 449 (a) of Regulation (EU) No 575/2013; Implementing Regulation (EU) 2022/2453 by the Commission(6), Table 1: Qualitative disclosures on environmental risks, and Table 2: Qualitative disclosures on social risks - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816 by the Commission, Annex II	n/a
ESRS 2 SBM-1 Involvement in activities related to chemical production Paragraph 40 d (ii)	- SFDR: Indicator No. 9 in Annex 1 Table 2 - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816 by the Commission, Annex II	n/a
ESRS 2 SBM-1 Involvement in activities related to controversial weapons Paragraph 40 d (iii)	- SFDR: Indicator No. 14 in Annex 1 Table 1 - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818(7), Article 12 (1) Delegated Regulation (EU) 2020/1816, Annex II	n/a

Disclosure requirement and associated data point	Reference to other EU legal regulations	Reference
ESRS 2 SBM-1 Involvement in activities related to the cultivation and production of tobacco Paragraph 40 d (iv)	- Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 12 (1) Delegated Regulation (EU) 2020/1816, Annex II	n/a
ESRS E1-1 Transition plan to reach climate neutrality by 2050 Paragraph 14	- EU Climate Law Reference: Regulation (EU) 2021/1119, Article 2 (1)	ESRS E1-1
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks Paragraph 16 g	- Pillar 3 reference: Article 449 (a) - Regulation (EU) No 575/2013; Implementing Regulation (EU) 2022/2453 by the Commission, Template 1: Annex book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 12 (1) (d) to (g) and Article 12 (2)	ESRS E1-1
ESRS E1-4 GHG emission reduction targets Paragraph 34	- SFDR: Indicator No. 4 in Annex 1 Table 2 - Pillar 3 reference: Article 449 (a) - Regulation (EU) No 575/2013; Implementing Regulation (EU) 2022/2453 by the Commission, Template 3: Annex book – Transition risk related to climate change: Alignment parameters - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 6	ESRS E1-4
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) Paragraph 38	- SFDR: Indicator No. 5 in Annex 1 Table 1 and Indicator No. 5 in Annex 1 Table 2	ESRS E1-5
ESRS E1-5 Energy consumption and mix Paragraph 37	- SFDR: Indicator No. 5 in Annex 1 Table 1	ESRS E1-5
ESRS E1-5 Energy intensity associated with activities in high climate sectors Paragraphs 40 to 43	- SFDR: Indicator No. 6 in Annex 1 Table 1	ESRS E1-5
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions Paragraph 44	- SFDR: Indicators No. 1 and 2 in Annex 1 Table 1 - Pillar 3 reference: Article 449 (a) Regulation (EU) No 575/2013; Implementing Regulation (EU) 2022/2453 by the Commission, Template 1: Annex book – Transition risk related to climate change: Credit quality of exposures by sector, issue and residual maturity - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 5 (1), Article 6 and Article 8 (1)	ESRS E1-6
ESRS E1-6 Gross GHG emissions intensity Paragraphs 53 to 55	- SFDR: Indicator No. 3 Table 1 in Annex 1 - Pillar 3 reference: Article 449 (a) of Regulation (EU) No 575/2013; Implementing Regulation (EU) 2022/2453 by the Commission, Template 3: Annex book - Transition risk related to climate change: Alignment parameters - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Article 8 (1)	ESRS E1-6
ESRS E1-7 GHG removals and carbon credits Paragraph 56	- EU Climate Law Reference: Regulation (EU) 2021/1119, Article 2 (1)	ESRS E1-7
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks Paragraph 66	- Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II	Phase-In (material)
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk Paragraph 66 a ESRS E1-9 Location of significant assets at material physical risk Paragraph 66 c	- Pillar 3 reference: Article 449 (a) of Regulation (EU) No 575/2013; Implementing Regulation (EU) 2022/2453 by the Commission, paragraphs 46 and 47; Template 5: Annex book – Physical risk related to climate change: Exposures with physical risk	Phase-In (material)
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes Paragraph 67 c	- Pillar 3 reference: Article 449 (a) of Regulation (EU) No 575/2013; Implementing Regulation (EU) 2022/2453 by the Commission, paragraph 34; Template 2: Annex book – Transition risk related to climate change: Loans collateralized by real estate – Energy efficiency of collateral	Phase-In (material)
ESRS E1-9 Degree of exposure of the portfolio to climate- related	- Benchmark Regulation reference: Delegated Regulation (EU) 2020/1818 by the Commission, Annex II	Phase-In (material)

Disclosure requirement and associated data point	Reference to other EU legal regulations	Reference
opportunities Paragraph 69		
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil Paragraph 28	- SFDR: Indicator No. 8 in Annex 1 Table 1, Indicator No. 2 in Annex 1 Table 2, Indicator No. 1 in Annex 1 Table 2 and Indicator No. 3 in Annex 1 Table 2	Not material
ESRS E3-1 Water and marine resources Paragraph 9	- SFDR: Indicator No. 7 in Annex 1 Table 2	Not material
ESRS E3-1 Dedicated policy Paragraph 13	- SFDR: Indicator No. 8 in Annex 1 Table 2	Not material
ESRS E3-1 Sustainable oceans and seas Paragraph 14	- SFDR: Indicator No. 12 in Annex 1 Table 2	Not material
ESRS E3-4 Total water recycled and reused Paragraph 28 c	- SFDR: Indicator No. 6.2 in Annex 1 Table 2	Not material
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations Paragraph 29	- SFDR: Indicator No. 6.1 in Annex 1 Table 2	Not material
ESRS 2 SBM-3 – E4 Paragraph 16 a (i)	- SFDR: Indicator No. 7 in Annex 1 Table 1	Not material
ESRS 2 SBM-3 – E4 Paragraph 16 b	- SFDR: Indicator No. 10 in Annex 1 Table 2	Not material
ESRS 2 SBM-3 – E4 Paragraph 16 c	- SFDR: Indicator No. 14 in Annex 1 Table 2	Not material
ESRS E4-2 Sustainable land / agriculture practices or policies Paragraph 24 b	- SFDR: Indicator No. 11 in Annex 1 Table 2	Not material
ESRS E4-2 Sustainable oceans / seas practices or policies Paragraph 24 c	- SFDR: Indicator No. 12 in Annex 1 Table 2	Not material
ESRS E4-2 Policies to address deforestation Paragraph 24 d	- SFDR: Indicator No. 15 in Annex 1 Table 2	Not material
ESRS E5-5 Non-recycled waste Paragraph 37 d	- SFDR: Indicator No. 13 in Annex 1 Table 2	Not material
ESRS E5-5 Hazardous waste and radioactive waste Paragraph 39	- SFDR: Indicator No. 9 in Annex 1 Table 1	Not material
ESRS 2 SBM-3 - S1 Risk of incidents of forced labour Paragraph 14 f	- SFDR: Indicator No. 13 in Annex I Table 3	ESRS S1 ESRS 2 SBM-3
ESRS 2 SBM-3 - S1 Risk of incidents of child labour Paragraph 14 g	- SFDR: Indicator No. 12 in Annex I Table 3	ESRS S1 ESRS 2 SBM-3
ESRS S1-1 Human rights policy commitments Paragraph 20	- SFDR: Indicator No. 9 in Annex I Table 3 and Indicator No. 11 in Annex I Table 1	ESRS S1 ESRS 2 SBM-3
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 Paragraph 21	- Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816 by the Commission, Annex II	ESRS S1-1
ESRS S1-1 Processes and measures for preventing trafficking in human beings Paragraph 22	- SFDR: Indicator No. 11 in Annex I Table 3	Not material
ESRS S1-1 Workplace accident prevention policy or management	- SFDR: Indicator No. 1 in Annex I Table 3	ESRS S1-1

Disclosure requirement and associated data point	Reference to other EU legal regulations	Reference
system Paragraph 23		
ESRS S1-3 Grievance/complaints handling mechanisms Paragraph 32 c	- SFDR: Indicator No. 5 in Annex I Table 3	ESRS S1-3
ESRS S1-14 Number of fatalities and number and rate of work-related accidents Paragraph 88 b and c	- SFDR: Indicator No. 2 in Annex I Table 3 - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816 by the Commission, Annex II	ESRS S1-14
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness Paragraph 88 e	- SFDR: Indicator No. 3 in Annex I Table 3	Phase-In (material)
ESRS S1-16 Unadjusted gender pay gap Paragraph 97 a	- SFDR: Indicator No. 12 in Annex I Table 1 - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816 by the Commission, Annex II	ESRS S1-16
ESRS S1-16 Excessive CEO pay ratio Paragraph 97 b	- SFDR: Indicator No. 8 in Annex I Table 3	ESRS S1-16
ESRS S1-17 Incidents of discrimination Paragraph 103 a	- SFDR: Indicator No. 7 in Annex I Table 3	ESRS S1-17
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Paragraph 104 a	- SFDR: Indicator No. 10 in Table 1 of Annex I and Indicator No. 14 in Table 3 of Annex I - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Article 12 (1)	ESRS S1-17
ESRS 2 SBM-3 – S2 Significant risk of child labour or forced labour in the value chain Paragraph 11 b	- SFDR: Indicators No. 12 and 13 in Annex I Table 3	ESRS S2 ESRS 2 SBM-3
ESRS S2-1 Human rights policy commitments Paragraph 17	- SFDR: Indicator No. 9 in Annex 1 Table 3 and Indicator No. 11 in Annex 1 Table 1	ESRS S2-1
ESRS S2-1 Policies related to value chain workers Paragraph 18	- SFDR: Indicators No. 11 and 4 in Annex 1 Table 3	ESRS S2-1
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines Paragraph 19	- SFDR: Indicator No. 10 in Annex 1 Table 1 - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Article 12 (1)	ESRS S2-1
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 Paragraph 19	- Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816 by the Commission, Annex II	ESRS S2-1
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain Paragraph 36	- SFDR: Indicator No. 14 in Annex 1 Table 3	ESRS S2-4
ESRS S3-1 Human rights policy commitments Paragraph 16	SFDR: Indicator No. 9 in Annex 1 Table 3 and Indicator No. 11 in Annex 1 Table 1	ESRS S3-1
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines Paragraph 17	SFDR: Indicator No. 10 in Annex 1 Table 1 - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	ESRS S3-1
ESRS S3-4 Human rights issues and incidents Paragraph 36	SFDR: Indicator No. 14 in Annex 1 Table 3	ESRS S3-4
ESRS S4-1 Policies related to consumers and end-users Paragraph 16	SFDR: Indicator No. 9 in Annex 1Table 3 and Indicator No. 11 Table 1 in Annex 1	ESRS S4-1
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights	SFDR: Indicator No. 10 in Annex 1 Table 1 - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	ESRS S4-1

Disclosure requirement and associated data point	Reference to other EU legal regulations	Reference
and OECD guidelines Paragraph 17		
ESRS S4-4 Human rights issues and incidents Paragraph 35	SFDR: Indicator No. 14 in Annex 1 Table 3	ESRS S4-4
ESRS G1-1 United Nations Convention against Corruption Paragraph 10 b	- SFDR: Indicator No. 15 in Annex 1 Table 3	ESRS G1-1
ESRS G1-1 Protection of whistle-blowers Paragraph 10 d	- SFDR: Indicator No. 6 in Annex 1 Table 3	ESRS G1-1
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws Paragraph 24 a	- SFDR: Indicator No. 17 in Annex 1 Table 3 - Benchmark Regulation reference: Delegated Regulation (EU) 2020/1816 by the Commission, Annex II	ESRS G1-4
ESRS G1-4 Standards of anticorruption and anti- bribery Paragraph 24 b	- SFDR: Indicator No. 16 in Annex 1 Table 3	ESRS G1-4

B. Consolidated Financial Statements

Consolidated Income Statement

in € thousands	Note	2023 01.01.-31.12.	2024 01.01.-31.12.
Revenue*	**[7]**	**925,500**	**1,140,504**
Cost of sales	[8]	(716,812)	(860,789)
Gross profit		**208,688**	**279,715**
Distribution expenses	[8]	(51,748)	(61,805)
General and administrative expenses	[8]	(66,012)	(96,906)
Net allowances on financial assets		(488)	(1,449)
Other income[1]	[9]	11,644	9,592
Other expenses[1]	[10]	(13,126)	(13,140)
Operating profit		**88,958**	**116,007**
interest expense	[11]	(39,800)	(41,779)
other financial result	[11]	(2,576)	20,474
Financial result		**(42,376)**	**(21,305)**
Profit / loss before tax		**46,582**	**94,702**
Income taxes	[12]	(14,260)	(39,937)
Profit / loss after tax		**32,322**	**54,765**
of which attributable to:			
Profit attributable to non-controlling interests		15	1,442
Profit attributable to shareholders of RENK Group AG		32,307	53,323
Basic earnings per share (€)		0.32	0.53
Diluted earnings per share (€)[2]		0.32	0.53
Weighted average number of ordinary shares outstanding (basic) (in million)		100.0	100.0
Weighted average number of ordinary shares outstanding (diluted) (€ million)		100.0	100.1

* The amounts reported under the item “Revenue” also meet the disclosure requirements of ESRS E1-5.43 and E1-6.53-55.

[1] Deviating item designation compared to the previous year's consolidated financial statements[2] In fiscal year 2024, there will be a non-material dilution effect from the initial recognition of the LTI Plan. See Appendix 13 for further details. Refer to the Income Statement for other information.

Consolidated Statement of Comprehensive Income

in € thousands	Note	2023 01.01.-31.12.	2024 01.01.-31.12.
Profit (+) / loss (-) after tax		**32,322**	**54,765**
Items not reclassified to profit or loss		**-**	**-**
Change in the fair value of financial investments	[11]	284	(284)
Remeasurement of defined benefit liability	[2]	(43)	8,551
Deferred taxes		2,664	(1,124)
		2,905	**7,143**
Items reclassified to profit or loss in the future		**-**	**-**
Currency translation differences	[10]	(3,383)	7,738
Cash flow hedges		-	(5,505)
Deferred taxes	[12]	-	1,759
		(3,383)	**3,992**
Other comprehensive income for the period		**(478)**	**11,135**
Total comprehensive income		**31,844**	**65,899**
Total comprehensive income attributable to non-controlling interests		17	1,728
Total comprehensive income attributable to shareholders of RENK Group AG		31,827	64,171

Consolidated Statement of Financial Position

Assets

in € thousands	Note	31.12.2023	31.12.2024
Intangible assets	[15]	383,914	360,529
Property, plant and equipment	[16]	319,018	320,732
Other and financial investments	[4]	9,423	817
Deferred tax assets	[12]	18,239	22,392
Other non-current financial assets	[4] [20]	367	99
Other non-current receivables	[20]	4,758	12,674
Non-current assets		**735,719**	**717,243**
Inventories	[17]	326,227	391,239
Trade receivables	[18]	163,301	163,624
Contract assets[1]	[4] [19]	96,593	114,939
Current income tax receivables	[12]	8,578	11,960
Other current financial assets	[4] [20]	24,362	6,915
Other current receivables	[20]	15,584	19,001
Cash and cash equivalents		102,216	164,306
Currents assets		**736,861**	**871,984**
		1,472,580	**1,589,227**

[1] Deviating item designation compared to the previous year's consolidated financial statements

Equity and liabilities

in € thousands	Note	31.12.2023	31.12.2024
Share capital	[21]	100,000	100,000
Capital reserves	[21]	223,787	172,674
Retained earnings		57,553	134,914
Cumulative other comprehensive income		22,477	33,326
Equity attributable to shareholders of RENK Group AG		**403,817**	**440,914**
Equity attributable to non-controlling interests		79	5,753
of which non-controlling interests in consolidated net income for the year		15	1,442
Equity	**[21]**	**403,896**	**446,667**
Non-current financial liabilities	[4] [24]	527,506	527,164
Pension provisions	[22]	1,952	2,657
Deferred tax liabilities	[12]	72,954	77,226
Contract liabilities, non-current1)	[25]	44,145	39,032
Other non-current provisions	[23]	10,997	12,127
Other non-current financial liabilities	[4] [26]	3,771	5,717
Other non-current liabilities	[26]	3	3
Non-current liabilities and provisions		**661,329**	**663,927**
Current financial liabilities	[4] [24]	18,588	6,386
Income tax liabilities	[12]	13,166	30,772
Trade payables	[4]	123,612	116,956
Contract liabilities, current[1]	[25]	171,840	231,376
Other current provisions	[23]	40,270	39,989
Other current financial liabilities	[4] [26]	1,342	2,024
Other current liabilities	[26]	38,537	51,130
Current liabilities and provisions		**407,354**	**478,633**
		1,472,580	**1,589,227**

[1] Deviating item designation compared to the previous year's consolidated financial statements

Consolidated Statement of Changes in Equity

				Accumulated other equity						
in € thousands	Share capital (subscribed capital in previous year)	Capital reserves	Retained earnings	Re-measure-ment of defined benefit obligations	Impairment of financial investment	Cash flow hedge	Currency translation	Equity of the share-holders of RENK Group AG	Equity attributable to non-controlling share-holders	**Total equity**
As of Jan. 1, 2023	**25**	**308,594**	**(7,070)**	**11,399**	**-**	**-**	**11,558**	**324,506**	**-**	**324,506**
Profit (+) / loss (-) after tax / Consolidated net income for the year	-	-	32,307	-	-	-	-	32,307	15	**32,322**
Deposit fiction transaction costs	-	1,946	-	-	-	-	-	1,946	-	**1,946**
Deposit loan	-	45,090	-	-	-	-	-	45,090	-	**45,090**
Capital increase	99,975	(99,975)	-	-	-	-	-	-	-	**-**
Withdrawal from capital reserves and allocation to retained earnings	-	(31,868)	31,868	-	-	-	-	-	-	**-**
Cumulated other comprehensive income	-	-	-	2,626	279	-	(3,383)	(480)	2	**(478)**
Other changes	-	-	448	-	-	-	-	448	62	**510**
As of Dec. 31, 2023	**100,000**	**223,787**	**57,553**	**14,024**	**279**	**-**	**8,174**	**403,817**	**79**	**403,896**
Profit (+) / loss (-) after tax	-	-	53,323	-	-	-	-	53,323	1,442	**54,765**
Deposit fiction transaction costs	-	3,003	-	-	-	-	-	3,003	-	**3,003**
Distribution	-	-	(30,000)	-	-	-	-	(30,000)	(22)	**(30,022)**
Share-based payment	-	884	-	-	-	-	-	884	-	**884**
Withdrawal from capital reserves and allocation to retained earnings	-	(55,000)	55,000	-	-	-	-	-	-	**-**
Cumulated other comprehensive income	-	-	-	7,422	(279)	(3,746)	7,452	10,849	286	**11,135**
Other changes	-	-	(962)	-	-	-	-	(962)	3,968	**3,006**
As of Dec. 31, 2024	**100,000**	**172,674**	**134,914**	**21,446**	**-**	**(3,746)**	**15,626**	**440,914**	**5,753**	**446,667**

Consolidated Statement of Cash Flows

in € thousands	Note	2023 01.01.-31.12.	2024 01.01.-31.12.
Cash and cash equivalents at beginning of period		**158,678**	**102,216**
Profit / loss before tax		46,582	94,702
Income taxes paid	[12]	(28,185)	(24,042)
Depreciation, amortization and impairment losses on intangible assets and property, plant and equipment	[13] [15] [16]	78,566	77,032
Write-downs / reversals other and financial investments		1,085	-
Change in provisions for pension obligations	[22]	(2,588)	8,127
Result from asset disposals	[9] [10]	21	(31)
Other non-cash expenses and income		(3,188)	548
Change in inventories	[17]	(41,225)	(63,454)
Change in other assets[1]	[16] [17] [19]	(47,818)	(6,564)
Change in liabilities[1]	[25]	56,140	60,347
Change in other provisions	[23]	(25,605)	660
Financial result	[11]	42,376	21,305
Cash flows from operating activities		**76,160**	**168,630**
Payment to acquire property, plant and equipment and intangible assets	[15] [16]	(28,050)	(30,883)
Proceeds from asset disposals		65	255
Acquisition of subsidiaries net of cash	[14]	(34,319)	-
Cash flows from restricted cash	[4] [20]	1,430	5,212
Interest received	[11]	3,238	1,691
Dividends received	[11]	435	-
Cash flow from investing activities		**(57,201)**	**(23,725)**
Dividend RENK Group AG		-	(30,022)
Equity contributions		1,946	3,003
Repayment of intercompany loans		(50,000)	-
Change in cash-pool liabilities		200	(2,598)
Payment from the redemption of bonds		-	(520,000)
Proceeds from the raising of financial loans		-	514,800
Lease payments	[16] [24]	(2,237)	(2,111)
Interest payments	[11]	(29,927)	(52,045)
Cash flows from financing activities		**(80,018)**	**(88,973)**
Effect of exchange rate changes on cash and cash equivalents		(315)	2,243
Change in cash and cash equivalents due to changes in the scope of consolidation		4,911	3,915
Change in cash and cash equivalents		**(56,461)**	**62,090**
Cash and cash equivalents at end of period		**102,216**	**164,306**
Loans receivables		319	-
Restricted cash	[4] [20]	6,431	1,218
Gross liquidity at end of period		**108,966**	**165,524**
Financial liabilities	[24]	(635,407)	(533,435)
Net liquidity at end of period		**(526,441)**	**(367,911)**

[1] Deviating item designation compared to the previous year's consolidated financial statements

Notes to the Consolidated Financial Statements

Principles of financial reporting

1. General principles

The RENK Group AG, with registered office in Augsburg (Germany) (the Company), is registered with the Local Court (“Amtsgericht”) Augsburg under commercial register number HRB 39189. The company operates as holding company within the RENK Group. RENK develops, produces and distributes high-quality drive technology worldwide and is divided into the segments Vehicle Mobility Solutions (“VMS”), Marine & Industry (“M&I”) and Slide Bearings (“SB”).

The RENK Group AG corporation is referred to hereafter as RENK.

The consolidated financial statements of RENK Group AG for the fiscal year from January 1 to December 31, 2024, were prepared by the Executive Board on March 17, 2025, in accordance with Section 315 e para. 3 of the German Commercial Code (“Handelsgesetzbuch”) and in line with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as required by Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union. The consolidated financial statements were submitted to the Supervisory Board for audit and approval and were subsequently released for publication.

The consolidated financial statements have been prepared in Euro, the functional currency of RENK. Unless stated otherwise, all figures are in thousands of Euro (€ thousand). Minor differences in totals or percentages can occur as a result of the commercial rounding of amounts. In the individual tables, amounts that have been rounded to zero are shown as “0”. If the figure is actually zero, it is shown as “–”.

Significant events:

The IPO of RENK was completed on February 7, 2024. The initial price of the RENK share was € 17.50, which is 16.67% above the issue price of € 15. The anchor shareholders at the time of the IPO were the defence group KNDS and the asset management company Wellington Management Company LLP, which acquired shares worth € 100 million and € 50 million, respectively, with 27% of the shares being attributed to the free float. The share is listed under the securities identification number: RENK73 or the ISIN: DE000RENK730.

As part of the refinancing of the external capital side in February 2024, the corporate bond was returned within the framework of the syndicated loan agreement. For further details, please refer to Note *4: Financial risk management and financial instruments*, and Note *24: Financial liabilities*.

Christian Schulz, CFO of RENK Group AG, has asked the Supervisory Board of RENK Group AG to terminate his contract early for personal reasons. He left the company with effect from September 30, 2024. Anja Mänz-Siebje, Head of Corporate Finance and CFO of RENK GmbH, has been appointed as the Management Board member for Finance and IT of RENK Group AG with effect from October 1, 2024. Susanne Wiegand, CEO of RENK Group AG, has asked the Supervisory Board of RENK Group AG to terminate her contract early and has left the company with effect from January 31, 2025. Dr. Alexander Sagel, COO of RENK Group AG, was appointed CEO of RENK Group AG effective February 1, 2025.

2. Consolidation and measurement of equity investments

(a) Equity investments

The equity investments of RENK Group AG include subsidiaries and financial investments. All material domestic and foreign subsidiaries that RENK Group AG controls directly or indirectly are included in the consolidated financial statements. Control exists when RENK Group AG directly or indirectly has power over the potential subsidiary on the basis of voting or other rights, is exposed to positive and negative variable returns and can affect the amount of the variable returns on the basis of voting rights.

Interests in non-consolidated affiliated entities and financial investments are recognized under other equity investments.

(b) Basis of consolidation

Entities included

In addition to RENK Group AG, domiciled in Augsburg, the following subsidiaries – which are wholly owned unless stated otherwise – are included in the consolidated financial statements:

- RENK FinCo GmbH, Augsburg, Germany
- RENK GmbH, Augsburg, Germany
- RENK Magnet-Motor GmbH, Starnberg, Germany
- RENK Test System GmbH, Augsburg, Germany
- RENK-MAAG GmbH, Winterthur, Switzerland
- RENK France S.A.S., Saint-Ouen-l'Aumône, France
- RENK Corporation, Duncan (SC), USA
- RENK Systems Corporation, Camby (IN), USA
- Horstman Holdings Limited, Bath, UK
- Horstman Defence Systems Limited, Bath, UK
- Horstman Inc., Sterling Heights (MI), USA
- Horstman Canada Inc., Brampton, Canada (formerly: General Kinetics Engineering Corporation)
- RENK America LLC, Muskegon (MI), USA
- RENK Holdings Inc., Muskegon (MI), USA
- COFICAL RENK MANCAIS DO BRASIL LTDA, Guaramirim, Brazil (98%),
- RENK Gears Private Ltd., Bangalore, India,
- RENK Shanghai Service and Commercial Co., Ltd. Shanghai, China,
- Schelde Gears B.V., Vissingen, Netherlands (since January 1, 2024),
- RENK Korea Co., Ltd, Busan, South Korea (since January 1, 2024),
- RENK UAE LLC, Abu Dhabi, United Arab Emirates (since January 1, 2024) (49%),
- RENK Italia S.r.l., Milan, Italy (newly founded on June 5, 2024),
- RENK America Marine & Industry LLC, Wilmington (DE), USA (newly founded on December 11, 2024).

RENK UAE LLC, Abu Dhabi, United Arab Emirates is consolidated due to a controlling agreement and the associated control.

(c) Financial investments

RENK Transmisyon Sanayi A.S., Istanbul, Turkey and RENK Canada Holding Inc. are not consolidated due to their immateriality. For a complete overview of RENK's shareholding, please refer to *Note 31: Statement of Shareholding*.

For financial investments that are not consolidated due to immateriality, the valuation is based on cost of the acquisition. In addition, the remaining financial investments are valued on a profit or loss basis via the income statement as income or losses on financial instruments.

Dividends from financial investments are recognized as income to the extent that they do not represent a repayment of the cost of the acquisition.

(d) Currency translation

Transactions in foreign currencies are translated using the relevant exchange rates at the time of the transaction. In subsequent periods, monetary assets and liabilities are measured at the middle rate at the end of the reporting period; exchange rate differences are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. On initial recognition of an asset, expense or income that includes prepayments received or made, the exchange rate at which the non-monetary items from prepayments were translated on the date of the transaction is used.

The financial statements of companies from countries outside the euro area are translated into euro using the functional currency concept. The functional currency is determined by the primary economic environment, it is the respective local currency of the companies consolidated.

The financial statements are translated using the modified current rate method, according to which items in the statement of financial position - except equity - are translated using the rate at the end of the reporting period, while income statement items are translated using weighted average exchange rates. Equity is translated at historic rates. The resulting translation differences are recognized in other comprehensive income until the disposal of the subsidiary and presented as a separate item in equity.

Exchange rates

	Closing rate		Average exchange rate	
	31.12.2023	31.12.2024	2023 01.01.-31.12.	2024 01.01.-31.12.
US dollar	1.10500	1.03890	1.08159	1.08205
Swiss franc	0.92600	0.94120	0.97173	0.95261
British pound	0.86905	0.82918	0.86991	0.84659
Chinese yuan	7.85090	7.58330	7.65907	7.78627
Canadian Dollar	1.46420	1.49480	1.45958	1.48191

3. Accounting principles

The presentation in the statement of financial position distinguishes between current and non-current assets and liabilities. Assets and liabilities are classified as current if they are due within one year or within the longer operating cycle. For the classification of liabilities as short term or long term in connection with Covenants (other conditions), please refer to the explanations in *Note 6, New and revised accounting pronouncements and methods*.

The consolidated profit and loss account is prepared using the cost of sales method.

The consolidated financial statements are prepared on the basis of amortized cost and carrying production costs, with the exception of certain items such as financial instruments measured at fair value and provisions for pension obligations and similar obligations.

The consolidated financial statements are based on the financial statements of RENK Group AG and its consolidated subsidiaries, which are prepared using the same corporation-wide accounting policies.

(a) Revenue recognition

The revenue recognized is generated through the sale of goods or services related to drive technology. Production includes both standard and customer-specific solutions. The services sold include maintenance work. Sales revenue is recognized when the services are provided or when the customer obtains control of the goods and services.

At contract inception, it is determined whether the performance obligation will be satisfied over time. The performance obligation is recognized on an output method basis when the following criterion of IFRS 15.35 (c) is met: The assets created do not offer an alternative use for RENK, and there is an enforceable right to payment from the customer for the services already provided.

When fulfilling performance obligations over a certain period, revenues are recorded according to the progress of the performance. RENK calculates the percentage of completion using the input method to estimate the costs incurred relative to the total expected costs. The contract costs incurred are the best measure of the satisfaction of performance obligations. If expected costs exceed expected sales revenue, an impairment loss is initially recognized for assets used to fulfill the contract. Otherwise, appropriate provisions are set aside.

If the requirements for this are not met, the performance obligation is satisfied at a point in time in line with agreed trade terms (Incoterms).

Revenue is determined by the transaction price, which is equal to the expected consideration including possible variable remuneration components. If variable consideration has been agreed in a contract, revenue is estimated using the most likely amount method. Variable consideration is only taken into account in the transaction price if it is highly probable that it will arise. For multi-component contracts, the total transaction price is allocated to the individual, distinct performance obligations relative to the stand-alone selling prices.

The breakdown according to IFRS 15.114 into different categories, which reflect the influence of economic factors on the nature, amount, timing and uncertainties of revenue and cash flows, is presented in Note *7. Sales revenue within the income statement disclosures*.

The incremental costs of obtaining a contract with a customer are recognized as an asset within other receivables when it is expected that these costs will be recovered.

Costs incurred in connection with the fulfillment of a contract (costs to fulfill a contract) are, if present in certain contracts, recognized in the balance sheet depending on their occurrence. Costs incurred in preparing for and launching series production relate to services performed at the beginning of the project phase that are of a one-time nature. These pre-production costs represent a part of the performance obligation and are implemented in accordance with the products to be delivered.

Costs associated with the further development are incurred regardless of the degree of completion and the contractual performance obligation and are therefore recorded as ongoing expenses in the cost of sales. Costs in connection with the ongoing adjustment of series production processes are also recognized as current expenses.

In general, the provision of services by RENK only benefits the customer after the completion of all necessary activities, as the machines are customized to the customer's specifications and significant rework would be required if the services were terminated before completion. Therefore, the recording of sales revenue for services is carried out on a time-related basis.

The table below shows the timing of performance for the performance obligations from contracts with customers.

Timing of performance fulfillment per revenue type

Type of revenue	Timing of performance
Revenue from the sale of goods	Depending on the customer contract and the respective order, the timing of revenue recognition is often the same as the time of delivery.
Revenue from the sale of customer-specific products	Revenue recognition over time is applied to customer-specific products for which there is an enforceable right to payment for the services rendered in the amount of the costs incurred plus an appropriate profit margin. This results in revenue being recognized earlier and thus before the control of the asset is actually transferred to the customer. The revenue arising in connection with customer-specific products is recognized in the mandatory acceptance period in the amount of the transaction price based on the performance progress. The progress of performance is determined based on the input-based method of the costs incurred, i.e. the ratio of the costs incurred to the expected total costs for the fulfillment of the performance obligation. The method described reflects the transfer of the customer-specific products to the customer in the best possible way and applies to all segments.
Revenue from the sale of services	Revenue for services is recognized for all segments at a point in time upon completion.

If a contract could contain a significant financing component (receivables from customer payments), IFRS 15.63 states that the amount of promised consideration should not be adjusted for the effects if, at the time of contract inception, it is expected that the time between the transfer of a promised good or service to the customer and the customer's payment for that good or service will not exceed one year.

(b) Cost of sales, distribution expenses and administrative expenses

The cost of sales item comprises product-related expenses, including research and development costs. The latter include costs to develop products and technologies. The recognition criteria according to IAS 38 have not been met. The cost of sales includes the acquisition or production costs of the products sold. In addition to the directly attributable material and individual production costs, production-related overhead costs, including depreciation and amortisation of production facilities, are also included in the production costs.

Distribution expenses comprise the costs of the sales organization, including staff and material costs, as well as other distribution expenses.

General and administrative expenses include pro rata staff and material costs and miscellaneous other administrative expenses such as expenses for Group management, HR, or accounting that have not been charged to other account cost centers as an internal service.

(c) Other expenses

Other expenses are recorded as expenses at the time they arise, including expenses for the use of services, advertising and sales promotion expenses, as well as other sales-related expenses.

Provisions for warranty are made at the time of inspection of the goods. Expenses for research are immediately recognized in profit or loss. Interest and other borrowing costs are recognized as expenses in the period in which they arise.

(d) Intangible assets

Individually purchased intangible assets are activated with their cost of the acquisition and subsequently amortized over the period of their identifiable useful lives.

For intangible assets acquired as part of a company acquisition, the cost of the acquisition corresponds to their fair values at the time of acquisition.

Intangible assets with a finite useful life are amortized on a straight-line basis over the following periods:

Useful life of intangible assets

Type of intangible asset	in years
Software	3
Licenses and similar rights	Contractual terms of use
Customer relationships	15 to 30
Technologies	10 to 30
Brand	30

If there are indications that intangible assets may have been impaired in value, RENK carries out an impairment test and recognizes an impairment loss if necessary.

If no useful life can be determined, no scheduled depreciation is carried out. Instead, the intangible assets are generally subjected to an impairment test at least once a year.

For this purpose, reference is made to the statements under section *g) Impairments on intangible assets and property*, plant and equipment.

(e) Property, plant and equipment

Property, plant and equipment are capitalized at cost and then depreciated over their expected useful life. Investment grants are deducted from cost. The cost of internally generated assets includes directly attributable production costs and pro rata production overheads. Where property, plant and equipment consist of material identifiable components with different useful lives, these components are recognized and depreciated separately.

Expenses for maintenance and repairs are recognized in profit or loss, unless they must be capitalized.

Property, plant and equipment are depreciated on a straight-line basis over their expected useful life. The useful lives of property, plant and equipment are reviewed at the end of each reporting period and adjusted if necessary. Depreciation is essentially based on the following useful lives:

Useful life of property, plant and equipment

Type of intangible asset	in years
Buildings	10 to 50
Property facilities	5 to 33
Technical equipment and machinery	5 to 21
Other equipment, operating and office equipment	3 to 15

If there are indications that property, plant and equipment could be impaired, RENK performs an impairment test and recognizes an impairment loss where necessary. For this purpose, reference is made to the statements in *section g) Impairments on intangible assets and property*, plant and equipment.

(f) Leases

The leasing agreements for property, plant and equipment are recorded in the balance sheet as right-of-use assets and lease liabilities under the lessee accounting framework.

During the lease term, the lease liability is updated using the effective interest method and taking into account the lease payments. The lease liability is recognized at the amount of the future lease payments discounted at the incremental borrowing rate over the entire term of the lease. The incremental borrowing rate is used only if the interest rate implicit in the lease cannot be readily determined.

The right-of-use asset is recognized at the amount of the lease liability plus initial direct costs. In subsequent periods, the right-of-use asset is to be amortized on a straight-line basis over the term of the lease or the economic life, when this is shorter.

The right-of-use assets shown in the statement of financial position are presented in those statement of financial position items in which the assets to which the lease relates would have been presented if RENK had owned them. The right-of-use assets are therefore reported as of the balance sheet date under the long-term assets item property, plant and equipment.

As a result of the use of the simplified rule for short-term and low-value leases, no right-of-use asset or lease liability is recognized for such leases; the lease payments for these are recognized as an expense in the income statement. Low-value leases are leases where the new value of the leased asset does not exceed € 5,000. Leases with a total term of up to twelve months are classed as short term. The IFRS 16 accounting requirements are not applied to leases for intangible assets.

Many leases include extension and termination options. All relevant factors and circumstances that create an economic incentive to exercise or not exercise the option are taken into account when determining the lease terms. Optional periods are taken into account when determining the lease term, provided that the exercise or non-exercise of the option is sufficiently certain.

The marginal borrowing rate shall only apply if the interest rate underlying the lease cannot be easily determined. The incremental borrowing rate is determined on the basis of the swap rates for the respective currencies over various maturities, plus a margin. If there is a modification of the lease agreement or changes to the lease payments, the duration of the lease or the assessment regarding the exercise of call options, the lease liability will be revalued. The right-of-use assets are amortized on a straight-line basis over the shorter of the estimated useful life or term of the lease and adjusted for any revaluations of the lease liability.

In fiscal year 2024, there are no sale and leaseback transactions at RENK.

(g) Impairments on intangible assets and property, plant and equipment

If there are indications that the carrying amounts of intangible assets and property, plant and equipment may be impaired, an impairment test is performed. For intangible assets with indefinite useful lives, as well as goodwill, an impairment test is carried out at least once a year.

For impairment testing, goodwill is allocated to the group of cash-generating units or cash-generating units. It is allocated to the group of cash-generating units or cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The goodwill allocated to the group of cash-generating units or cash-generating units cash resulting from the acquisition of RENK in 2020, the acquisition of RENK America in 2021 and the acquisition of the General Kinetics Group (now part of the Horstman Group) in 2023 has been tested for possible impairment loss. Recoverability was confirmed.

The recoverable amount of the respective asset is calculated to determine the extent of a possible impairment loss. The recoverable amount is the higher of the fair value less costs to sell and value in use.

The value in use is the present value of the expected cash flows determined on the basis of the planning prepared by the Executive Board and approved by the Supervisory Board. This planning is based on expectations regarding future development of the various individual markets. Appropriate assumptions about macroeconomic trends (development of currency, interest and commodities prices) and historical developments are taken into account. The planning period generally extends over a period of four years. Please see the forecast in the Group Management Report for information on the assumptions in the detailed planning period. Plausible assumptions on future developments are made for subsequent years. Planning assumptions are adjusted to take account of current knowledge.

The calculation of cash flows is based on expected growth rates for the markets in question. The estimate of the cash flows after the end of the planning period is based on a growth rate of 1% p.a.

The discount rate used (before taxes) is determined on the basis of a weighted average cost of capital (WACC) that corresponds to market conditions. This is based on the interest rate for risk-free investments, the market risk premium and the interest rate on debt, as well as the consideration of specific peer group information for the beta factors and the gearing ratio. The underlying assumptions are reviewed on an ongoing basis and adjusted as necessary.

If no recoverable amount can be determined for an individual asset, the recoverable amount is determined for the smallest identifiable group of assets (cash-generating unit) to which the asset in question can be allocated. If the recoverable amount of a cash-generating unit is lower than the carrying amount, an impairment loss is immediately recognized in the profit or loss.

If a higher recoverable amount results for an asset or a cash-generating unit at a later date after a impairment loss has been made, a reversal of impairment loss is made up to a maximum of the amortized cost and production costs that would have resulted without the impairment loss. The reversal of impairment loss is recognized in profit or loss and is included in other comprehensive income. The reversal of impairment loss of previously written-down goodwill is not permitted.

For impairments in connection with financial assets, please refer to the descriptions in Note *4. Financial risk management and financial instruments*.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. Cost includes directly attributable production costs and pro rata fixed and variable production overheads. The allocated general expenses have been determined on the basis of the usual capacity utilization. Distribution expenses, general and administrative expenses and borrowing costs are not capitalized. Commodities are generally valued at a weighted average cost of the acquisition.

Impairment factors, such as obsolescence, storage damage or price changes, are taken into account through a depreciation in the net realizable value. If the continued acquisition or production costs exceed the net realizable value, an impairment loss is recognized on the inventories. If the reasons for the impairment no longer apply in subsequent periods, a reversal of impairment loss is made on the amortized costs and production costs.

(i) Contract assets and liabilities

If one of the parties to the contract has fulfilled its contractual performance obligations, the company must recognize a contract asset or a contract liability in the balance sheet, depending on whether the company has fulfilled its performance obligation, or the customer has made the payment. Unconditional rights to consideration, which are to be recognized as receivables, must also be taken into account.

Contract assets result from the period-based fulfillment of performance obligations, which are recorded on the balance sheet using the input-based method based on the costs incurred. According to this method, proportional sales revenue and cost of sales are reported in accordance with the progress of service provision achieved on the reporting date. This is calculated based on the transaction price agreed with the customer and the expected contract costs. The percentage of completion is calculated as the proportion of the costs incurred by the end of the reporting period in the total forecast contract.

If the result of a performance obligation cannot be reliably determined, sales revenue is recognized only in the amount of the contract costs incurred. The contract assets in the balance sheet include the portions of the contract that have been completed in terms of revenue, taking into account the deposits received and deposit claims.

Expected losses from period-based performance obligations are recognized in full as an expense. The contract assets take account of the order losses proportionally; provisions are made for the remaining share of the expected order losses.

The impairments of contractual assets are described in *Note 4. Financial risk management and financial instruments*.

Contract liabilities include prepayments received as well as the counterpart to the unconditional receivables for customer prepayments, i.e. liabilities from prepayments to be received.

(j) Primary financial instruments

Financial instruments are agreements that give rise to a financial asset at one entity while at the same time giving rise to a financial liability or equity instrument at another.

RENK’s primary financial assets include trade receivables, financial investments, marketable securities, other financial assets, and cash and cash equivalents. Primary financial liabilities include financial liabilities, trade payables and other financial liabilities.

Financial assets and liabilities are presented at their gross value. They are only offset when this is legally enforceable for RENK at the current time and it actually intends to offset them.

Financial assets

Original financial assets are recorded for the first time in the event of a market-standard purchase on the settlement date, i.e. the day on which the financial asset is delivered. Derecognition occurs as soon as the right to receive cash or another financial asset is extinguished by payment, enactment, lapse of time, set-off or otherwise, or the right has been transferred to another person, with the risks having fully passed to the acquirer. In terms of the market-standard sale of original financial assets, the settlement date is considered the date of derecognition.

Upon initial recognition, financial assets are classified as follows based on the business model for their management and the structure of cash flows:

- at amortized cost (trade receivables, other financial assets and cash and cash equivalents),
- at fair value through other comprehensive income, as well as
- measured at fair value through profit or loss (derivatives).

Regarding financial assets (debt instruments) for which the cash flows at specified dates are solely payments of principal and interest (SPPI criterion), RENK intends to hold these to collect the associated cash flows. Therefore, these financial assets are classified as being measured at amortized cost.

Investments are valued at their fair value. RENK is currently not exercising its option to present changes in the fair value of equity instruments in other comprehensive income.

The initial measurement for financial assets, except for trade receivables without a significant financing component, is carried out at fair value. For an asset that is not measured at fair value through profit or loss, the transaction costs directly attributable to its acquisition or issue are added. Trade receivables without any significant financing components are recognized at the transaction price under IFRS 15 on initial recognition.

Financial assets at amortized cost are measured using the effective interest method in subsequent periods and must be assessed for impairment. Gains and losses are recognized in profit or loss if the asset is derecognized, modified or becomes impaired.

At the end of each reporting period, indications of impairment of individual financial assets are assessed. Assessing impairment risks is subject to uncertainty and is in some cases influenced by judgments made by management. Impairments are recognized in profit or loss. The impairment losses for credit defaults are measured based on the 12-month expected credit losses (level 1) or based on the expected credit losses over the life time of the instrument. The 12-month expected credit losses arise from possible default events within 12 months after the balance sheet date. If assigned to level 2 or 3 of the impairment model or using the simplified approach, an impairment loss is recognized at an amount equal to lifetime expected credit losses.

Debt instruments, which are valued at amortized cost of the acquisition, include loans to related parties and other receivables.

The cash and cash equivalents are deposited with banks and financial institutions that are to be classified in a rating range of A1/A+ to A3/BBB+, based on a rating by the agencies Moody’s and Standard & Poor’s (S&P). The estimated valuation allowance on cash and cash equivalents was calculated based on expected losses within twelve months and reflects the short terms. RENK assumes that its cash and cash equivalents have a low default risk based on the external ratings of the banks and financial institutions.

The determination of impairments for expected credit losses for these other financial assets is based on the general impairment model (General Approach) of IFRS 9. RENK applies credit ratings to contractual partners, for which RENK Ratings is based on external ratings (S & P). The credit ratings are regularly reviewed. All debt instruments for which the General Approach is applied are considered to be “low-risk.” From RENK's perspective, a debt security has a low default risk if its credit risk rating corresponds to the global definition of "investment grade." RENK considers this to be the case if the rating is Baa3/BBB or higher. The impairment loss recognized in the period is thereby limited to the expected credit losses within twelve months. If the credit risk deteriorates by two rating levels since the initial assessment, RENK assumes a significant increase in the risk of default (Level 2). For assets whose creditworthiness was not impaired at the time of acquisition or provision and for which there is objective evidence of insolvency, such as the opening of insolvency proceedings, a value adjustment equal to the expected credit losses over the term is recorded (Level 3). For the assets in level 3, the calculation of the interest income is based on the net book value.

A financial asset is in default or is credit-impaired if one of the following criteria is met:

- Insolvency or a similar event indicating significant financial difficulty and a probable default of the counterparty

- Probable write-off
- Breach of contract meaning that it can be assumed with high probability that one or more receivables will not be collectible
- Other reasons, as assessed by credit management, which lead to the assumption that a higher probability that the claim is not recoverable.

The recognition of risk provisions on trade receivables and contract assets is carried out in accordance with the simplified impairment model (Simplified Approach) of IFRS 9. According to this, the expected credit losses are calculated over the entire remaining term of the trade receivables and contract assets on the basis of an impairment table. Rates are graded depending on the number of days that a trade receivable is past due (risk classes). The loss rates are calculated separately for defaults in the different segments based on the following general credit risk characteristics: similar pattern of defaults in the past, clustering according to the specific default structure and, on this basis, formation of a portfolio in line with the provision matrix shown. The discount rates are determined on the basis of historical default rates. Forward-looking information has been analyzed based on factors such as actual or expected adverse changes in the customer's business, financial, or economic conditions, actual or expected significant negative changes in the regulatory, technological, or economic environment of the customer, as well as significant changes in the customers' payment behavior. No adjustments have resulted from these analyses.

An impairment loss on an individual basis occurs when one or more events have occurred that have a negative impact on the creditworthiness of the debtor. These events include, among other things, an impending insolvency or concessions made by the debtor due to payment difficulties. RENK considers a financial asset to be in default if it is unlikely that the debtor will be able to pay its loan commitment to RENK in full without RENK having to resort to measures such as using collateral (if available). Since, based on historical experience and the customer structure, receivables that are more than 90 days overdue have not led to significant defaults, RENK does not consider a financial asset that is more than 90 days overdue as having defaulted. Similarly, based on past experience and the customer structure, RENK does not believe that the risk of default on a claim increases significantly if the debtor is more than 30 days overdue. The probability that a debtor will enter into insolvency or another type of restructuring procedure is taken into account as an indicator of the impairment in creditworthiness.

The financial asset is derecognized if it is proven to be uncollectible. If the credit rating improves, an impairment loss is reversed.

For further disclosures, please refer to *Note 4. Risk management and financial instruments*.

Financial liabilities

Financial liabilities are measured at fair value on initial recognition once RENK becomes a party to the contract. For a liability that is not measured at fair value through profit or loss, the transaction costs directly attributable to its acquisition or issue are deducted. Since all original financial liabilities at RENK are classified as being valued at amortized cost, the subsequent measurement is carried out accordingly using the effective interest method.

Financial liabilities are derecognized when they are extinguished, i.e. when all obligations specified in the contract have been met, been canceled, or expired. The financial liability is also derecognized if the contractual terms are amended and the cash flows of the modified liability differ significantly. If this is the case, a new financial liability is recognized based on the amended terms. If a financial liability is derecognized, any difference between the carrying amount of the extinguished liability and the consideration paid is recognized in profit or loss.

(k) Derivative instruments and hedge accounting

At RENK, derivative instruments are used to counteract interest rate risks and foreign currency risks. While an interest rate swap was concluded to hedge against interest rate risks arising from variable-rate loan liabilities, RENK primarily uses foreign exchange forward transactions to hedge against currency risks, which can primarily result from ongoing business activities.

Derivative instruments are initially recognized at fair value on the trade date and on each subsequent reporting date. Gains and losses from measurement at fair value are recognized in profit or loss.

The fair value for derivatives is their positive or negative market value, taking counterparty risk into account. If no quoted market prices are available, fair values are calculated based on the conditions at the end of the reporting period, such as interest rates or exchange rates, and using recognized models
such as discounted cash flow models or option pricing models.

An embedded derivative in a hybrid contract with a financial liability or a non-financial underlying contract is separated from the underlying contract and reported as a standalone derivative if:

- the economic characteristics and risks are not closely linked to the underlying contract,
- a standalone instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and
- the hybrid contract is not measured at fair value through profit and loss (FVTPL).

Multiple embedded derivatives in a single hybrid contract are treated as a single composite embedded derivative unless they relate to different risk positions and are readily separable and independent of each other.

The assessment of whether an embedded derivative is to be separated is only made once on initial recognition of the hybrid contract. A reassessment will only be carried out if there is a modification to the contractual conditions that significantly alters the payment flows.

A separated embedded derivative is valued at fair value, with the corresponding changes in value being recorded in the financial result in the consolidated income statement.

As part of central financial management at RENK, the hedging transactions of the subsidiaries are carried out by RENK GmbH and passed on to the subsidiaries. Further information on risk management at RENK *can be found in Note 4. Financial risk management and financial instruments*.

Hedge accounting is carried out using derivative financial instruments as hedging transactions, provided that the necessary conditions are met. RENK prepares documentation for the designation of hedging relationships and to document compliance with the requirements for the application of the accounting rules for hedging relationships.

The measurement of effectiveness is carried out using the hypothetical derivative method, in which the changes in the market value of the hedging instrument are compared to the changes in the market value of a “perfect” hypothetical derivative, which fully replicates the interest-induced cash flows and changes in value of the underlying transaction.

If the change in the fair value of the hedging instrument (including the modification in credit default risk) is greater than the change in the fair value of the hypothetical derivative, the excess amount is immediately recognized in profit or loss as hedge ineffectiveness. The remaining, effective portion is initially placed in the cash flow hedge reserve in other comprehensive income and is only reclassified to profit or loss when the hedged cash flow affects the income statement.

Hedge accounting is discontinued when the requirements for this are no longer met or when the hedging instrument expires, is sold, terminated or exercised. In this case, the reserve existing at the time of termination for the cash flow hedges shall be reclassified in profit or loss in the same period or periods in which the hedged cash flows affects the income statement, as long as it is still expected that the hedged future cash flows will occur. If this expectation does not exist, an immediate restructuring with legal effect will take place.

(I) Income tax expenses

Tax liabilities include current income tax liabilities.

Current tax is the anticipated tax liability or tax asset on the taxable income or tax loss for the fiscal year, based on tax rates that apply or will soon apply at the end of the reporting period, as well as all adjustments of the tax liability for previous years. The amount of the expected current tax liability or tax asset reflects the amount that, taking into account any tax uncertainties, represents the best estimate.

If there are uncertainties regarding the income tax treatment of individual cases, estimates and assumptions are made for their recognition and valuation. This includes, for example, whether an estimate is made separately or together with other uncertainties, whether a probable or expected value for the uncertainty is used, or whether changes have occurred compared to the previous period. The exploration risk is negligible for accounting purposes. Accounting is based on the assumption that the tax authorities will examine the matter in question and will have access to all relevant information.

Deferred tax is reported as a separate item in the Balance Sheet. Income tax liabilities for potential tax risks are recognized based on the best possible estimate. The likely amount of the tax arrears payment is used as a basis for recognized income tax items.

Deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and the tax basis, for temporary differences in profit or loss arising on consolidation and tax loss carryforwards. Tax effects from distributions of profit are recognized as deferred taxes only when the appropriate of earnings resolution has been passed. Deferred taxes are measured at the prevailing tax rate at the end of the reporting period or the future tax rate highly likely to be used.

Deferred tax assets are recognized only to the extent that taxable profit will be available for the utilization of the deductible temporary differences or the tax loss carryforwards. Deferred tax assets are usually subsequently measured based on future taxable income for a planning period of three fiscal years.

Deferred tax assets are offset against deferred tax liabilities if they relate to the same type of tax and the same taxation authority.

Changes in deferred taxes in the statement of financial position lead to deferred tax expense or income. If the change in deferred taxes results from items recognized directly in equity, the change in deferred taxes is also recognized directly in equity.

Deferred tax liabilities on taxable temporary differences arising from investments in subsidiary branches and associates as well as investments in joint arrangements are not recognized if the Group can control the timing of realization and it is probable that the temporary difference will not be realized in the foreseeable future.

The International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) were adopted by the European Union into European law in November 2023. By legislative decision of the German Bundestag on November 24, 2023, and the approval of the Bundesrat (Federal Council) on December 2023, Pillar Two has been implemented in Germany as national law by the Minimum Tax Act (“Mindeststeuergesetz” or “MinStG”) of December 21, 2023, and entered into force on December 28, 2023. The ultimate parent company of RENK, RENK Group AG, is based in Germany and will implement the new legislation on global minimum taxation, effective for fiscal years beginning after December 30, 2023.

The Group has concluded that the global minimum tax, which is payable under the national legislation for Pillar 2, is an income tax within the scope of IAS 12. The Group has applied the temporary, mandatory exception rule regarding the recognition of deferred taxes resulting from the introduction of global minimum taxation, and has recognized these as actual tax expense/income at the respective time of accrual.

(m) Pension obligations and similar obligations

Pension obligations from defined benefit plans are calculated using the projected unit credit method. The future benefit obligations are measured on the basis of the benefits accrued pro rata by the end of the reporting period and discounted to present value. Their measurement reflects assumptions about the future development of certain parameters that affect the future level of benefits.

Provisions for pension obligations are reduced by the fair value of the plan assets held to cover the pension obligations. If plan assets exceed obligations, the excess is only recognized in other assets if it will result in a refund from the plan or a reduction of future contributions.

The service cost, which represents the benefits of active employees accumulated in accordance with the benefit plan in the fiscal year, is reported in functional expenses. Net interest income and expenses are calculated by multiplying the net asset or net liability by the discount rate and are included in interest expense.

Remeasurements of the net asset or net liability include actuarial gains and losses arising from differences between the actuarial assumptions used and the actual trends, changes in actuarial assumptions and the return on plan assets, not including amounts included in net interest income or expenses. Remeasurements are recognized net of deferred taxes in equity.

Payments for defined contribution plans are recognized in functional expenses.

(n) Other provisions

Other provisions are recognized for all identifiable risks and uncertain obligations resulting from past events that will probably lead to a future outflow of resources and whose amount can be reliably estimated. They are measured at the best estimate of the expenditure required to settle the obligation. The provision is carried at its net present value where the time value of money is material. The discount rate is based on market interest rates.

A reimbursement of third parties anticipated in connection with a provision is recognized as a separate asset if its realization is as good as certain. Provisions are regularly reviewed and adjusted as further information develops or circumstances change. If a change in assessment results in a reduction in the scope of the obligation, the provision is correspondingly dissolved and the profit is recorded in the corresponding functional areas or in the other income.

Provisions for warranties are recognized at the time of sale of the products concerned or the performance of the relevant service. Their measurement is primarily based on historical experience. Individual provisions are also recognized for known damages. RENK holds a special-purpose real estate fund that is protected against insolvency to serve its partial retirement obligation. The fair value of this fund is offset against the corresponding obligation. Provisions for outstanding incoming invoices are made for services received but not yet invoiced. Provisions for anticipated losses from onerous contracts are recognized when the expected benefit resulting from the contract is less than the unavoidable costs to fulfill the contract.

(o) Contingent liabilities

If the criteria for forming a provision are not satisfied, but the outflow of financial resources is not remote, then these obligations are stated in the notes to the consolidated financial statements. Contingent liabilities are recognized if the obligations have become more specific, i.e. the outflow of resources has become probable and their amount can be reliably estimated.

(p) Business Combinations

The acquisition method was used to account for the business combinations. The consideration transferred for the acquisition of a subsidiary comprises:

- the fair values of the assets transferred,
- the liabilities incurred by the former owner of the operation acquired and
- the equity interests issued by the Corporation.

Identifiable assets acquired and liabilities and contingent liabilities assumed as part of the business combination are initially measured at fair value at the acquisition date. Costs related to acquisitions are recognized as an expense.

The excess of the consideration transferred over the fair value of the identifiable net asset acquired is recognized as goodwill.

(q) Material estimates and judgments

When preparing consolidated financial statements, to a certain extent assumptions and estimates are made that affect the amount and reporting of the recognized assets and liabilities, income and expenses and information on contingent assets and liabilities in the reporting period. The estimates were made on the basis of past experience and other relevant factors, including the assumption of going concern. All estimates and assumptions are made to the best of knowledge and belief to provide a true and fair view of the net assets, financial position and results of operations of the Corporation. Any uncertainty is reflected in valuations, although future events can still differ from these estimates and have a material effect on the net assets, financial position and results of operations. Estimates and judgments are reviewed on an ongoing basis.

The assumptions made regarding the following matters as of the end of the reporting period are of particular significance:

The recoverability of goodwill is tested on the basis of management assumptions using the discounted cash flow method. The determination of the discount rate using capital market parameters, as well as the determination of future cash flows, is of particular importance in this context.

The estimation of the useful life of depreciable assets is based on the expected economic use of the asset by RENK. If there is a change in the assessment during the review of the useful life, the remaining useful life is adjusted and, if necessary, an impairment loss is recognized.

Recognizing the leases in the form of a right-of-use asset and a lease liability requires estimates on the lease term of the relevant lease components. It must be assessed whether it is reasonably certain that the contractually agreed extension, termination and call options will be exercised. The estimate for the initial recognition of the lease components determines the amount of the lease liability and thus the right-of-use asset. The change in the estimate in subsequent periods leads to an adjustment of the residual carrying amounts of lease balance sheet items.

Determining impairment of financial assets requires estimates of the level and probability of occurrence of future events. As far as possible, the assessments are derived from past experience and forward-looking information.

The calculation of the value adjustment for expected credit losses on trade receivables and contract assets requires central assumptions by RENK's Corporate Center regarding the probability and extent of an outflow of funds.

The valuation of pension obligations and similar obligations is carried out on the basis of actuarial methods. These are mainly based on assumptions relating to discount rates, salary and pension trends and mortality. These actuarial assumptions can differ significantly from actual developments due to changes in market and economic conditions and can therefore lead to a substantial change in pensions and similar obligations. The underlying assumptions used in the calculation are presented in *section m) Pension obligations and similar liabilities*.

Depending on the matter at hand, the measurement of other provisions and similar obligations is complex at times and entails estimates to a considerable extent. The assumptions made by management with respect to the timing and amount of utilization are based, among other things, on historical data, available technical data, estimates of cost trends and potential warranty claims, discount rates and possible recoverable amounts. Litigation and other legal proceedings simultaneously give rise to complex legal issues and are subject to many difficulties and uncertainties. A provision is recognized for this if it is likely that, in connection with these proceedings, a liability has been incurred that will probably lead to an outflow of resources and its amount can be reliably estimated. Assessing whether a present obligation as of the end of the reporting period is as a result of a past event, and whether a future outflow is likely and the obligation can be estimated reliably, requires considerable judgment and significant estimates by management. Future events and developments as well as changes in estimates and assumptions can lead to an amended assessment at a future date. Additional expenses that can have a material effect on the net assets, financial position and results of operations of RENK thus cannot be completely ruled out. Changes in contractual or actual circumstances are monitored and assessed as regards the potential impact on the amount and reporting of the recognized assets and liabilities, income and expenses and information on contingent assets and liabilities in the reporting period. Developments in these general conditions that deviate from assumptions and are beyond management control can cause amounts to differ from the original estimates.

If performance obligations are fulfilled over a certain period, the recording of sales revenue depends on the progress of the performance. In this method, the careful assessment of progress is particularly important. When applying the input-based method of incurred costs to determine the progress of work, the relevant estimation parameters include contract revenues, total contract costs, costs to be incurred until completion, contract risks, and other assessments. The management of the operating units continuously reviews the estimates for such performance obligations and adjusts them as necessary.

Estimates, especially for variable remuneration components, are required to calculate the transaction price as the expected consideration in exchange for the transfer of goods and services. The variability relates to the amount of the claim. The single most likely amount in a range of possible contractual consideration amounts is selected as the most likely amount. In addition, some or all of the variable consideration component is only included in the transaction price to the extent that it is highly probable that a significant reversal of the revenue recognized will not occur. This assessment of probabilities and the restriction of variable remuneration components is based on management estimates.

As the Corporation operates in several countries, it is subject to different tax laws. The expected current income taxes and the deferred tax assets and liabilities must be calculated for each taxable entity. This requires, among other things, assumptions about the interpretation of complex tax regulations and the ability to generate sufficient taxable income within the respective tax type and jurisdiction. If these assumptions differ from the actual outcome of such tax uncertainties, this can affect tax expenses and deferred taxes. The best estimate of the expected tax payment is used for recognized uncertain income tax positions.

When recognizing a deferred tax asset, RENK estimates which future taxable profits can be used against deductible temporary differences and loss carryforwards.

With the acquisition of a subsidiary, assumptions and estimates are made regarding the fair value of the consideration transferred (including contingent consideration) and the fair value of the assets acquired and liabilities assumed.

In connection with geopolitical tensions, climate change and the need to ensure smooth supply chains, the management of RENK has analyzed the resulting opportunities and risks and their impact on the net assets, financial position and results of operations, as well as on forward-looking assumptions and estimates when valuing assets and liabilities. In this context, the focus was on the value of business or company assets, other intangible assets and property, plant and equipment, inventories and contract assets, as well as the value of trade receivables. In the fiscal year, this had no significant impact on the net assets, financial position and results of operations.

The long-term business model of RENK focuses on the defense sector, in which the personal safety of people plays a crucial role, and therefore issues such as CO2 emissions, climate change, etc. are of secondary importance. This is also reflected in the framework for the valuation of trade receivables and contract assets. The current military conflicts in

Ukraine and the Middle East, the tensions between China, Taiwan and the USA, as well as the demands of the new U.S. administration to increase the national defense spending of the NATO states, will lead to an increase in new and additional arms procurement projects in the short and medium term, which offer business potential for RENK, especially in Europe.

In the civil sector, which is mainly reflected in the SB and M&I segments, RENK focuses on sustainable and resource-saving solutions in the long-term business model, which is particularly covered by the wind energy sector. As a result, there are no substantial risks arising from climate change for the valuation of receivables and contract assets, as well as for sales revenue.

The climate-related factors relevant to RENK, such as the increase in electricity prices, water prices, etc., have already been taken into account in the assumptions for the value assessment of intangible assets. The short-term economic development of RENK is essentially determined by the geopolitical situation. Thus, in the short term, climate-related factors play only a minor role in the assessment of intangible and tangible assets and climate risks for RENK. In particular, RENK does not assume that the inventories will become worthless or that their selling prices will plummet within the next few years due to climate-related risks. Furthermore, there is no evidence of climate-related cost increases in the inventory that cannot be passed on to customers. In the short term, no significant adjustments in company operations are planned, which is why neither climate risks nor changes in the useful lives of fixed assets will be reflected at RENK.

The Group's business operations are highly dependent on uninterrupted supply chains, and thus on the timely delivery, as well as the appropriate quality and quantity, of standard components purchased from third-party suppliers. For fiscal year 2025, RENK does not anticipate any significant negative effects related to disruptions in the supply chains or the introduction of customs regimes, and therefore does not expect any impact on the company's assets, financial situation or earnings.

(r) Transaction costs and related cost reimbursements

By December 31, 2024, RENK incurred transaction costs in connection with the initial public offering on February 7, 2024, which were recognized in the profit and loss account. Reimbursement claims against the shareholder are also recognized in profit or loss as a reduction to the corresponding expenses if the shareholder is legally obliged to reimburse the costs or is the economic recipient of the underlying service. Claims for reimbursement against the shareholder, which are based solely on his shareholder status, are recorded as a deposit directly in the total equity.

(s) Share-based payment

The fair value to be taken into account on the grant date of share-based remuneration agreements with the beneficiaries is recognized as an expense with a corresponding increase in equity (retained earnings) over the period in which the beneficiaries acquire an unrestricted right to the instruments. The amount recognized as expense is adjusted to reflect the number of instruments for which the relevant service conditions and market-based vesting conditions are expected to be satisfied, so that the ultimate amount recognized as expense is based on the number of instruments that are expected to satisfy the relevant service conditions and market-based vesting conditions at the end of the vesting period.

4. Financial risk management and financial instruments

(a) Financial risk management

RENK's Group Treasury is responsible for operative financial risk management. The Executive Board of the parent company is regularly informed about the risks of the Group.

Credit risk

Credit risks include direct counterparty risk and the risk of a deterioration in credit quality. RENK recognizes risk provisions for expected credit losses in relation to credit risk. RENK has three types of financial assets subject to the expected credit losses model: trade receivables, contract assets and debt instruments valued at amortized cost.

Cash and cash equivalents are also subject to the impairment provisions in accordance with IFRS 9. However, the identified impairment loss was insignificant, as in the previous year.

The maximum credit risk is limited to the carrying amount of the financial and contract assets recognized in the balance sheet.

The impairment loss of trade receivables and contract assets is determined in accordance with the simplified approach of IFRS 9. The impairment loss of other financial assets is determined on the basis of the general impairment approach.

Trade receivables and contract assets are written off directly when their recoverability is no longer sufficiently expected. For example, this is the case if the debtor is found to be insolvent.

The following table shows the expected credit losses from trade receivables and contract assets:

Impairment losses 2024

in € thousands	Carrying amount before impairment	Default-weighted average loss rate	Impairment
Trade Receivables not due	125,793	0.04 %	46
Trade receivables past due			
of which 1–30 days	15,663	0.46 %	73
of which 31–90 days	9,981	0.62 %	62
of which more than 90 days	10,298	1.69 %	174
Objective evidence of impairment as at the reporting date	2,242	100 %	2,242
Total trade receivables	**161,736**	**1.80 %**	**2,597**
Contract assets	114,953	0.04 %	44

Impairment losses 2023

in € thousands	Carrying amount before impairment	Default-weighted average loss rate	Impairment
Receivables not due	127,082	0.04 %	48
Trade receivables past due			
of which 1–30 days	22,192	2.07 %	459
of which 31–90 days	6,054	3.03 %	183
of which more than 90 days	9,030	4.06 %	367
Objective indications of impairment as at the reporting date	2,282	100 %	2,282
Total trade receivables	**166,640**	**2.00 %**	**3,339**
Contract assets	96,602	0.01 %	9

The following table shows the impairments of trade receivables and contract assets as they resulted from the application of the impairment matrix:

Reconciliation Impairment

in € thousands	Contract assets		Trade receivables	
	2023	2024	2023	2024
Impairment losses as of Jan 1	58	9	817	1,057
Expenses (+) / income (–) from the remeasurement of impairment losses (addition/reversal)	(49)	35	82	(1,327)
Utilization	-		158	-
Currency adjustment	-		-	625
Impairment loss as of Dec 31	9	44	1,057	355

Any collateral for trade receivables or contract assets had no significant impact on the amount of impairments determined.

The impairments of trade receivables and contract assets consist of portfolio-based impairments and separate individual value adjustments. For all other financial assets, no significant impairments were identified during the assessment.

Liquidity risk

Liquidity risk describes the risk that RENK may be unable to adequately meet its payment obligations or can raise liquidity only at a higher price.

Solvency and the provision of liquidity are regularly monitored on the basis of rolling liquidity planning. Financing requirements are covered by both operating cash flow and external financing.

Cash management for the operational divisions is carried out centrally as part of a cash pooling arrangement. Cash is combined on a daily basis. Thus, liquidity surpluses and requirements can be managed as necessary. For external financing, the opportunities on the financial markets are tracked continuously to ensure financial flexibility and to limit refinancing risks.

On February 19 and 20, 2024, RENK refinanced its debt by concluding a syndicated loan. The € 520,000 thousand corporate bond (5.75% Senior Secured Notes with maturity in 2025) was redeemed early on February 20, 2024, and replaced by a € 525,000 thousand Term Loan B (TLB) from a consortium of banks. Term Loan B has a term of 5 years until February 19, 2029. The variable interest rate of the term loan was fixed for a large part of the corresponding volume by means of an interest rate swaps for 3 years.

As part of the syndicated loan agreement, RENK also has a revolving credit facility with banks amounting to € 75,000 thousand, with a term also ending on February 19, 2029. The margin payable on the applicable base rate, depending on the term, is determined in accordance with the level of indebtedness. As of the balance sheet date, the revolving credit facility was not drawn upon.

The syndicated loan agreement is subject to compliance with a financial covenant, which relates to the consolidated net leverage ratio of 4.5. The net debt ratio is calculated quarterly as of the last day of the quarter based on the last 12 months. On the last testing day, December 31, 2024, this was 1.7x, so the covenant was met. As of the closing table date, no facts or circumstances are known that suggest difficulties in fulfilling the covenants. For information on potential risks in this context, please refer to the Management Report under "Opportunities and risks."

In addition, under the syndicated loan agreement, RENK also has guarantee credit lines with a term until February 19, 2029, amounting to € 450,000 thousand. The guarantee credit lines were utilized with € 158,294 thousand. There are additional guarantee credit lines outside the syndicated loan agreement on a bilateral basis in the amount of € 6,065 thousand, of which € 6,065 thousand were drawn as of the balance sheet date. As of the balance sheet date, cash collateral amounting to approximately € 1,000 thousand was provided for the bilateral guarantee credit lines.

Prior to the refinancing in February 2024, in addition to the corporate bond, there were also guarantee credit lines within a syndicated loan agreement. These were fully repaid in connection with the refinancing and no longer exist as of December 31, 2024. In the previous year, syndicated guarantee credit lines amounting to € 245,000 thousand existed, of which € 162,394 thousand were utilized. In addition, there were further guarantee credit lines outside the syndicated loan agreement on a bilateral basis in the amount of € 52,261 thousand, which was drawn down as of December 31, 2023, in the amount of € 26,213 thousand. In the previous year, cash collateral amounting to approximately € 6,000 thousand was provided for the bilateral guarantee credit lines.

Cash and cash equivalents are essentially used to finance working capital and short-term obligations.

There were no significant risk clusters in the past fiscal year.

The following table shows how the cash flows of liabilities and the derivative financial instruments affect the liquidity situation of RENK. In addition, there was a credit approval from Rebecca BidCo S.à r.l. amounting to € 2,000 thousand, which could be used by the borrower at any time. This was used to the value of € 319,000 thousand last year and was fully repaid in April 2024.

Overview of contractual cash outflows[1]

in € thousands	31.12.2023			31.12.2024		
	2024	**2025 to 2028**	**> 2028**	**2025**	**2026 to 2029**	**> 2029**
Cash outflows from primary financial liabilities	157,352	549,929	-	148,412	618,578	2,044
of which from bonds	29,900	549,900[2]	-	-	-	-
of which from loan liabilities	-	-	-	26,917	608,849	-
of which trade payables	123,612	-	-	116,956	-	-
of which other financial liabilities	1,242	29	-	1,515	70	-
of which liabilities from cash pool	2,598	-	-	115	-	-
of which from lease liabilities	2,203	4,375	1,886	2,909	9,659	2,044
Cash outflows from derivative financial instrument with negative market value and net fulfillment				2,088	3,851	
Cash outflows from derivative financial instrument with negative market value and gross fulfillment	97	235	-	20	167	-
Associated cash outflows	6,744	1,277	-	9,070	685	-
Associated cash inflows	6,647	1,042	-	9,050	518	-

[1] The procedure for calculating the amounts was as follows:
– If the maturity date is not fixed, the liability is assigned to the earliest maturity date.
– Interest payments for floating rate interest are taken into account in line with the conditions as of the end of the reporting period.
– It is assumed that the cash outflows will not occur earlier than shown.
[2] This includes the two tranches of € 320,000 thousand and € 200,000 thousand within the bond.

Foreign currency risk

RENK operates internationally and is thus exposed to foreign currency risks. These arise when recognized assets and liabilities and future transactions are denominated in a currency other than the parent company's functional currency.

The majority of operating activities are conducted in the functional currency. Currency risks of the remaining transactions are quantified by the Group companies on an ongoing basis. Taking account of predetermined risk limits by Group Treasury, this remaining risk is hedged decentrally at banks using currency forwards. Hedging is carried out with due regard for banks' risk management requirements and is subject to stringent monitoring, which is guaranteed in particular by a strict separation of functions on the basis of the dual control principle. The option provided by IFRS 9 regarding hedge accounting was not exercised for this economic hedge.

At RENK, all firm customer contracts in foreign currency with a value equivalent to more than € 250 thousand are hedged. There is no hedge of foreign currency risks on the purchasing side.

As of the reporting date, the RENK foreign currency risk primarily consists of transactions in USD, INR, JPY and CAD. Thanks to the currency forwards in place for these currencies, RENK was not exposed to any significant risks.

As part of a sensitivity analysis, the foreign currency positions existing at the reporting date were evaluated in a hypothetical scenario. The effects of a ten percent appreciation or depreciation of a base currency relative to the quoted currency are as follows:

Sensitivity analysis 2024

in € thousands	31.12.2024	
	Net profit/loss for the period	
Currency pair (base currency/exchange rate currency)	**+10 %**	**(10%)**
EUR/USD	(18,197)	+22,240
EUR/CHF	(364)	+431
EUR/CAD	+220	(269)
EUR/INR	(257)	+314
EUR/JPY	+128	(156)
EUR/Sonstiges	(85)	+104

Sensitivity analysis 2023

in € thousands	31.12.2023	
	Net profit/loss for the period	
Currency pair (base currency/exchange rate currency)	**+10 %**	**(10%)**
EUR/USD	(14,392)	+17,590
EUR/CHF	(905)	+1,106
EUR/CAD	(212)	+259
EUR/CNY	(154)	+188
EUR/GBP	(302)	+369

Interest rate risk and hedge accounting

RENK hedges the interest rate risk from the variable-rate term loan with an interest rate swap for a large part of the corresponding volume. In the case of interest rate swaps, the future variable interest payments from the variable-rate term loan, which are therefore uncertain in terms of their amount, are economically converted into fixed interest payments. The fair value of the interest rate swap is determined by discounting the expected cash flows. If it can be expected that the interest rate swap will offset the interest rate-induced changes in cash flows from the variable-interest term loan to a sufficiently high degree during its term, it is designated as a hedging instrument within a cash flow hedge.

The hedging relationship is largely effective because the essential value-determining conditions of the underlying and hedging transactions are approximately the same and the credit risk has no significant impact on the value changes.

As of December 31, 2024, RENK has the following interest rate hedging instruments:

Interest rate hedging instruments in € thousands	Year of maturity	Nominal amount		Average secured interes rate in %		Fair Value	
		31.12.2023	**31.12.2024**	31.12.2023	**31.12.2024**	31.12.2023	**31.12.2024**
Interest rate swap	2027	-	350,000	-	2.845%	-	(5,508)

The hedging instruments that RENK has designated as hedging relationships have the following effects on the Balance Sheet as of December 31, 2024:

Balance sheet: Carrying amount of hedging transactions in € thousands			
Assets	**Liabilities**	**Balance sheet, under which the hedging transactions are reported**	**Changes in fair value to measure effectiveness in the reporting period**
-	(5,508)	Other non-current financial liabilities	(5,508)

The underlying transactions designated as hedging relationships have the following impact on the cash flow hedge reserve in total equity as of December 31, 2024:

Cash flow hedge reserve in equity in € thousands	**Change in value of the hedged items used to determine effectiveness**	**Cash flow hedge reserve**
Hedging of interest rate risks	5,435	(5,505)
Terminated hedging relationships	-	-

The cash flow hedge reserve (before taxes) has developed as follows over the periods:

Cash flow hedge reserve (before tax) in € thousands	**31.12.2023**	**31.12.2024**
Status January 01	**-**	**-**
Changes due to effective hedging relationships	-	(3,045)
Reclassifications at acquisition cost of the underlying transaction	-	-
Reclassification to the income statement	-	-
Reclassification due to P&L effectiveness of the hedged item	-	(2,460)
Hedging relationships terminated due to cash flows no longer expected	-	-
Status December 31	**-**	**(5,505)**

Due to the underlying transaction affecting profit or loss, the amounts reclassified from the cash flow hedge reserve were recorded in net interest income/net interest expense. In addition, the hedging relationship resulted in ineffectiveness in the negative amount of € 64 thousand, which was also recorded in net interest income/net interest expense.

Interest rate sensitivity analysis:

The following table shows the impact that an increase in interest rates by 100 basis points or a decrease in interest rates by 100 basis points would have had on total equity and the financial result for interest-sensitive financial instruments:

Interest sensitivity analysis

in € thousands	Increase interest rates +100 basis points		Decrease interest rates -100 basis points	
	2023	2024	2023	2024
Equity	-	7,044	-	-6,904
Financial result	-	-316	-	-52
Total	**-**	**6,728**	**-**	**-6,956**

(b) Financial instruments: classification and fair values

Financial assets and liabilities recognized at fair value or for which a fair value is disclosed in the notes to the annual financial statements are to be classified in the fair value hierarchy described below. They are allocated to levels of the fair value hierarchy on the basis of inputs used for the measurement:

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Inputs other than quoted prices included within level 1 that are observable for an asset or liability either directly (as a price) or indirectly (derived from prices). The fair values of level 2 financial instruments are calculated based on the conditions at the end of the reporting period, such as interest rates or exchange rates, and using recognized models such as the discounted cash flow models or option pricing model.

Level 3:
Input data used for the measurement of the asset or liability not based on observable market data (unobservable inputs).

The fair values were calculated based on the market conditions at the end of the reporting period and the measurement methods described. They are the prices that an independent party would pay for the assets/liabilities.

The following table shows the reconciliation of the balance sheet items to the classes of financial instruments, broken down according to the carrying amounts and fair values of the financial instruments as well as the allocation of the balance sheet items to the valuation categories:

Reconciliation of balance sheet items to the classes of financial instruments 2024

in € thousands	At fair value through profit or loss	At fair value through other compre-hensive income	At amortized costs		Not allocated to any IFRS 9 measure-ment category	Fair Value Level
	Carrying amount	Carrying amount	Carrying amount	Fair Value	Carrying amount	
Non-current assets						
Other and financial Investments	-	-	-	-	817	–
Other non-current financial assets						
Loan receivables	-		-	-	-	–
Non-current derivative assets	-		-	-	-	–
Other non-current financial assets	-		99	99	-	2
Current assets						
Trade receivables	-		163,624	163,624	-	–
Other current financial assets						
Current derivative assets	176		-	-	-	2
Other current financial assets	-		5,521	5,521	-	–
Restricted cash	-		1,218	1,218	-	–
Cash and cash equivalents	-		164,306	164,306	-	–
Total assets	**176**	**-**	**334,768**	**334,768**	**817**	**–**
Non-current liabilities						
Non-current financial liabilities						
bonds	-		-	-	-	–
loan liabilities	-		515,461	544,211	-	2
non-current lease liabilities	-		-	-	11,703	–
Other non-current financial liabilities						
Other non-current financial liabilities	-		70	70	-	2
Non-current derivative liabilities	139		-	-	5,508	2
Embedded derivatives	-		-	-	-	–
Current liabilities						
Current financial liabilities						
Bonds (short-term portion)	-		-	-	-	–
loan liabilities	-		3,362	3,362	-	–
Liabilities from the Cash-Pool	-		115	115	-	–
Short-term Lease-liabilities	-		-	-	2,909	–
Trade payables	-		116,956	116,956	-	–
Other current financial liabilities						
Other current financial liabilities	-		1,515	1,515	-	–
Current derivative liabilities	508		-	-	-	2
Total equity and liabilities	**647**	**-**	**637,479**	**666,229**	**20,120**	**–**

The following table shows the reconciliation of the balance sheet items to the classes of financial instruments, broken down according to the carrying amounts and fair values of the financial instruments as well as the allocation of the balance sheet items to the valuation categories:

Reconciliation of balance sheet items to the classes of financial instruments 2023

in € thousands	At fair value through profit or loss	At fair value through other compre-hensive income	At amortized cost		Not assigned to an IFRS 9 measure-ment category	Fair Value Level
	Carrying amount	Carrying amount	Carrying amount	Fair Value	Carrying amount	
Non-current assets						
Other and financial Investments	761	3,259	-	-	5,403	3
Other non-current financial assets						
Loan liabilities	-		319	319	-	3
Loan receivables	42		-	-	-	2
Non-current derivative assets	-		6	6	-	2
Current assets						
Trade receivables	-		163,301	163,301	-	–
Other current financial assets						
Current derivative assets	344		-	-	-	2
Other current financial assets	-		17,587	17,587	-	–
Restricted cash	-		6,431	6,431	-	–
Cash and cash equivalents	-		102,216	102,216	-	–
Total assets	**1,147**	**3,259**	**289,860**	**289,860**	**5,403**	**–**
Non-current liabilities						
Non-current financial liabilities						
bonds	-		521,245	507,892	-	2
loan liabilities	-		-	-	-	–
non-current lease liabilities	-		-	-	6,261	–
Other non-current financial liabilities						
Other non-current financial liabilities	-		29	29	-	2
Non-current derivative liabilities	188		-	-	-	2
Embedded derivatives	3,554		-	-	-	3
Current liabilities						
Current financial liabilities						
Bonds (short-term portion)	-		13,787	13,787	-	2
Liabilities from the Cash-Pool	-		2,598	2,598	-	–
Short-term Lease-liabilities	-		-	-	2,203	–
Trade payables	-		123,612	123,612	-	–
Other current financial liabilities						
Other current financial liabilities	-		1,242	1,242	-	–
Current derivative liabilities	100		-	-	-	2
Total equity and liabilities	**3,842**	**-**	**662,513**	**649,160**	**8,464**	**–**

The investment of RENK GmbH in Modest Tree Media Inc., Halifax, Canada, has been measured at fair value through profit or loss. In fiscal year 2024, the fair value decreased to € 0 thousand. Furthermore, the investment in RENK U.A.E. LLC, which was measured at fair value through other comprehensive income as at the previous year, has been fully consolidated as of January 1, 2024. Last year, a dividend payment of € 435,000 thousand was made by RENK U.A.E. LLC. No reclassification of cumulative gains or losses within equity was carried out in the previous year.

The fair value of the loan is determined using the discounted cash flow method. Future cash flows are calculated using forward interest rates, while the discount rate is determined based on market observable yields of bonds with comparable credit risk and similar term.

Investments are classified in level 3 of the fair value hierarchy. The fair value to be taken into account was calculated using the DCF method. The expected future cash flows, which are determined on the basis of planned figures, were discounted using the weighted average cost of capital (WACC). The WACC was calculated based on the average of the cost of equity and the cost of debt. This was then weighted according to its share of the total capital. The sum of the discounted expected future cash flows reflected the enterprise value less (net) financial debt in order to determine the equity value. For the current fiscal year, there were only insignificant changes in fair value based on the non-observable inputs.

A modification of the average cost of capital or the expected cash flows of the investments would have the following impact on the total equity or the financial result for the previous year:

Sensitivity of the participation 2023

in € thousands	31.12.2023	Effect on equity	Effect on financial result
Adjustment of cash flow	10.0 %	318	69
	(10.0%)	(231)	(69)
Adjustment of the weighted average cost of capital	+ 1 p.p.	(121)	(83)
	(1) p.p.	247	107

When calculating the sensitivities presented above, one parameter was changed at a time, while the other parameters remained unchanged. In principle, a market change that affects one input may also correlate with other input data. These effects may intensify the changes or cancel each other out, depending on the respective movements. The model is based on the implicit assumption that the correlation remains constant over time. The development of the investments that are assigned to the fair value level 3 is as follows:

Change in fair value of the Investments

in € thousands	Participation FVTPL	Participation FVOCI
Jan 1, 2023 (reported under other non-current financial assets)	**1,845**	**2,975**
Issuance of additional tranche (recognized in financial result)	(1,085)	-
Issuance of additional tranche (recognized in total result)	-	284
Dec 31, 2023 (reported under other non-current financial assets)	**761**	**3,259**
Changes from measurement at fair value (recognized in financial result)	(761)	-
Changes in consolidated group	-	(3,259)
Dec 31, 2024 (recognized in other non-current financial assets)	**-**	**-**

The other short-term financial assets and other short and long-term financial liabilities that are measured at fair value through profit or loss consist of currency derivatives (foreign exchange forwards) and an interest rate swap. To measure fair value, future cash flows are determined by discounting the resulting forward cash flows based on spot and forward rates. Accordingly, they are allocated to level 2 of the fair value hierarchy.

For the current financial assets and liabilities, which are measured at the amortized cost, the carrying amounts at reporting date approximately correspond to the fair value due to their maturity.

In the previous year, other non-current financial assets measured at amortized cost mainly comprised a loan to an affiliated company. This was fully refunded in April 2024. For the valuation of the fair value in the previous year, the future, contractually agreed cash flows were discounted using a market interest rate that was appropriate for the term and adjusted for credit risk.

The fair value of the separated embedded derivative has been deducted from the price of the bond listed until February 20, 2024. Therefore, the fair value of the bond was assigned to Level 2 of the valuation hierarchy.

In addition, the compound embedded derivative was classified as level 3 of the fair value hierarchy. The fair value was calculated using a trinomial tree approach based on the Hull-White 1 factor model. The model used the following market-observable input variables: the market price of the bond, the market interest rate, the implied market volatility of interest rate swaps and credit derivatives (CDS options), as well as the following non-observable input variables: the estimated probability of a change in control.

The volatility of the underlying Hull-White process was calibrated using the weighted average of the volatility of interest rate swaptions and credit derivatives, while the level of the required market interest rate was calibrated to the bond price. The Hull-White process models the development of the required interest rate over time, and the exercise of the options was verified using the trinomial tree approach. The model used a stochastic process to develop the market interest rate curve of RENK. The volatility of the process was calibrated to the volatilities of the CDS options and swaptions (weighted average). The credit spread compared to the risk-free interest rate has been calibrated to adjust the bond price in the model to the market price of the bond. At each time step in the trinomial tree, the possible development of the interest rate demanded by the market was modeled. For each node, it was checked whether exercising the option or continuing the option would be advantageous based on the timing and development of the interest rate in the model. The corresponding value of the option was traced back through the tree up to the valuation date.

Options 2023

in € thousands	31.12.2023	Fair value of embedded derivative	Effect on the financial result
Adjustment of the probability of a change of control occurring	+1 p.p.	(4,220)	(666)
	-1 p.p.	(2,889)	666
Adjustment of the Credit Spread	10.0 %	(4,169)	(615)
	(10.0 %)	(2,882)	673
Adjustment of the Volatility	10.0 %	(3,428)	126
	(10.0 %)	(3,636)	(81)

When calculating the sensitivities presented above, one parameter was changed at a time, while the other parameters remained unchanged. A market change that affects one input may also correlate with other input data, e.g. an increase in the credit spread may correlate with an increase in volatility. These effects may intensify the changes or cancel each other out, depending on the respective movements. The model is based on the implicit assumption that the correlation remains constant over time. The fair values within level 3 developed as follows:

Change in fair value for embedded derivatives

in € thousands	Fair Value
Jan 1, 2023 (reported under other non-current financial assets)	**1,409**
Changes from measurement at fair value (recognized in other financial result)	(4,964)
Dec 31, 2023 (reported under other non-current financial assets)	**(3,554)**
Changes resulting from the early repayment of the corporate bond on February 20, 2024 (recorded in other financial result)	3,554

Change in fair value for embedded derivatives	
in € thousands	Fair Value
Dec 31, 2024	-

There were no transfers between levels of the valuation hierarchy during the fiscal year.

(c) Financial instruments: Expenses and income

The net gains and losses from financial instruments are shown in the table below:

Net gain and loss from financial instruments		
in € thousands	2023	2024
Financial assets at amortized cost	3,333	9,684
Financial liabilities at amortized cost	(44,387)	(23,904)
Financial assets and liabilities at fair value through profit or loss	(7,096)	(2,470)
Financial assets at fair value through other comprehensive income	719	-
Net gain (+)/net loss (–)	**(47,431)**	**(16,690)**

The net gains or losses from financial assets measured at amortized cost mainly include interest income, gains from currency translation and impairments.

The net gains or losses from financial liabilities measured at amortized cost result primarily from interest expense and, in the opposite direction, from gains from currency translation.

The net gains or losses from financial assets and liabilities measured at fair value through profit or loss essentially result from changes in the fair value resulting from the valuation of derivatives and investments.

The interest income generated in connection with financial assets and the net interest expenses incurred from financial liabilities are as follows:

Interest income and expenses		
in € thousands	2023	2024
Interest expense	38,289	36,922
Interest income	4,096	3,190

(d) Financial instruments: Offsetting

The following table contains disclosures on possible offsetting effects on the consolidated balance sheet as well as the financial impact of an offsetting in the case of instruments that are subject to a legally enforceable master netting agreement or a similar agreement.

In principle, the amounts owed by each counterparty under the derivative transactions in the same currency on a single day with respect to all outstanding transactions are aggregated into a single net amount payable from one party to the other (e.g. German Master Agreement for Financial Instruments or the Master Netting Agreements of the International Swaps and Derivatives Association (ISDA)). In certain cases – for example, if a credit event such as default occurs – all outstanding transactions under the agreement are terminated, the value on termination is calculated, and only a single net amount is to be paid to settle all transactions.

The column "Related financial instruments that are not offset" shows the amounts that are subject to a netting framework agreement but have not been offset in the balance sheet because the conditions were not met. Offsetting can only occur given certain future events, such as the insolvency of one of the parties.

Financial instruments: Offsetting

in € thousands	Carrying amount in statement of financial position	Related financial instruments that are not offset	Net amount
Dec 31, 2024			
Assets from derivative financial instruments	176	107	69
Liabilities from derivative financial instruments	648	107	541
Dec 31, 2023			
Assets from derivative financial instruments	386	(281)	106
Liabilities from derivative financial instruments	288	(281)	7

5. Statement of cash flows

In the Statement of Cash Flows the payment flows are divided into the areas cash flow from operating activities, net cash provided by/used in investing activities and net cash provided by/used in financing activities. The effects of changes in the scope of consolidation and exchange rates are eliminated in the respective positions. The effect of exchange rate changes on cash and cash equivalents is presented separately.

The cash flows from operating activities is determined using the indirect method. Therefore, the cash flow from operating activities is adjusted for non-cash operating expenses and income, as well as the result from disposals of fixed assets.

The net cash provided by/used in investing activities includes, in addition to inflows in property, plant and equipment, intangible assets and business acquisitions, also cash flows from loans and receivables, restricted cash and short-term investments. Deposits from these items as well as interest received and dividends received will be offset.

The net cash provided by/used in financing activities consists of the following cash-generating transactions: dividend payments, capital contributions, lease payments, borrowings and repayments of financial liabilities, as well as interest payments.

The cash and cash equivalents considered in the statement of cash flows correspond to the balance sheet item cash and cash equivalents.

6. New and revised accounting standards and methods

(a) Impact of new or amended IFRS

RENK has implemented all accounting standards endorsed by the EU effective from January 1, 2024, and relevant to RENK.

In its classification of liabilities as short-term or long-term, as well as short-term liabilities with covenants, RENK takes into account the amendments to IAS 1. These amendments specify certain requirements for determining whether a liability should be classified as short-term or long-term, and prescribe which disclosures are required for long-term loan liabilities that are subject to covenants within 12 months after the reporting period.

It is clarified that, in order to be classified as long-term, the company must have the right at the balance sheet date to defer the fulfillment of the obligation by at least one year after the balance sheet date. For liabilities with covenants, the IASB clarifies that only ancillary conditions that must be met before or on the balance sheet date can have an impact on the classification as short or long-term. Specific notes are required for secondary conditions that must only be complied with after the balance sheet date (such as general information about the covenants, the carrying amount of the liability, and circumstances that indicate that the covenants are not being complied with). The factors to be taken into account include the conditions at the balance sheet date, compliance or non-compliance with the covenants as well as significant uncertainties. This should enable the recipient of the financial statements to assess the extent to which long-term liabilities could be repaid within 12 months. For further details, please refer to *Notes 4. Financial risk management and financial instruments and 24. Financial liabilities* in the explanations to the consolidated balance sheet.

In accordance with IFRS IC agenda decision from June 2024 “Disclosure of income and expenses for reportable segments (IFRS 8)”, RENK reports the cost of sales by segment. For further information, please refer to Note *27. Segment reporting*.

(b) Other IFRSs to be applied for the first time

The following amended regulations and accounting standards to be applied for the first time in fiscal year 2024 have no material impact on the presentation of the net assets, financial position and results of operations in the RENK consolidated financial statements:

New IFRS without material effect

Standard/Interpretation		**Mandatory application**
IAS 7, IFRS 7	Financing agreements for suppliers	January 1, 2024
IFRS 16	Adjustment of lease liabilities for sale and leaseback transactions	January 1, 2024

(c) New or amended IFRS not applied

RENK did not adopt the following accounting standards that have been adopted by the IASB but that are not yet effective for the fiscal year in the 2024 consolidated financial statements. However, they are under observation at RENK. The corresponding potential impacts and their materiality arise within the framework of the analyses carried out at RENK.

IFRS not applied or new IFRS

Standard/Interpretation		**Mandatory application**
IAS 21	Clarification of accounting for lack of exchangeability	January 1, 2025
IFRS 7	Extension of disclosure requirements for investments in equity instruments	January 1, 2026
IFRS 9	Derecognition of financial liabilities (settlement in cash using electronic payment systems)	January 1, 2026
IFRS 9	Classification of financial assets with special contractual terms that may change the timing or amount of the contractual cash flows	January 1, 2026
IFRS 18	Presentation and disclosures in the financial statements (introduction of three newly defined categories “operating, investing, financing” in the income statement)	January 1, 2027
IFRS 19	Specification of disclosure requirements to be applied instead of the disclosure requirements in other IFRSs for certain subsidiaries without public reporting requirements	January 1, 2027

Individual aspects regarding the future disclosure of income and expenses in RENK's consolidated income statement are currently being analyzed. It is therefore not yet possible to quantify the effects or to provide a final assessment of the resulting changes.

Notes to the Consolidated Income Statement

7. Revenue

RENK generates revenue through the sale of goods or services in the field of drive technology in the following geographical regions (by customer location):

Revenue by regions

in € thousands	2023 01.01.-31.12.	2024 01.01.-31.12.
Germany	246,220	312,313
Asia	185,249	265,181
America	216,551	256,519
Other EU countries	204,260	182,165
Other European countries	67,363	115,349
Africa	2,956	6,847
Australia and Oceania	2,902	2,130
	925,500	**1,140,504**

The revenue amounting to € 1,140,504 thousand up to December 31, 2024 (previous year: € 925,500 thousand), can be attributed to the following countries with a share of more than 10%: Germany € 312,313 thousand (previous year: € 246,220 thousand), USA € 233,425 thousand (previous year: € 195,896 thousand) and South Korea € 127,489 thousand (previous year: € 69,745 thousand).

The share of revenue, that was recognized over a period of time, amounts to 25 % in fiscal year 2024 (€ 287,322 thousand, previous year: € 234,813 thousand, 25 %).

Revenues were recorded on a point-in-time basis by December 31, 2024 in the amount of € 853,182 thousand (previous year: € 690,687 thousand).

The segment reporting shows how revenue breaks down by individual segment.

Contracts with customers resulted in the following contract balances:

Contract balances

in € thousands	December 31, 2023	December 31, 2024
Trade receivables	163,301	163,624
Contract assets	96,593	114,939
Contract liabilities	215,985	270,408

Contract assets consist of customer contracts where sales revenue is realized over a period of time and where the services provided have not yet been invoiced or have not yet been fully invoiced.

Contract liabilities result from the excess of received deposits and other customer payments compared to the services already provided.

The revenue for the reporting period, which was included in the opening balance of contract liabilities as of January 1, 2024, amounts to € 25,039 thousand (previous year: € 10,762 thousand).

In addition to the usual payment terms of a maximum of 90 days after performance, the terms of payment also include (pro rata) prepayments.

The performance obligations from customer contracts that have not yet been fulfilled or that have only been partially fulfilled are 2024 included in the order backlog at the transaction price of € 2,079,744 thousand (previous year: € 1,780,042 thousand) as of December 31. The recognition of the corresponding sales revenue is expected in the following fiscal years:

Transaction price of remaining performance obligations

in € thousands

	2024	**2025 to 2030**	**> 2030**
Transaction price of remaining performance obligations as of December 31, 2023	951,588	789,519	38,934
	2025	**2026 to 2031**	**> 2031**
Transaction price of remaining performance obligations as of December 31, 2024	1,138,627	857,291	83,825

8. Cost of sales, distribution expenses and general and administrative expenses

The cost of sales in the amount of € 860,789 thousand (previous year: € 716,812 thousand) includes the acquisition and production costs of the products sold. In addition to directly attributable material and production costs, they also include production-related overheads, including depreciation of production facilities.

The product-related expenses included in the cost of sales contains, among other things, research and development costs amounting to €28,985 thousand (previous year: €21,878 thousand)

The distribution expenses of € 61,805 thousand (previous year: € 51,748 thousand) comprise the cost of sales organization, including personnel and material expenses. The increase in distribution expenses corresponds to the increased business volume.

The general and administrative expenses in the amount of € 96,906 thousand (previous year: € 66,012 thousand) include partial personnel and material costs as well as other costs such as corporate management, accounting etc.. The general administrative expenses increased, particularly due to costs associated with the initial public offering, the development of corporate functions, and costs for optimization programs at the Muskegon, (MI), USA site.

9. Other income

Other income

in € thousands	2023 01.01.-31.12.	2024 01.01.-31.12.
Income from exchange rate changes and derivatives	5,545	5,605
Income from compensation agreements	396	2,288
Income from derecognition of debtor overpayment	26	551
Income from reversal of provisions	3,037	442
Income from asset disposals	101	31
Income from reimbursement of personnel costs	900	-
Income from prior-period	80	-
Miscellaneous other income	1,558	674
Total	**11,644**	**9,592**

Income from exchange rate changes and derivatives firstly includes gains from exchange rate changes between the origination and payment date of receivables and liabilities in foreign currency and realized and unrealized price gains from the measurement of derivatives.

The income from compensation agreements essentially includes refunds for quantities not collected from customer contracts.

The reimbursement of personnel costs from the previous year refers to COVID grants in the USA.

10. Other expenses

Other expenses

in € thousands	2023 01.01.-31.12.	2024 01.01.-31.12.
Expenses from exchange rate changes and derivatives	(6,319)	(4,181)
Addition to miscellaneous other provisions	(2,538)	(2,920)
Personnel expenses	(609)	(1,526)
Non-refundable expenses	(163)	(1,352)
Bonus supervisory board	(263)	(946)
Bank fees	(204)	(533)
Costs of the annual financial statements	(522)	(471)
Value adjustments	(221)	(75)
Losses from asset disposals	(241)	0
Other taxes	(346)	-
Miscellaneous other expenses	(1,700)	(1,137)
Total	**(13,126)**	**(13,140)**

The expenses from foreign exchange differences and derivatives include losses from exchange rate fluctuations between the time of origination and the time of payment of foreign currency receivables and payables, as well as realized and unrealized exchange rate losses from the valuation of derivatives.

Personnel-related expenses include severance payments for former employees. The other expenses include the expenses not allocated to the functional expenses – in particular, the cost of sales.

11. Interest expenses and other financial results

Interest expense

in € thousands	2023 01.01.-31.12.	2024 01.01.-31.12.
Interest expenses Term Loan B	-	(25,783)
Interest expenses on bonds	(29,219)	(6,166)
Guarantee commissions	(3,904)	(4,002)
Other interest and similar expenses	(2,719)	(5,325)
Interest cost on provisions and liabilities	(263)	(503)
Other loan interest	(3,695)	-
Total	**(39,800)**	**(41,779)**

For further explanations of the interest expense for bonds, Term Loan B and other loans, please refer to *Note* 24. *Financial liabilities* in the explanations to the consolidated balance sheet. This also takes into account the costs for the early redemption of the corporate bond, as well as the termination of the embedded derivative recognized in the balance sheet for the early repayment option of the corporate bond on December 31, 2023.

Other financial result

in € thousands	2023 01.01.-31.12.	2024 01.01.-31.12.
Income		
Income from currency translation	29,209	37,678
Other interest and similar income	4,155	3,708
Income from securities	4,493	1,521
Income from dividends	435	274
Expenses		
Expenses from currency translation	(34,922)	(20,060)
Reversal of transaction costs	-	(907)
Expenses from changes in fair value of derivatives	(4,963)	(916)
Changes from fair value of financial investments	(983)	(760)
Expenses from ineffectiveness of derivatives	-	(64)
Total	**-2,576**	**20,474**

The income and expenses from currency conversion essentially relate to effects from the valuation of foreign currency loans.

The income from securities refers to equity income from the trust assets of the pension fund.

In fiscal year 2024, RENK Transmisyon Sanayi A.S., Istanbul, Turkey, paid dividends amounting to € 274 thousand (previous year: RENK U.A.E. LLC € 435 thousand).

12. Income tax expenses

Income tax expense/income

in € thousands	2023 01.01.-31.12.	2024 01.01.-31.12.
Current income taxes	**(28,818)**	**(38,134)**
of which attributable to previous periods	(580)	110
Deferred taxes	**14,558**	**(1,803)**
of which from temporary differences	14,707	(1,848)
from loss and interest carryforwards and tax credits	(149)	45
Income tax expense (-)/income (+)	**(14,260)**	**(39,937)**

The combined tax rate for the 2024 tax period for the German tax group amounts to 31.95 % (previous year: 31.95 %) in relation to the profit/loss before tax. The tax rate takes into account the trade tax of 16.13 % (previous year: 16.13 %) and, unchanged from the previous year, the German corporate income tax of 15.00 % and the solidarity surcharge of on 5.50 % the German corporate income tax.

For the calculation of the expected tax expenses in the tax reconciliation, the tax rate determined for RENK by the German corporate tax authority of 31.95 % is used.

The applicable local tax rates for foreign companies vary between 5.00 % and 26.50 % (previous year: 20.79 % and 26.50 %).

Transition from expected to actual tax expense:

Expected current income taxes

in € thousands	2023 01.01-31.12.	in %	2024 01.01-31.12.	in %
Profit (+) / loss (-) before tax	**46,582**	**100**	**94,702**	**100**
Expected tax expense	**(14,883)**	**(32)**	**(30,257)**	**(32)**
Difference due to changes in tax rates	1,723	4	(1,097)	(1)
Tax-free income	511	1	1,111	1
Non-deductible expenses	(1,488)	(3)	(5,892)	(6)
Effects from permanent accounting deviations	406	1	(19)	-
Effects from change in recognition of deferred tax assets	(817)	(2)	(3,486)	(3)
Effects from use of tax credits not capitalized in the previous year	1,313	3	362	-
Effects from foreign taxes	(330)	(1)	(352)	-
Taxes for previous years and other	(74)	-	389	-
Other effects	(621)	(1)	(696)	(1)
Profit (+) / loss (-)	**(14,260)**	**(31)**	**(39,937)**	**42**

The effects from the tax rate deviation are mainly due to the differences between the Group tax rate and the national tax rate for expected taxes as well as the effect of deviations from the average deferred tax rate.

The non-deductible expenses relate in particular to trade tax additions and non-deductible interest expenses.

Deferred taxes on the remeasurement from defined benefit plans and on the change in the fair value of hedging transactions are recognized in other comprehensive income.

The deferred taxes are allocated to the following balance sheet items:

Deferred taxes 2024

	Status as of January 1, 2024		Current period			Status as of December 31, 2024	
in € thousands	Deferred tax assets	Deferred tax liabilities	Recognized in the income statement	Recognized in other compre-hensive income	Recognized in Goodwill	Deferred tax assets	Deferred tax liabilities
Intangible assets	18,630	(54,005)	5,837	1,171	-	19,148	(47,515)
Property, plant and equipment	1,251	(32,812)	477	(337)	-	581	(32,002)
Other equity investments and financial investments	-	(149)	109	-	-	-	(40)
Inventories	20,168	(154)	10,043	77	-	30,230	(96)
Receivables and other assets	216	(18,910)	(9,342)	23	-	857	(28,870)
Pensions and similar obligations	22,134	(6,070)	2,416	(1,124)	-	22,394	(5,038)
Liabilities and other provisions	11,264	(16,136)	(10,953)	1,891	-	11,091	(25,025)
Loss carryforwards	-	-	45	-	-	45	-
Deferred taxes (before offsetting)	**73,663**	**(128,236)**	**(1,368)**	**1,701**	**-**	**84,346**	**(138,586)**
Offsetting	(55,282)	55,282	-	-	-	(61,360)	61,360
Deferred taxes (after offsetting)	**18,381**	**(72,954)**	**(1,368)**	**(1,701)**	**-**	**22,986**	**(77,226)**
Valuation allowance - other	(142)	-	(435)	(17)	-	(594)	-
Deferred taxes (net)	**18,239**	**(72,954)**	**(1,803)**	**1,684[1]**	**-**	**22,392**	**(77,226)**

[1] of which exchange rate changes recognized directly in equity € 1,049 thousand

Deferred taxes 2023

	Status as of January 1, 2023		Current period			Status as of December 31, 2023	
in € thousands	Deferred tax assets	Deferred tax liabilities	Recognized in the income statement	Recognized in other compre-hensive income	Recognized in Goodwill	Deferred tax assets	Deferred tax liabilities
Intangible assets	10,475	(53,491)	16,072	(829)	(7,602)	18,630	(54,005)
Property, plant and equipment	767	(31,038)	(1,502)	54	158	1,251	(32,812)
Other equity investments and financial investments	-	(561)	381	(4)	35	-	(149)
Inventories	8,785	(416)	11,250	(24)	419	20,168	(154)
Receivables and other assets	93	(14,253)	(4,511)	(23)	-	216	(18,910)
Pensions and similar obligations	12,270	-	1,144	2,650	-	22,134	(6,070)
Liabilities and other provisions	20,809	(17,724)	(7,983)	(41)	67	11,264	(16,136)
Loss carryforwards	148	-	(149)	1	-	-	-
Deferred taxes (before offsetting)	**53,347**	**(117,483)**	**14,702**	**1,784**	**(6,923)**	**73,663**	**(128,236)**
Offsetting	(39,629)	39,629	-	-	-	(55,282)	55,282
Deferred taxes (after ofsetting)	**13,718**	**(77,854)**	**14,702**	**1,784**	**(6,923)**	**18,381**	**(72,954)**
Valuation allowance - other	-	-	(144)	2	-	(142)	-
Deferred taxes (net)	**13,718**	**(77,854)**	**14,558**	**1,786[1]**	**(6,923)**	**18,239**	**(72,954)**

[1] foreign exchange movements recognized as having no impact on profit or loss decreased to € 878 thousand

In the fiscal year, € 45 thousand of deferred tax assets were recognized on unused tax losses (previous year: € 0 thousand).

Unrecognized deferred tax assets:

Unrecognized deferred tax assets

	2023		2024	
in € thousands	Gross amount	Tax effect	Gross amount	Tax effect
Deductible temporary differences	670	141	2,724	595
Interest carried forward	-	-	33,927	8,204
Tax Credits	-	-	166	166
Tax losses				
Domestic corporate tax losses	7,820	1,237	18,111	2,866
Domestic trade tax losses	8,403	1,355	18,394	2,966
Foreign tax losses	4,222	887	21,540	1,104

The tax loss carryforwards that have not been recognized will expire as follows:

Expiry of non-utilizable tax loss carryforwards

	2023			2024		
in € thousands	Corporate income tax	Trade tax	Abroad	Corporate income tax	Trade tax	Abroad
Within 1 year	-	-	-	-	-	8,411
Within 2 - 5 years	-	-	-	-	-	696
Within 6 - 9 years	-	-	-	-	-	-
Within 10 - 14 years	-	-	2,083	-	-	9,880
Within 15 - 20 years	-	-		-	-	-
Unlimited in time	7,820	8,403	2,139	18,111	18,394	2,553
Total	**7,820**	**8,403**	**4,222**	**18,111**	**18,394**	**21,540**

No deferred taxes were accrued for taxable temporary differences from retained earnings in connection with shares in affiliated companies (outside basis differences) amounting to € 18,641 thousand (previous year: € 13,922 thousand), as a reversal of these differences is not expected in the foreseeable future.

Global minimum taxation

The parent company of RENK is based in Germany, which has implemented the new legislation on global minimum taxation, effective for fiscal years beginning after December 30, 2023. RENK has tested the CbCR safe harbor transitional rules or the necessary adjustments provided for in the legislation, based on RENK's financial and tax data for the year 2024. On this basis, all countries in which RENK operates, with the exception of the United Arab Emirates, have been exempt from the supplementary tax. As an additional tax of € 95 thousand is expected for the United Arab Emirates, a provision of this amount has been made. RENK has taken advantage of a temporary, binding exemption from the recognition of deferred taxes for the effects of the supplementary tax and recognizes it as an actual tax when it is incurred.

13. Other income statement disclosures

(a) Share-based payment

As of December 31, 2024, the Group has the long-term incentive program in place for members of the Management Board and selected managing directors described below.

Following the listing in the fiscal year, a long-term incentive plan (LTI) was designed for RENK Group AG. This is intended to ensure a long-term and sustainable orientation of the compensation, thereby meeting the rules of the legislator (Stock Corporation Act and German Corporate Governance Code, “Aktiengesetz und Deutsche Corporate Governance Kodex”).

The LTI is based on the granting of so-called Performance Share Units (PSU). On this basis, the beneficiaries are granted virtual shares in the business. RENK has the right to choose whether to fulfill the claims arising from the LTI in cash or in shares. It is intended to exercise this right to choose in favor of fulfillment in shares.

In fiscal year 2024, a total of 118,303 performance share units (PSUs) were granted. Of these, 51,414 expired by December 31, 2024. As of December 31, 2024, some 66,889 PSUs are still outstanding.

The commitments made to the beneficiaries are subject to the following conditions. The number of PSUs issued is determined based on an individually defined target amount. To determine the number of PSUs granted, the target amount is divided by the average share price of RENK Group AG, rounded to two decimal places, in the last 30 trading days before the start of a four-year performance period beginning on January 1 of the respective allocation year. If the beneficiary voluntarily leaves the company before the end of the performance period, the target amount will be reduced proportionately. In order for the PSUs awarded under the LTI to be valuable after the end of the performance period, predefined target ranges must be achieved for the success criteria of Adjusted Earnings per Share, Order Intake and Sustainability. The overall target achievement rate is calculated as the sum of the individual target achievement rates, each weighted according to its importance. After the performance period has ended, the number of definitively allocated PSUs is determined by multiplying the preliminary number of granted PSUs by the overall target achievement rate. The Supervisory Board may, at its discretion, decide to settle the claim arising from the PSU in cash or in shares. In the event of payment in cash, the final number of PSUs is multiplied by the share price of RENK Group AG in the last 30 trading days before the end of the performance period. If payment is made in shares, the final number of PSUs corresponds to the number of Shares of RENK Group AG owed. The resulting profit is in both cases limited to a maximum of 250 % of the promised target amount.

RENK determines the fair value of a PSU on the grant date by replicating its return profile. The return profile of a PSU can be replicated via a share of RENK Group AG and a call option with a strike price of 250% of the allocation share price (corresponding to the cap limit). The Black-Scholes model is used for the valuation. Since the RENK share does not yet have a sufficient time series, the volatility of the share price that flows into the valuation model is determined on a maturity-matched basis using a peer group.

With the intended exercise of the right to choose in favor of an equity settlement and the absence of a current obligation to settle in cash, the designed LTI is to be treated as an equity-settled, share-based payment in accordance with the provisions of IFRS 2.10 to 29. According to IFRS 2.7, RENK must record an increase in equity equal to the value of the resources received. The increase in equity is recorded in the capital reserves.

The goods or services received must be recognized as an asset in the counter entry, provided that they meet the relevant recognition criteria for assets. Since work performance is not considered for recognition as an asset, IFRS 2.8 stipulates that it should be recorded as an expense. The following parameters were used to determine the fair values at the grant date:

Parameters for determining the fair value on the grant date

	22.01.2024	26.06.2024	26.10.2024	21.11.2024
Allocation interest rate	24.10	24.10	24.10	24.10
Share price on the grant date	17.50	25.96	19.33	20.52
Volatility (weigthed average in %)	37.32	31.11	31.00	31.62
Term (in years)	3.94	3.52	3.18	3.11
Expected dividends (in %)	-	-	-	-
Risk-free interest rate (based on government bonds in %)	2.23	2.54	2.01	2.01
Fair value on the grant date	16.93	24.96	19.15	20.27

The total expense for LTI in fiscal year 2024 amounted to € 884 thousand (previous year: € 0 thousand). At the end of the year, a total of € 884 thousand (previous year: € 0 thousand) was allocated to the capital reserves for the LTI.

(b) Further disclosures regarding the income statement

The depreciation and amortization are as follows:

Amortization and impairment of intangible assets and property, plant and equipment

in € thousands	2023 01.01.-31.12.	2024 01.01.-31.12.
PPA amortization	46,900	43,939
Operational amortization	31,700	33,093
Amortization and impairment of intangible assets and property, plant and equipment	**78,600**	**77,032**

Staff costs breakdown as follows:

Personnel expenses

in € thousands	2023 01.01.-31.12.	2024 01.01.-31.12.
Wages and salaries	251,287	283,476
Social security contribution and expenses for pensions	45,654	54,634
Total	**296,941**	**338,110**

In accordance with the simplification rule for the recognition of leases, during the reporting period, short-term leases amounting to € 703 thousand (previous year: € 526 thousand) and low-value leases amounting to € 511 thousand (previous year: € 259 thousand) were recognized directly as expenses. Low-value leases comprise exclusively long-term contracts.

Explanations of the Group Balance Sheet

14. Business Combinations

In fiscal year 2024, the following companies were included in the basis of consolidation:

- RENK Korea Co. Ltd., Busan, South Korea (January 1, 2024)
- Schelde Gears B.V., Vlissingen, Netherlands (January 1, 2024)
- RENK UAE LLC, Abu Dhabi, United Arab Emirates (January 1, 2024)
- RENK Italia S.r.l., Milan, Italy (newly founded on June 5, 2024)
- RENK America Marine & Industry LLC, Wilmington (DE), USA (newly founded on December 11, 2024)

Effective February 28, 2025, RENK America LLC, Muskegon (MI), USA, has acquired selected assets of Midwest Gear & Tool Inc., Roseville (MI), USA. Midwest Gear & Tool Inc. is a supplier of gears, which RENK America LLC uses as pre-products for transmission production. With this acquisition, RENK also intends to ensure the availability of production-critical pre-products in the future.

The acquisition includes selected property, plant and equipment and inventories. The purchase price amounts to € 5.8 million. The purchase price was settled using cash and cash equivalents, as well as the set-off of deposits already made amounting to € 0.4 million. A leasing agreement has been concluded with RENK America LLC for the continued use of the production building of Midwest Gear & Tool Inc.

At the time of acquisition on February 28, 2025, the fair values of the acquired assets of Midwest Gear & Tool Inc. were determined based on internal and external assessments. The long-term assets include the acquired property, plant and equipment amounting to € 2.9 million, as well as a right of use resulting from the concluded lease agreement for the production building amounting to € 0.6 million. The short-term assets amounting to € 3.3 million are entirely attributable to inventories. In addition, a lease liability of € 0.6 million is recognized in the balance sheet due to the concluded lease agreement.

The valuation of the acquired assets at fair value at the time of acquisition is currently being prepared. Due to the described temporal proximity, no reliable information can yet be provided in accordance with IFRS 3 B64(m) and IFRS 3 B64(q), as this information was not fully available at the time the financial statements were approved for publication.

15. Intangible assets

Intangible assets

in € thousands	Licenses, software and similar rights	Goodwill	Other intangible assets	Total
As of January 1, 2023	**79,962**	**79,248**	**229,743**	**388,954**
Additions	740	-	797	1,537
Reclassifications	962	-	(60)	902
Disposals	(93)	-	-	(93)
Depreciation/amortization	(9,123)	-	(32,832)	(41,955)
Addition to scope of consolidation	11	15,319	27,557	42,887
Currency adjustment	(1,777)	(1,532)	(5,008)	(8,317)
As of December 31, 2023	**70,682**	**93,034**	**220,198**	**383,914**
Additions	7,500	1,076	24	8,600
Reclassifications	20	-	(344)	(324)
Disposals	(3)	-	(799)	(802)
Depreciation/amortization	(9,164)	-	(32,306)	(41,470)
Addition to scope of consolidation	-	1,312	-	1,312
Currency adjustment	2,556	2,412	4,331	9,299
As of December 31, 2024	**71,591**	**97,834**	**191,104**	**360,529**
Gross carrying amount on December 31, 2024	116,245	97,834	350,226	564,305
Cumulative depreciation/amortization and impairment losses	(44,654)	-	(159,122)	(203,776)

The other intangible assets include values for trademarks amounting to € 29,138 thousand (previous year: € 30,988 thousand), customer relationships amounting to € 117.018 thousand (previous year: € 131.146 thousand) and other intangible assets from the company mergers in previous financial years. The amortisation of intangible assets is included in the cost of sales in particular.

The impairment test of the carrying amount of goodwill or intangible assets at RENK is subject to an annual impairment test at the level of the Group of the cash-generating units to which they belong.

The business or company assets acquired through business combinations were allocated to the VMS and SB segments. Impairment testing is performed at the level of these groups of cash-generating units.

The goodwill resulting from the acquisition of General Kinetics has been fully allocated to the VMS segment.

Please refer to 3(d) Intangible assets in the accounting principles.

The recoverable amount of the respective business segments is determined by calculating the value in use. The values in use of the cash-generating groups and cash-generating units exceeded the allocated net assets in each case. The calculation is based on forecasts of cash flows for the next four years and a subsequent perpetual annuity. The table below shows the main assumptions on which the calculation of the values in use in both segments is based:

Goodwill Impairment Test

in %	Vehicle Mobility Solutions[1] 2023	Slide Bearings 2023	Vehicle Mobility Solutions 2024	Slide Bearings 2024
Discount rate	12.4	12.8	11.0	11.7
Sustainable growth rate	1.0	1.0	1.0	1.0
Planned EBIT growth rate (average for next three years)	24.5	20.5	23.1	17.2

[1] The former Test Systems division was assigned to the WMS segment as part of the reorganization in 2023.

With regard to price and cost increases, development is assumed to be in line with general inflation levels.

In determining the pretax discount rate (weighted average cost of capital (WACC)), the cost of equity and debt was based on a segment-specific peer group. These entities have similar business and product portfolios and thus comprise the most important national and international competitors. The weighting of the equity and debt cost rates was carried out for each cash-generating unit on the basis of the average levels of indebtedness of the peer group. Depending on the country, a risk-free interest rate of between 0.4 % and 4.8 % was applied (previous year: 2.5 % and 4.5 %).

The cash flow forecasts, which are based on the approved plans of the supervisory board, contained specific estimates for four years and an eternal growth rate thereafter. The sustainable growth rate was calculated based on an estimate by the management. The key factors driving cash flows in the planning phase are rising sales in virtually all segments, driven in particular by higher demand in key product groups.

Irrespective of the current and assumed economic situation, a sensitivity analysis on the value of the business or company value in the segments was carried out, in line with the previous year. The effects of the following scenarios were examined:

- Increase in the discount rate (after taxes) by 2.5 percentage points.
- Reduction of the growth rate in the perpetual annuity to 0 %.
- Reduction of the cash flows used by 25 %.

The sensitivity analyses showed that with these assumptions, too, there is currently no need to recognize impairment of goodwill in any segment.

Goodwill was as follows:

Goodwill reconciliation

in € thousands	Vehicle Mobility Solutions	Slide Bearings	Total
Carrying amount as of January 01, 2023	**71,316**	**7,933**	**79,249**
Additions	15,319	-	15,319
Currency translation differences	(1,532)	-	(1,532)
Carrying amount of goodwill as of December 31, 2023	**85,103**	**7,933**	**93,036**
Additions	2,385	-	2,385
Currency translation differences	2,413	-	2,413
Carrying amount of goodwill as of December 31, 2024	**89,901**	**7,933**	**97,834**

The acquisition in fiscal year 2024 concerns, among other things, the disclosure of hidden reserves of the previously non-consolidated subsidiary Schelde Gears B.V., Vlissingen, Netherlands. The acquisition in fiscal year 2023 related to the consolidation of Horstman Canada Inc., Brampton, in the amount of € 9,719 thousand and to the disclosure of hidden reserves of previously unconsolidated subsidiary in the amount of € 5,600 thousand.

16. Property, plant and equipment

Property, plant and equipment

in € thousands	Land and buildings	Right-of-use assets on land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Right-of-use assets on other equipment, operating and office equipment	Prepayments and assets under construction	Total
As of January 1, 2023	**142,853**	**5,271**	**144,023**	**14,814**	**389**	**15,631**	**322,981**
Additions	1,238	2,841	5,632	4,069	431	15,573	29,786
Reclassifications	429	-	7,674	456	-	(9,461)	(901)
Disposals	(18)	(2)	(2,355)	(824)	(167)	-	(3,366)
Depreciation/amortization	(5,552)	(2,196)	(21,159)	(5,820)	(286)	-	(35,013)
Cumulative depreciation/amortization on disposals	18	1	2,323	770	143	-	3,255
Addition to scope of consolidation	283	1,494	270	983	-	194	3,224
Currency adjustment	(566)	31	(116)	(6)	(1)	(287)	(948)
As of December 31, 2023	**138,685**	**7,440**	**136,292**	**14,442**	**509**	**21,650**	**319,018**
Additions	286	7,922	7,842	5,094	474	10,152	31,770
Reclassifications	1,540	-	9,647	(427)	-	(10,442)	318
Disposals	-	(481)	(47)	(964)	(223)	(10)	(1,725)
Depreciation/amortization	(5,425)	(2,839)	(21,759)	(5,191)	(349)	-	(35,563)
Cumulative depreciation/amortization on disposals	-	304	35	955	207	-	1,501
Addition to scope of consolidation	34	639	669	314	-	-	1,656
Currency adjustment	1,416	295	1,222	(7)	10	821	3,757
As of December 31, 2024	**136,536**	**13,280**	**133,901**	**14,216**	**628**	**22,171**	**320,732**
Gross carrying amount as of December 31, 2024	209,845	22,903	361,342	59,684	1,221	22,171	677,166
Cumulative depreciation/amortization and impairment losses	(73,309)	(9,623)	(227,441)	(45,468)	(593)	-	(356,434)

Depreciation on property, plant and equipment is included in the functional expenses, in the cost of sales in particular. The leases reported as right-of-use assets include the rental of buildings and warehouse space, as well as vehicle leasing contracts. In the current fiscal year, the total cash outflows for the right-of-use assets currently amount to € 2,111 thousand (previous year: € 2.237 thousand).

The acquisitions from non-consolidated companies relate to acquisitions from the newly consolidated companies Schelde Gears B.V., RENK U.A.E. LLC and RENK Korea Co. Ltd.

17. Inventories

Inventories

in € thousands	December 31, 2023	December 31, 2024
Raw materials, consumables and supplies	83,875	152,299
Finished goods and work in progress	236,677	227,970
Prepayments for inventories	5,675	10,970
Total	**326,227**	**391,239**

The consumption of inventories amounting to € 692,487 thousand (previous year: € 578,994 thousand) is included within the cost of sales for the reporting period.

In the fiscal year, impairments on inventories were recorded in the amount of € 3,242 thousand (previous year: reversal of impairment loss € 1,029 thousand).

18. Trade receivables

Trade receivables break down as follows:

Trade receivables

in € thousands	December 31, 2023	December 31, 2024
Customer receivables	146,567	152,684
Receivables from affiliated, non-consolidated entities	6,255	46
Receivables for customer advances	10,479	10,894
Total	**163,301**	**163,624**

19. Contract assets

The contract assets have developed as follows:

Contract assets

in € thousands	December 31, 2023	December 31, 2024
As of January 1	**83,534**	**96,593**
Additions and disposals	15,990	13,439
Addition to scope of consolidation	-	641
Change in loss allowance	(15)	(2,078)
Currency changes	(2,916)	6,344
As of December 31	**96,593**	**114,939**

The acquisition of the basis of consolidation concerns RENK U.A.E. LLC.

20. Other financial assets and other receivables

Other financial assets and other receivables

	December 31, 2023			December 31, 2024		
in € thousands	Short-term	Long-term	Total	Short-term	Long-term	Total
Restricted cash	6,431	-	6,431	1,218	-	1,218
Receivables from loans	-	319	319	-	-	-
Derivative financial instruments	344	42	386	176	-	176
Miscellaneous other financial assets	17,587	6	17,593	5,521	99	5,620
Other financial assets	**24,362**	**367**	**24,729**	**6,915**	**99**	**7,014**
Deferred assets	5,569	-	5,569	7,729	-	7,729
Other tax assets	2,682	-	2,682	2,033	-	2,033
Receivables from surplus plan assets	1,341	3,539	4,880	4,872	8,316	13,188
Commission claims	1,042	535	1,577	-	-	-
Miscellaneous other receivables	4,950	684	5,634	4,368	4,358	8,726
Other receivables	**15,584**	**4,758**	**20,342**	**19,001**	**12,674**	**31,675**
Total	**39,946**	**5,125**	**45,071**	**25,916**	**12,773**	**38,689**

The restricted cash essentially comprises cash collateral for bilateral standby credit lines.

Derivative financial instruments are carried at fair value. They are used to hedge currency risks on customer orders and other foreign exchange positions.

The segregated assets essentially comprise prepayments for maintenance contracts and licenses.

The commission claims for the previous year included advance payments for ongoing projects.

The claims for reimbursement against the shareholder Rebecca BidCo S.à r.l. included in the other accounts payable in the previous year were settled in fiscal year 2024.

21. Total equity

For details, please refer to the *Group statement of changes in equity*.

As of December 31, 2024, RENK Group AG had a share capital of € 100,000 thousand and capital reserves of € 172,674 thousand.

By resolution of the shareholders on August 9, 2023, and entry in the Commercial Register on August 23, 2023, the company's subscribed capital was € 100,000 thousand increased by € 99,975 thousand, from € 25 thousand.

The subscribed capital of the company in the amount of € 100,000 thousand was converted into the share capital of the company transformed into a joint-stock company. The previous shares were replaced by a total of 100,000,000 no-par value shares, each of which represents an amount of € 1.00 of the share capital. The shares are registered in the name of the holder. Each no-par value share entitles the holder to one vote at the Annual General Meeting.

By resolution of the Annual General Meeting on September 18, 2023, the Executive Board of RENK Group AG was authorized, with the approval of the Supervisory Board, to issue, on one or more occasions, in the period up to September 17, 2028, option or convertible bond terms and conditions to be determined by the holder or the owner, option or convertible bond terms and conditions to be determined by the convertible bonds and profit participation option or convertible bond terms and conditions to be determined by the convertible bonds and profit participation rights with option or conversion rights in the total nominal amount of up to € 50,000,000.00 (in words: fifty million euros) with a limited or unlimited term and to grant the holders or creditors of debt securities option or convertible bond terms and conditions to be determined by conversion rights for up to 50,000,000 new shares of the company with a pro rata amount of the share capital of up to € 1.00 in accordance with the option or convertible bond terms and conditions to be determined by the Executive Board and/or to grant profit participation rights conditions.

In accordance with the Articles of Association, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the company once or several times by up to a total of € 50,000 thousand by issuing up to 50,000,000 new bearer no-par value shares against cash or noncash contribution (Authorized Capital) by September 10, 2028. The Executive 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 the authorized capital.

By resolution dated September 20, 2023, Rebecca BidCo S.à r.l. made a voluntary deposit equal to the outstanding repayment claim of a loan granted in 2020 (€ 45,090 thousand). The deposit was to be recorded in the company's capital reserves in accordance with Section 272 para. 2 No. 4 of the German Commercial Code.

In connection with the IPO on February 7, 2024, claims for reimbursement of transaction costs against the shareholder amounting to € 4,949 thousand (previous year: € 1,946 thousand) were recognized directly in equity as at December 31, 2024.

Due to the long-term incentive plan approved by the Supervisory Board of RENK in the fiscal year, which is expected to be settled in shares, RENK will record an increase in equity of € 884 thousand in capital reserves as of December 31, 2024.

At the Annual General Meeting on June 26, 2024, it was decided to distribute one dividend in the amount of € 0.30 per share (total € 30,000 thousand). The payout was made on July 1, 2024.

In fiscal year 2024, the free capital reserves of RENK Group AG in the amount of € 55,000 thousand (previous year: € 31,868 thousand) was released and transferred to retained earnings.

The Executive Board proposes to use the retained earnings of the individual financial statements of RENK Group AG as of December 31, 2024, in the amount of € 42,000 thousand to distribute a dividend of € 0.42 one dividend-bearing no-par value share.

Capital management

Financial control at RENK is exercised centrally by the largest operating company in the Group, RENK GmbH. Cash and cash equivalents are generally procured centrally and distributed within the Group. The aim of strategic capital management is to maintain a balanced capital structure that ensures both financial flexibility and the ability to finance growth opportunities. These measures are designed to ensure a sustainable increase in the value of the company, the safeguarding of sufficient liquidity and the maintenance of the group's creditworthiness. Improving profitability and the resulting increase in the return on capital employed is a priority in all business decisions.

In addition to liquidity management and group financing, capital management also includes the management of interest rate and currency risks.

In order to maintain or adjust the capital structure, the Group can adjust the amount of dividends distributed to shareholders, repay capital, issue new shares or sell assets to reduce debt. New shares may be issued under the conditions listed above.

In line with other companies in the industry, the Group monitors capital on the basis of the calculated leverage. The calculated leverage is also the main condition for compliance with financial covenants in connection with the long-term syndicated loan agreement. This showed a decrease in net debt in 2024 compared to 2023. Net debt was reduced to 1.7x adjusted EBITDA (2023: 2.4x).

Compared to the previous year, capital management has changed on the basis of refinancing. Please refer to note *24. Financial liabilities*.

22. Pension obligations and similar obligations

RENK grants its employees retirement benefits in accordance with the country-specific circumstances in the form of defined benefit or defined contribution pension plans.

In defined contribution plans, contributions are paid to state or private pension funds on the scope of legal or contractual regulations. In addition to the payment of the contribution, there are no further performance obligations.

The current contribution payments for the defined contribution pension plans are reported as expenses for the respective year. They amounted to a total € 18,009 thousand in 2024 (previous year: € 15,769 thousand).

The following amounts have been recorded in the balance sheet for performance-based pension obligations:

Pensions

in € thousands	2023	2024
Present value of externally financed obligations	182,232	192,741
Plan assets at fair value	(191,954)	(203,680)
Funding status on December 31	**(9,722)**	**(10,939)**
Present value of unfunded obligations	403	401
Total	**(9,319)**	**(10,538)**
of which provisions for pension obligations	1,952	2,650
of which over-collateralization IAS 19.64a	(11,217)	(13,188)
of which asset ceiling IAS 19.64b	(6,391)	-
of which net defined benefit asset	(4,880)	(13,188)

The change in the asset ceiling of € 6,391 thousand (previous year: € 3,793 thousand) is fully recorded in the cumulative remaining total equity except for the interest effect and currency differences.

The development of the present value of externally financed obligations and plan assets is shown in the following tables:

IAS 19 development 2024

	Present value of the obligation	Fair value of plan assets	Delta	Impact of asset ceiling	Net carrying amount
Jan 1, 2024	**182,636**	**191,920**	**(9,284)**	**6,391**	**(2,893)**
Service cost	7,911	-	7,911	-	7,911
Interest expense / (interest income)	4,765	4,992	(226)	95	(131)
Total income recognized in profit or loss	**12,677**	**4,992**	**7,685**	**95**	**7,780**
Actuarial gains (-)/losses (+) from changes in demographic assumptions	(1,634)	-	(1,634)	-	(1,634)
Actuarial gains (-)/losses (+) from changes in financial assumptions	2,162	-	2,162	-	2,162
Actuarial gains (-)/losses (+) from experience adjustments	2,633	-	2,633	-	2,633
Actuarial gains (-)/losses (+) due to changes in plan assets	-	5,280	(5,280)	-	(5,280)
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	(6,432)	(6,432)
Total amount recognized in other comprehensive income	**3,161**	**5,280**	**(2,119)**	**(6,432)**	**(8,551)**
Foreign exchange rate differences	(946)	(920)	(26)	(54)	(80)
Contributions:					
Employer	-	3,545	(3,545)	-	(3,545)
Employee contributions	1,847	1,022	825	-	825
Performance payments	(9,163)	(5,124)	(4,039)	-	(4,039)
Other	2,931	2,931	-	-	-
Dec 31, 2024	**193,142**	**203,680**	**(10,538)**	**-**	**(10,538)**

IAS 19 development 2023

	Present value of the obligation	Fair value of plan assets	Delta	Impact of asset ceiling	Net carrying amount
Jan 1, 2023	**163,211**	**173,897**	**(10,687)**	**10,184**	**(503)**
Service cost	5,685	-	5,685	-	5,685
Interest expense/(interest income)	5,333	5,690	(357)	239	(119)
Total income recognized in profit or loss	**11,018**	**5,690**	**5,328**	**239**	**5,566**
Actuarial gains (-)/losses (+) from changes in demographic assumptions	(188)	-	(188)	-	(188)
Actuarial gains (-)/losses (+) from changes in financial assumptions	7,910	-	7,910	-	7,910
Actuarial gains (-)/losses (+) from experience adjustments	2,853	-	2,853	-	2,853
Actuarial gains (-)/losses (+) due to changes in plan assets	-	6,026	(6,026)	-	(6,026)
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	(4,592)	(4,592)
Total amount recognized in other comprehensive income	**10,576**	**6,026**	**4,550**	**(4,592)**	**(43)**
Foreign exchange rate differences	2,884	3,315	(431)	560	129
Contributions:					
Employer	-	6,181	(6,181)	-	(6,181)
Employee contributions	1,689	962	727	-	727
Performance payments	(7,480)	(4,891)	(2,589)	-	(2,589)
Other	740	740	-	-	-
Dec 31, 2023	**182,636**	**191,920**	**(9,284)**	**6,391**	**(2,893)**

(a) Pension plans in Germany

As one of the essential elements of its remuneration policy, RENK provides its domestic employees with benefits under an occupational pension system for the time after their active working life. This provides reliable additional income on retirement and risk protection for disability and death.

Within the framework of the current pension schemes, active employees receive employer contributions linked to their remuneration and also have the option to make additional personal contributions through deferred compensation – which is employer-subsidized in the collective bargaining sector. The employer and employee-funded contributions and the income generated on the capital market from the investment of capital are used to build up pension capital during active service, which is paid out in retirement as a lump sum or in installments or, in certain cases, can be converted into an annuity. Employees' investment risks are gradually reduced with increasing age (lifecycle concept). The performance of the pension capital is derived from the return on the investments. In accordance with the statutory requirements, at least the amount of the contributions paid in for the employee is paid out on retirement.

Former employees, both pensioners and those who have left the company with vested benefits, have pension commitments from closed pension schemes which are predominantly aimed at granting lifelong pension payments. These commitments entail the usual longevity and inflation risks, which are regularly monitored and evaluated.

RENK Pension Trust e.V./WTW Pensionsfonds AG manages the RENK’s German pension assets. These assets are irrevocably unavailable to the RENK entities and must be used exclusively to fund current pension payments or for employee claims in the event of insolvency. The proper management and use of trust assets is monitored by independent trustees. WTW Pensionsfonds AG is also subject to the supervision of the German Federal Financial Supervisory Authority (BaFin).

The pension assets are invested by professional investment managers according to investment guidelines set by an Investment Committee. The strategic allocation of plan assets is based on asset liability management studies conducted at regular intervals.

(b) Pension plans outside Germany

In Switzerland, the defined benefit pension claims and the actuarial reserves are managed in industry-wide company pension institutions. Employees accrue pension capital with these institutions, which is then converted into a lifelong pension under the conditions prevailing at the time. The pension institutions are managed conservatively based on government regulations. If the claims are no longer covered by capital due to negative market developments, restructuring contributions can be levied from the affiliated employers and their employees.

(c) Funding status

The calculation of the present value of defined benefit obligations is based on the following assumptions:

Mathematical assumptions pension obligations

	Germany		Outside Germany	
in %	2023	2024	2023	2024
Discount rate as of December 31	3.10	3.30	1.61	1.18
Salary trend	3.20	3.20	2.70	2.60
Pension trend	2.20	2.20	0.00	0.00
Fluctuation rate	2.63	2.67	8.26	8.27

The biometric data is based on current mortality tables for each specific country. The 2018 G mortality tables by Prof. Klaus Heubeck were used for Germany and the BVG 2020 GT mortality tables for Switzerland.

The discount rates are generally determined on the basis of the yields for corporate bonds with a high credit rating, whose term and currency correspond to the respective obligations. Pension and pay trends either correspond to contractual adjustments or are based on those found in the general regulations applicable. Pay trends comprise expected wage and salary increases that also take into account increases resulting from career development.

The present value of defined benefit obligations developed as follows:

Present value of defined benefit obligations

in € thousands	2023	2024
Defined benefit obligation at start of period	163,211	182,635
Current service cost	5,685	7,911
Interest expense	5,333	4,765
Actuarial gains (–)/losses (+) due to changes in demographic assumptions	(188)	(1,634)
Actuarial gains (–)/losses (+) due to changes in financial assumptions	7,770	2,162
Actuarial gains (–)/losses (+) due to experience adjustments	2,853	2,633
Employee contributions to funds	1,689	1,847
Pension payments from company assets	(2,589)	(4,039)
Pension payments from fund	(4,891)	(5,124)
Other changes	740	2,931
Currency differences from plans abroad	3,024	(946)
Defined benefit obligation on December 31	**182,636**	**193,142**

Changes in the main actuarial assumptions would have had the following effects on defined benefit obligations:

Sensitivity of defined benefit obligation

		31.12.2023		31.12.2024	
Present value of defined benefit obligation if		**in € thousands**	**in %**	**in € thousands**	**in %**
Discount rate	+ 0,5 %-Change	175,832	(3.73)	186,229	(3.58)
	- 0,5 %-Change	190,233	4.16	200,915	4.02
Salary trend	+ 0,5 %-Change	182,991	0.19	193,598	0.24
	- 0,5 %-Change	182,276	(0.20)	192,697	(0.23)
Pension trend	+ 0,5 %-Change	187,091	2.44	197,746	2.38
	- 0,5 %-Change	178,544	(2.24)	188,919	(2.19)
Life expectancy	+ 1 year	186,796	2.28	197,463	2.24

The sensitivity analyses presented take into account the modification of one assumption, while the remaining assumptions remain unchanged compared to the original calculation; that is, possible correlation effects between the individual assumptions are not taken into account.

To examine the sensitivity of the present value of the defined benefit obligation to a change in the assumed life expectancy, the age of the beneficiaries was increased by one year as part of a comparative calculation.

The weighted average term to maturity (Macaulay duration) of the defined benefit obligations is eight years.

The defined benefit obligation is divided among the members of the plan as follows:

Present value of defined benefit obligation of members

in € thousands	2023	2024
Active members	91,423	107,137
Former members	12,519	13,170
Beneficiaries	78,694	72,834
Present value of defined benefit obligation	**182,636**	**193,142**

The maturity profile of the payments for the defined benefit obligation is shown below by breaking down the present value of the obligation by the maturity of the underlying payments:

Maturity present value of defined benefit obligation

in € thousands	2023	2024
Payment due		
within one year	8,327	8,075
between one and five years	41,759	46,464
more than five years	132,550	138,603
Present value of defined benefit obligation	**182,636**	**193,142**

The development of plan assets is shown by the table below:

Development of plan assets

in € thousands	2023	2024
Plan assets as of January 1	173,897	191,954
Interest income on plan assets – at the level of the actuarial interest rate	5,690	4,992
Actuarial gains/losses	6,400	5,280
Employer contributions to funds	6,181	3,545
Employee contributions to funds	962	1,022
Pension payments from fund	(4,891)	(5,124)
Other changes	740	2,931
Currency differences from plans abroad	2,975	(920)
Plan assets as of December 31	**191,954**	**203,680**

The investment of plan assets resulted in income of € 10,271 thousand (previous year: € 12,090 thousand), of which € 6,873 thousand (previous year: € 8,884 thousand) was attributable to plan assets in Germany and € 3,999 thousand (previous year: € 3,206 thousand) to plan assets abroad.

In the next fiscal year, the contributions by employer to plan assets will probably amount to € 6,923 thousand (previous year: € 6,181 thousand).

The plan assets are invested in the following categories:

Categories of plan assets

	Quoted price on an active market	No quoted price on an active market	Total	Quoted price on an active market	No quoted price on an active market	Total
in € thousands	31.12.2023			31.12.2024		
Cash and cash equivalents	2,285	-	2,285	3,114	-	3,114
Equity instruments	13,278	-	13,278	15,935	-	15,935
Debt instruments	17,602	-	17,602	18,659	-	18,659
Direct investments in real estate	-	18,527	18,527	-	20,039	20,039
Real estate funds	1,875	-	1,875	1,599	-	1,599
Other funds	131,062	-	131,062	136,443	-	136,443
Other	3,420	3,905	7,325	4,047	3,844	7,892
Plan assets at fair value	**169,522**	**22,432**	**191,954**	**179,797**	**23,883**	**203,680**

The trust assets of domestic companies invested in the mixed special funds are reported in the other funds.

The plan assets are invested to the tune of 67% (previous year: 68%) in domestic assets, 33% (previous year: 32%) in other European assets and less than 1% (previous year: 1%) in assets from other regions. In this context, no investments were made in the RENK bond, in debt instruments issued by the Group or in other assets that are leased to the Group.

(d) Expenses for pension obligations

The following amounts were recognized in the income statement:

Expenses for pension obligations

in € thousands	2023	2024
Current service cost	5,685	7,911
Net interest expense (+)/income (–)	(119)	(131)
Total	**5,566**	**7,780**

23. Other provisions

Other non-current and current provisions

in € thousands	Warranties	Outstanding costs	Obligations to employees	Miscellaneous other provisions	Total
As of January 1, 2024	**44,368**	**5,426**	**15,609**	**11,061**	**76,464**
Utilization	(5,123)	(2,485)	(7,398)	(3,683)	(18,689)
Addition	1,078	1,052	6,722	4,188	13,040
Addition to scope of consolidation	-	-	21	499	520
Reversal	(15,169)	(1,831)	(363)	(2,702)	(20,065)
Interest cost	(130)	-	232	6	108
Currency translation differences	72	(71)	(110)	(1)	(110)
As of January 1, 2024	**25,096**	**2,091**	**14,713**	**9,368**	**51,268**
Utilization	(1,272)	(870)	(5,356)	(4,089)	(11,587)
Addition	1,503	2,207	5,375	4,872	13,957
Addition to scope of consolidation	-	-	11	178	189
Reversal	(902)	(30)	(368)	(963)	(2,263)
Interest cost	(1)	-	224	-	223
Currency translation differences	10	-	251	68	329
As of December 31, 2024	**24,434**	**3,398**	**14,850**	**9,434**	**52,116**

The other provisions are broken down by maturity as follows:

Maturities other provisions

	December 31, 2023		December 31, 2024	
in € thousands	Non-current	Current	Non-current	Current
Warranties	2,469	22,626	2,443	21,991
Outstanding costs	-	2,091	-	3,398
Obligations to employees	7,314	7,398	7,815	7,035
Miscellaneous other provisions	1,214	8,155	1,869	7,565
Total	**10,997**	**40,270**	**12,127**	**39,989**

Provisions for warranties relate to legal and contractual warranty obligations and to goodwill towards customers. The timing of the utilization of provisions for warranties is dependent on the occurrence of the warranty claim and can extend over the entire warranty and goodwill period. Provisions are recognized here both for warranties on single-item production and as a lump sum for series production.

The provisions for outstanding costs include provisions for outstanding project services and invoices, as well as risks arising from customer contracts. Non-current obligations to employees relate in particular to partial retirement and anniversaries. Current obligations to employees primarily relate to provisions for severance payments and leave.

The remaining other provisions essentially relate to provisions for potential losses from onerous contracts as well as contractual penalties.

24. Financial liabilities

Financial liabilities

in € thousands	December 31, 2023	December 31, 2024
Bonds	521,245	-
Loan liabilities	-	515,461
Lease liabilities	6,261	11,703
Non-current financial liabilities	**527,506**	**527,164**
Bonds (current)	13,787	-
Liabilities from cash pool	2,598	115
Loan liabilities	-	3,362
Lease liabilities	2,203	2,909
Current financial liabilities	**18,588**	**6,386**
Total	**546,094**	**533,550**

On February 19 and 20, 2024, RENK completed the refinancing of the external capital side. The € 520,000 thousand corporate bond (5.75 % senior secured notes with maturity in 2025) was redeemed early on February 20, 2024, and replaced by a € 525,000 thousand term loan (TLB) from a banking consortium. The term loan has a term of 5 years, is subject to quarterly interest payments based on the three-month Euribor rate plus a margin of currently 2.75 % (within a covenant-dependent range of 1.50 % to 3.50 %). The term loan is supplemented by a multi-currency guarantee facility of € 450,000 thousand and a revolving credit facility of € 75,000 thousand, which remains unused for the time being. This was accompanied by the termination of the existing guarantee facilities under the Senior Facilities Agreement (SFA) 2020. The variable interest rate of the term loan was fixed for a large part of the corresponding volume for 3 years.

The loan liabilities outstanding as of December 31, 2022, towards Rebecca BidCo S.à r.l. were repaid on August 11, 2023, in the amount of € 50,000 thousand. By resolution dated September 20, 2023, Rebecca BidCo S.à r.l. made a voluntary contribution to the capital reserves equivalent to the outstanding repayment claim of € 45,090 thousand (for further details, please refer to Note 23. Total *equity* in the notes to the Group balance sheet).

The liabilities from cash pooling in fiscal year 2024 are owed to RENK Holding Inc. Canada (in the previous year they were owed to RENK Holding Inc. Canada and Schelde Gears B.V., which was included in the basis of consolidation in fiscal year 2024).

Regarding the disclosure of maturities, please refer to Note *4. Risk management and financial instruments* in the financial reporting principles.

RENK has established contractual agreements on financial covenants to promote sustainable corporate governance. The following information on the covenants is provided:

- The long-term syndicated loan agreement is subject to compliance with a financial covenant that relates to the consolidated net leverage ratio of 4.5. The net debt ratio is calculated quarterly as of the last day of the quarter based on the last 12 months. On the last testing day, December 31, 2024, this ratio was 1.7x, meaning that the covenant was met.
- The carrying amount of the associated liabilities amounts to € 515,461 thousand.
- The revolving credit facility, currently amounting to € 75,000 thousand, has not been drawn upon.
- In the event of a breach of obligations to comply with financial covenants, participating banks have the option to call in outstanding obligations on short notice.

As of the closing table date, no facts or circumstances are known that suggest difficulties in fulfilling the covenants. For information on potential risks in this context, please refer to the Management Report under “Opportunities and Risks”

The following table shows the changes in liabilities from financing activities:

Changes in Financial liabilities

in € thousands	Bonds	Loan liabilities	Lease liabilities	Liabilities from cash pool
As of January 1, 2022	**535,712**	**91,395**	**5,903**	**2,398**
Interest payments	(29,900)	-	-	-
Cash outflows from leasing	-	-	(2,237)	-
Cash-effective change in liabilities	-	(50,000)	-	200
Cash flows from financing activities	**(29,900)**	**(50,000)**	**(2,237)**	**200**
Effects of changes in foreign exchange rates	-	-	31	-
Addition of lease liabilities	-	-	3,436	-
Interest expense	29,220	3,695	(163)	-
Addition to scope of consolidation	-	-	1,494	-
Contribution to capital reserves	-	(45,090)	-	-
Non-cash changes in financial liabilities	**29,220**	**(41,395)**	**4,798**	**-**
As of January 1, 2024	**535,032**	**-**	**8,464**	**2,598**
Interest payments	(25,335)	(26,710)	-	-
Cash outflows from leasing	-	-	(2,111)	-
Cash-effective change in liabilities	-	-	-	115
Cash outflow from redemption of bonds	(520,000)	-	-	-
Proceeds from the raising of financial loans	-	519,750[1]	-	-
Cash flows from financing activities	**(545,335)**	**493,040**	**(2,111)**	**115**
Effects of changes in foreign exchange rates	-	-	304	-
Addition of lease liabilities	-	-	7,758	-
Disposal of lease liabilities	-	-	(192)	-
Interest expense	6,166	25,783	389	-
Addition to scope of consolidation	-	-	-	(2,598)
Derecognition of embedded derivatives	4,137	-	-	-
Non-cash changes in financial liabilities	**10,303**	**25,783**	**8,259**	**(2,598)**
As of December 31, 2024	**-**	**518,823**	**14,612**	**115**

[1] The actual deposit amount has been reduced by the transaction costs for additional credit lines amounting to € 4,950 thousand.

25. Contract liabilities

Contract liabilities

in € thousands	December 31, 2023	December 31, 2024
Contract liabilities, non-current	44,145	39,032
Contract liabilities, current	159,633	218,729
Liabilities from customer prepayment receivables	12,207	12,647
Total	**215,985**	**270,408**

The contract liabilities have developed as follows in fiscal year 2024:

Development contract liabilities

in € thousands	2023	2024
As of January, 1	**214,062**	**215,985**
Additions and disposals	(2,510)	51,619
Addition to scope of consolidation	4,583	193
Currency changes	(150)	2,611
As of December, 31	**215,985**	**270,408**

The contract liabilities resulting from the acquisition relate to the following companies within the basis of consolidation: RENK Korea Co., Ltd., Busan/South Korea (previous year: COFICAL RENK MANCAIS DO BRASIL LTDA, Guaramirim, Brazil, RENK Gears Private Ltd, Bangalore, India, RENK Shanghai Service and Commercial Co. Ltd, Shanghai, China and Horstman Canada Inc, Brampton, Canada).

26. Other payables

Other non-current and current liabilities

	December 31, 2023			December 31, 2024		
in € thousands	Current	Non-Current	Total	Current	Non-Current	Total
Derivative financial instruments	**100**	**3,742**	**3,842**	**508**	**5,648**	**6,156**
Miscellaneous other financial liabilities	1,242	29	1,271	1,515	70	1,585
Other financial liabilities	**1,342**	**3,771**	**5,113**	**2,024**	**5,717**	**7,741**
Employee-related liabilities	34,709	-	34,709	41,239	-	41,239
Liabilities from other taxes	892	-	892	3,530	-	3,530
Miscellaneous other liabilities	2,937	3	2,940	6,361	3	6,364
Other liabilities	**38,537**	**3**	**38,540**	**51,130**	**3**	**51,133**
Total	**39,879**	**3,774**	**43,653**	**53,154**	**5,720**	**58,874**

The liabilities in the personnel area mainly include the accrual of unused vacation days, annual bonuses and working time accounts, as well as wages and salaries and social security contributions that have not yet been paid as of the reporting date.

Other Disclosures

27. Segment reporting

In accordance with the management approach contained in IFRS 8 Operating Segments, the operating segments were identified based on internal reporting and the assessment of business development by the Chief Operating Decision Maker (CODM). The Executive Board of RENK is the main decision-maker. Taking account of this approach, the following three operating segments have been identified based on the product or market/customer logic:

With its product and service offerings in the Vehicle Mobility Solutions (VMS) segment, RENK is one of the global innovation and technology leaders for vehicle transmissions in military tracked vehicles, such as battle tanks and infantry carriers. In addition to transmissions for military vehicles, the product portfolio in this segment includes engines, suspension systems, electric drives, so-called power packs for military vehicles, as well as testing systems. Through the VMS segment, RENK supplies parts for more than 80 types of military tracked and wheeled vehicles to over 70 armed forces worldwide, with a strong focus on the European Union (EU), member states of the North Atlantic Treaty Organization ("NATO"), NATO-aligned countries and other countries such as South Korea, India and Israel. It encompasses the relevant activities essentially at the Augsburg site of RENK Group AG, RENK America LLC in Muskegon, MI (USA), the French subsidiary RENK France S.A.S., the RENK Test System GmbH (RTS) in Augsburg and its American sales company RENK Systems Corporation, as well as the Horstman Group with the companies Horstman Holdings Limited and Horstman Defence Systems Limited in Bath (UK), Horstman Inc. (USA) and Horstman Canada Inc. in Brampton (Canada).

The Marine & Industry (M&I) segment offers technologically leading drive and coupling solutions for commercial shipping and industrial applications, as well as for the navy. In the maritime sector, RENK's products are used in particular in naval surface vessels, such as frigates and destroyers, for naval and government customers, as well as in high-speed ferries, cargo ships and superyachts for civilian customers. The marine ship gears from RENK are used by more than 40 navies and coast guards worldwide. In the industrial sector, RENK's customers include companies from the plastics, steel and cement production sectors, as well as companies from the oil and gas, hydrogen, CO2 capture and utilization, industrial heat pump and power generation sectors. The M&I segment serves markets all over the world – particularly those in the key markets of Germany, the United States of America, South America and the Middle East, as well as China, where RENK has business relationships with customers from various industrial markets.

The Slide Bearings (SB) segment is the global market leader in the field of standardized plain bearings (E-plain bearings). RENK offers plain bearings for various industrial applications of large electric drives, such as for the energy generation sector (for conventional energy generation as well as for energy generation using water and wind power and nuclear energy generation), for other industrial applications as well as for the marine and civil shipping sectors. The plain bearings are used, for example, for electric motors, generators, pumps, blowers, water turbines and conveyor belts. In addition, the SB segment offers innovative products, such as complex special plain bearings. RENK has assembly and maintenance, repair and operation centers in several regions, as well as a global network of representatives.

The consolidation measures between the business areas are shown separately.

The operating segments are also considered the reportable segments of RENK; the allocation is unchanged compared to fiscal year 2023. In the first quarter of fiscal year 2023, in connection with the further centralization of functions within RENK, the Group began allocating the costs for central functions to the segments in order to reflect an appropriate cost structure in the segments. If no allocation has taken place, the costs of the central departments will be allocated to the "Other" department.

Segment Report 2024

in € thousands	VMS	M&I	SB	Other	Consolidation	Total
Revenue third parties	**697,343**	**324,172**	**118,989**	**-**	**-**	**1,140,504**
thereof over time	203,617	83,705	-	-	-	287,322
thereof point in time	493,726	240,467	118,989	-	-	853,182
Revenue from other segments	**1,658**	**5,646**	**5,829**	**-**	(13,134)	**-**
thereof over time	-	732	592	-	(1,324)	-
thereof point in time	1,658	4,915	5,237	-	(11,810)	-
Revenue total	**699,001**	**329,818**	**124,818**	**-**	(13,134)	**1,140,504**
Cost of sales	490,271	254,208	85,110	44,358	(13,158)	860,789
Depreciation, amortization and impairment losses (excluding PPA depreciation and amortization)	18,333	12,962	2,004	-	(206)	33,093
Adjusted EBIT	**139,520**	**34,872**	**21,425**	**(6,636)**	**25**	**189,206**
Non-recurring items1)	(14,163)	(2,698)	-	(12,399)	-	(29,260)
Purchase price allocation2)	-	-	-	(43,939)	-	(43,939)
EBIT	-	-	-	-	-	116,007
Financial result	-	-	-	-	-	(21,305)
Profit (+) / loss (-) before taxes	-	-	-	-	-	94,702
Income taxes	-	-	-	-	-	(39,937)
Profit (+) / loss (-) after tax / Consolidated net income for the year	**-**	**-**	**-**	**-**	**-**	**54,765**

Segment Report 2023

in € thousands	VMS	M&I	SB	Other	Consolidation	Total
Revenue third parties	**527,752**	**288,968**	**108,780**	**-**	**-**	**925,500**
thereof over time	187,392	47,421	-	-	-	234,813
thereof point in time	340,360	241,548	108,780	-	-	690,687
Revenue from other segments	678	7,326	2,082	-	(10,086)	-
thereof over time	-	3,382	961	-	(4,343)	-
thereof point in time	678	3,944	1,122	-	(5,743)	-
Revenue total	528,430	**296,295**	110,862	**-**	(10,086)	925,500
Cost of sales	363,011	234,471	78,403	50,965	(10,038)	716,812
Depreciation, amortization and impairment losses (excluding PPA depreciation and amortization)	16,582	13,002	2,049	-	25	31,658
Adjusted EBIT	**106,385**	**28,387**	**17,324**	**(2,040)**	**(50)**	**150,007**
Non-recurring items1	(1,586)	(3,050)	(520)	(8,983)	-	(14,139)
Purchase price allocation2	-	-	-	(46,910)	-	(46,910)
EBIT	104,799	25,337	16,804	(57,933)	(50)	88,957
Financial result	-	-	-	-	-	(42,376)
Profit (+) / loss (-) before taxes	-	-	-	-	-	46,582
Income taxes	-	-	-	-	-	(14,260)
Profit (+) / loss (-) after tax / Consolidated net income for the year	**-**	**-**	**-**	**-**	**-**	**32,322**

[1] Includes expenses for activities in fiscal year 2024 to align the Group with the requirements of the capital market, as well as other adjustments, which essentially include consulting services, costs related to refinancing and an efficiency improvement program at RENK America LLC. In 2023, expenses include the inflation adjustment premium, severance payments and other adjustments, which represent the costs of implementing the efficiency program, as well as professional consultancy fees, mainly related to strategic projects.

[2] The purchase price allocation includes the PPA depreciation in the amount of € -43,939 thousand(previous year: revenue decreased to € 46,900 thousand) as well as the income/losses from the disposal of PPA assets in the amount of € 0 thousand (previous year: revenue decreased to € 1 thousand)

The company has not divided its assets for internal reporting into the various operating segments. All non-current assets are located in the following geographic areas:

Non-current assets

in € thousands	Germany	America	Other EU countries	Asia	Other European countries	Corporate	Total
Dec 31, 2023	411,480	235,823	8,208	625	46,796	32,787	735,719
Dec 31, 2024	384,754	238,249	8,439	3,356	46,463	35,982	717,243

The geographical disclosures include noncurrent assets, excluding financial instruments and deferred tax.

Long-term assets amounting to € 582,576 thousand as of December 31, 2024 (previous year: € 647,303 thousand) can be attributed to the following countries with a share of more than 10% of total long-term assets: Germany € 384,754 thousand (previous year: € 411,480 thousand) and USA € 197,822 thousand (previous year: € 235,823 thousand).

The VMS, M&I and SB segments are managed worldwide, but operate production facilities mainly in Germany, the United States of America, Switzerland, Great Britain, France, Canada and India. In the geographical information, the Group's sales and fixed assets are analyzed according to the company's headquarters and other countries.

In fiscal year 2024, more than 10% of the revenue was generated with a single customer (previous year: n.a.). These sales in the amount of € 127,155 thousand are attributable to the VMS segment.

For further information on sales revenue, please refer to *Note 7. Sales revenue* in the notes to the consolidated income statement.

28. Contingent liabilities

The contingent liabilities, which, like in the previous year, exclusively comprise contingent liabilities from contractual penalties, amount to € 788 thousand (previous year € 823 thousand).

Contingent liabilities are usually measured in the amount of the maximum claims on RENK. Any rights of recourse are not deducted.

29. Other financial commitments

Other financial commitments consist of short-term and low-value rental, lease and leasing agreements that are not recorded on the balance sheet due to the use of the simplification provision of IFRS 16. These primarily relate to renting work clothes and office printers. The future rental, lease and lease payments will amount to € 789 thousand (previous year: € 495 thousand) until the minimum term of the contracts expires.

The balanced lease agreements include possible future payouts from non-considered extension options amounting to € 4,799 thousand (previous year: € 4,878 thousand) as well as termination options amounting to € 49 thousand (previous year: € 49 thousand).

The ordering obligation for the acquisition of intangible assets and tangible fixed assets amounts to the reference date € 4,184 thousand (previous year: € 18,031 thousand). The obligation value for the acquisition of inventory and services amounts to € 422,770 thousand (previous year: € 365,229 thousand).

30. Additional disclosures in accordance with Section 315 e of the German Commercial Code.

(a) Number of employees

On average, RENK employed 3,545 (previous year: 3,254) employees. Of these, 1,923 (previous year: 1,790) employees were directly productive and 1,622 (previous year: 1,463) employees were indirectly productive. The number of employees in the passive phase of partial retirement was 38 (previous year: 43). On average, 142 people (previous year: 122) were in a training relationship. The increase in employees resulted from additions to the basis of consolidation and from the hiring of employees as part of the increase in business activity.

(b) Total compensation for the work of the auditor

On June 26, 2024, the general meeting of RENK Group AG elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Munich, as the statutory auditor for the 2024 consolidated financial statements and sustainability report.

The following table contains the fees recorded as expenses for the services provided by the auditor PricewaterhouseCoopers GmbH WPG in fiscal year 2024 or 2023:

Fees for the auditor's services

in € thousands	2023	2024
Audit of the financial statements	1,638	2,108
thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft	1,286	1,575
Other assurance services	2,625	2,022
thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft	2,625	2,022
Other services	667	28
thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft	667	28
Auditor's fees	**4,930**	**4,157**
thereof PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft	4,578	3,625

The audit services include the audit of the consolidated financial statements of RENK Group AG, the IFRS audit or the IFRS review of individual subsidiaries as well as the audit review of the half-year financial report. Other audit services mainly concern services related to the IPO, the voluntary content review of the remuneration report.

31. Statement of shareholding

Shareholdings of RENK as of December 31, 2024*
(based on preliminary figures for fiscal year 2024)

Name and registered office of the company	Share of capital in %	Local currency (LC)	Equity (LC)	Earnings (LC)	Type of inclusion
RENK GmbH, Augsburg, Germany[1, 2]	100	EUR	262,851,313	104,240,906	consolidated
RENK FinCo GmbH, Augsburg, Germany[1, 2]	100	EUR	357,205,925	7,413	consolidated
RENK Test System GmbH, Augsburg, Germany[2,4]	100	EUR	11,852,462	0	consolidated
RENK Magnet-Motor GmbH, Starnberg, Germany[2,4]	100	EUR	896,694	0	consolidated
RENK France S.A.S., Saint-Ouen-l'Aumône, France	100	EUR	33,175,744	4,118,901	consolidated
Schelde Gears B.V., Vlissingen, Netherlands	100	EUR	3,231,635	275,365	consolidated since Jan. 1, 2024
RENK (UK) Ltd., London, UK (inactive)	100	GBP	0	0	at cost
Horstman Defence Systems Ltd., Bath, UK	100	GBP	32,185,866	5,917,784	consolidated
Horstman Holdings Ltd., Bath, UK	100	GBP	42,467,701	(358,486)	consolidated
RENK-MAAG GmbH, Winterthur, Switzerland	100	CHF	12,227,875	1,659,310	consolidated
RENK Transmisyon Sanayi A.S., Istanbul, Turkey	55	TRY	69,706,467	2,999,803	at cost
RENK UAE LLC, Abu Dhabi, United Arab Emirates[3]	49	AED	43,869,382	10,368,552	consolidated since Jan. 1, 2024
RENK America LLC, Muskegon, USA	100	USD	345,524,834	(9,835,770)	consolidated
RENK Holdings Inc., Muskegon, USA	100	USD	138,395,079	(19,163,062)	consolidated
RENK Corporation, Duncan, South Carolina, USA	100	USD	13,340,590	3,688,581	consolidated
RENK Systems Corporation, Camby, Indiana, USA	100	USD	5,279,590	1,214,966	consolidated
Horstman, Inc., Sterling Heights, Michigan, USA	100	USD	1,150,733	(1,026,215)	consolidated
Horstman Canada Inc., Brampton, Canada	100	CAD	65,051,311	4,074,980	consolidated
COFICAL RENK MANCAIS DO BRASIL LTDA, Guaramirim, Brasilia	98	BRL	21,114,940	6,022,348	consolidated since Jan. 1, 2023
RENK Holding Canada Inc.	100	CAD	169,313	(14,295)	at cost
Modest Tree Media Inc., Halifax, Nova Scotia, Canada[5]	28.89	CAD	0	0	FVTPL
RENK Gears Private Ltd., Bangalore, India	100	INR	305,212,563	29,920,691	consolidated since Jan. 1, 2023
RENK Korea Co., Ltd., Busan, South Korea	100	KRW	2,582,561,346	900,080,500	consolidated since Jan. 1, 2024
RENK Shanghai Service and Commercial Co., Ltd. Shanghai, China	100	CNY	1,609,096	4,186,677	consolidated
RENK Italia S.r.l., La Spezia, Italien	100	EUR	334,323	(175,677)	consolidated since June 5, 2024
RENK America Marine & Industry LLC, Wilmington, Delaware, USA[6]	100	USD	-	-	consolidated since Dec. 11, 2024

* This table, marked with *, contains typical management report disclosures that also address the disclosure requirements of ESRS 2 BP-1.5 (b)(i).
[1] The companies have availed themselves of the exemption under section 291 of the German Commercial Code.
[2] The companies have made use of the simplified provisions pursuant to section 264 para. 3 of the German Commercial Code.
[3] Control agreement
[4] Profit and loss transfer agreement with RENK GmbH
[5] Information from majority shareholders pending
[6] Currently no business activity

32. Related party disclosures

Related parties as defined by IAS 24 are natural persons and entities that can be influenced by RENK Group AG, that can significantly influence RENK Group AG or that are influenced by another related party of RENK Group AG.

The Rebecca MidCo S.à r.l., Luxembourg, holds the shares in the Rebecca BidCo S.à r.l., Luxembourg. The Rebecca MidCo S.à r.l. and the Rebecca BidCo S.à r.l. are ultimately held by the "Triton V" fund, which is majority-owned by Triton.

RENK Group AG is the company that prepares the consolidated financial statements for the largest basis of consolidation.

The shareholder structure of RENK Group AG consists of various institutional and private investors and can change at any time. On the record date, the distribution is as follows: The main shareholder is Rebecca BidCo S.à r.l, which holds a share of 33.52 %. In addition, 4.2 % is held by Rebecca Management S.à r.l. The remaining 61.68 % is in free float and 0.6 % relates to management incentive programs.

Exchanges of goods and services between RENK and its related parties are conducted as at arm's length.

The loan commitment to Rebecca was fully repaid in April 2024 (for further information, please refer to Section *4. Financial risk management and financial instruments.*

In the current fiscal year, the following transactions were carried out with Rebecca BidCo S.à r.l.:

Rebecca BidCo S.à r.l. - Services rendered and received

in € thousands	2023	2024
Services rendered (income)	22	97
Services received (expense)	3,695	-

Rebecca BidCo S.à r.l. - Receivables and Liabilities

in € thousands	December 31, 2023	December 31, 2024
Receivables	14,836	-
Liabilities	-	-

The services rendered amounting to € 97 thousand (previous year: € 22 thousand) essentially comprise the service fee to be reimbursed under the agreement on the assumption of transaction costs for the IPO.

In the current fiscal year, the following transactions were carried out with the non-consolidated companies RENK Transmisyon Sanayi A.S.; RENK Holding Canada Inc. and Modest Tree Media Inc. (previous year: RENK Transmisyon Sanayi A.S.; RENK Holding Canada Inc., Modest Tree Media Inc., RENK Korea Co., Ltd. and Schelde Gears B.V., RENK U.A.E. LLC):

Non-Consolidated entites - Services rendered and received

in € thousands	2023	2024
Services rendered (income)	9,456	1,718
Services received (expense)	2,831	216

Non-Consolidated entites - Receivables and Liabilities		
in € thousands	**December 31, 2023**	**December 31, 2024**
Receivables (December 31)	6,278	46
Liabilities (December 31)	3,601	343

The income and expenses, as well as the receivables and liabilities of the non-consolidated companies, have decreased due to the expansion of the consolidation scope.

Persons who can be influenced by RENK Group AG or who can influence RENK Group AG are also considered related to RENK. These are the members of the Executive Board of RENK Group AG and the management of Rebecca BidCo S.à r.l. and RENK GmbH, as well as the members of the management in key positions alongside the Executive Board of RENK Group AG. In addition to the Executive Board of RENK Group AG, this includes the heads of the administrative departments:

- Human Resources
- Supply Chain Management
- Governance/Legal/Compliance
- Operations
- Finance
- Information Technology
- Treasury
- Heads of the segments

In addition, the members of the Supervisory Board established for RENK Group AG are responsible for monitoring the activities of the company and thus belong to the key management personnel. The members of the existing supervisory board are remunerated as part of the basic fees and attendance fees. The employee representatives of the Supervisory Board employed by RENK also receive their usual market employee remuneration. For information on the remuneration of the Management Board and *Supervisory Board, please refer to* Notes *34. Remuneration of the Management Board and 35. Remuneration of the Supervisory Board.*

The remuneration for key management personnel in financial year 2024 is broken down below:

Key management personnel remuneration*		
in € thousands	**2023 01.01.-31.12.**	**2024 01.01.-31.12.**
Remuneration of KMP		
Short-term benefits	3,151	5,790
Other long-term benefits	208	183
Subtotal	**3,359**	**5,973**
Benefits after termination of the employment relationship (service costs)	241	599
Share-based payment	-	884
Subtotal	**3,600**	**7,456**
Remuneration of the Supervisory Board	**-**	**-**
Short-term benefits	262	946
Total	**3,862**	**8,402**

* For the purpose of standardization and clarity of presentation, the compensation details for the fiscal year 2023 have been added and adjusted.

The compensation of the members of the Management Board includes variable compensation in the form of short-term compensation, the “short-term incentive” (STI), and a long-term component, the “long-term incentive” (LTI), which are granted in the form of a “performance share unit” (PSU) plan. The STI is designed with a one-year performance period and is allocated to the members of the Board of Directors annually. The payout of the STI is based on the achievement of performance indicators defined before or at the beginning of the performance period, as well as their weighting, which is determined by the Supervisory Board for each member of the Executive Board. For information on the LTI of the Executive Board and Supervisory Board remuneration, please refer to Note *13 (a), Share-based payment*.

The present value of the pension obligation amounts to € 641 thousand (previous year: € 313 thousand). The STI provision amounts to € 1.491 thousand (previous year: € 416 thousand) as of December 31, 2024.

Selected managers and members of the management in key positions have indirectly and at their own risk participated in the Rebecca MidCo S.à r.l., a parent company of the RENK Group AG, at fair value through self-financed purchase of shares in Rebecca Management S.C.A. and thus participate in the entrepreneurial opportunities and risks. This is a share-based payment in accordance with IFRS 2. The investments were to be made by the respective parties upon signing the investment agreement. As part of the IPO on February 7, 2024 the indirect stake of Rebecca Management S.C.A. in the RENK Group AG was converted into a direct stake via Rebecca MidCo S.à r.l.. At the balance sheet date, Rebecca Management S.à. r.l. holds 4,2 % of the shares of Renk Group AG.

In this context, the managers involved bear the risk associated with this investment as self-financed co-investors. In the event of an exit by the current principal shareholder, the participants will share in any increase in value achieved. In the event that the shareholder gives up or has to give up their shareholding prematurely, for whatever reason, Rebecca LuxCo S.à r.l., the majority shareholder of Rebecca Management S.C.A., has the option of acquiring the shareholder's shares in exchange for the payment of a purchase price. The purchase price shall be the lower amount of the original investment or the fair value defined in accordance with the investment agreement – taking into account, if necessary, the portion that has not yet matured. This increases by 10% every six months. The underlying conditions depend on the reason for the withdrawal, but have no influence on the value of the investment in accordance with IFRS 2. RENK Group AG or one of its subsidiaries is not obliged to make any payment to the participants at any time.

According to IFRS 2, these investments are share-based payments. At the time of acquisition of the shares (in 2021 and 2022), the purchase price to be paid corresponded at least to the fair value of the share received. The fair value was determined by continuing the business valuation performed in connection with the acquisition by Triton. As the fair value of the investment at the time of acquisition was paid by the parties involved, no monetary benefit was granted. As a result, no personnel expenses are to be recognized at the level of RENK over the entire period of the plan.

33. Earnings per share

When calculating earnings per share, the earnings attributable to the common shareholders of the parent company are divided by the weighted average number of common shares (including potential common shares) outstanding during the year. Dilution effects have not occurred to any significant extent during the periods shown. The earnings per share of the shareholders of RENK Group AG (basic and diluted) amounts to € 0.53 (previous year: € 0.32).

The number of shares used to calculate earnings per share reflects the conversion as if it had taken place on January 1, 2023. As of August 9, 2023, before the conversion, the Company's subscribed capital will be increased to € 100,000 thousand, divided into a total of 100 million shares with a notional nominal value of € 1.00 each. For the additional 118,313 PSUs issued as part of the LTI, please refer to Note *13. Other income statement disclosures.* The representation of the earnings per share is consistent with the principles IAS 33.64, which requires calculation of earnings per share (undiluted and diluted) for all periods.

34. Executive Board remuneration

The remuneration of Executive Board members at RENK Group AG is made up of fixed remuneration and variable remuneration. Furthermore, members of the Executive Board receive a pension commitment. The total remuneration granted for the Executive Board activity in fiscal year 2024 amounted to € 4,914 thousand (previous year: € 1,384 thousand) in accordance with Section 315 e in conjunction with Section 314 para. 1 No. 6a of the German

Commercial Code. This includes the shares issued in fiscal year share-based payment with a fair value of € 2.047 thousand and € 108 thousand.

The benefits for former members of the Board of Management and their surviving dependents amounted to € 464 thousand (previous year: € 439 thousand). The pension obligations to former members of the Board of Management or the Executive Board and their surviving dependents amount to a total of € 5,993 thousand before set-off with plan assets (previous year: € 6,041 thousand). This results in a provision amounting to € 3,230 thousand (previous year: € 3,107 thousand).

35. Supervisory Board remuneration

The Supervisory Board remuneration in the fiscal year amounted to € 989 thousand (previous year: € 263 thousand).

36. Voting rights notifications

In accordance with Section 21 of the German Securities Trading Act (WpHG), the Federal Financial Supervisory Authority (BaFin) monitors the reporting limits for share ownership. RENK Group AG therefore regularly informs the capital markets about voting rights notifications. RENK Group AG reports not only when the reporting limits for the ownership of shares are exceeded or not met, but also when financial and other instruments are acquired that entitle the holder to purchase shares (Sections 25 and 25a of the German Securities Trading Act (WpHG)).

Up to the point of preparing the financial statements, the following shareholdings in the company existed, which were disclosed in accordance with Section 33 et seq German Securities Trading Act (WpHG):

Voting rights notifications in accordance with Section 33 et seq. Of the German Securities Trading Act

Shareholders	Reason for the notification	Total voting rights	Total voting rights in %	Date of threshold touch	Publication RENK
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	Acquisition/disposal of shares with voting rights	2,992,403	2.99	13.11.2024	18.11.2024
Wellington Management Group LLP, Boston, USA	Acquisition/disposal of shares with voting rights	3,036,906	3.04	08.11.2024	14.11.2024
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	Acquisition/disposal of shares with voting rights	3,034,666	3.03	06.11.2024	08.11.2024
Triton GP HoldCo SARL, Luxemburg, Luxemburg (Rebecca BidCo SARL)	Acquisition/disposal of shares with voting rights	33,518,897	33.52	02.10.2024	07.10.2024
Janus Henderson Group Plc, St. Helier, Jersey	Acquisition/disposal of shares with voting rights	2,939,259	2.94	28.06.2024	05.07.2024
Janus Henderson Group Plc, St. Helier, Jersey	Acquisition/disposal of shares/instruments with voting rights	3,272,640	3.27	17.05.2024	22.05.2024
KNDS N.V., Amsterdam, Netherlands*	Acquisition/disposal of shares with voting rights	6,666,666	6.67	09.02.2024	14.02.2024
Triton GP HoldCo SARL, Luxemburg, Luxemburg (Rebecca BidCo SARL)	Acquisition/disposal of shares/instruments with voting rights	61,852,230	61.85	09.02.2024	12.02.2024
Rebecca Management S.à r.l., Luxemburg, Luxemburg	Acquisition/disposal of shares with voting rights	4,177,139	4.18	07.02.2024	12.02.2024
Triton GP HoldCo SARL, Luxemburg, Luxemburg (Rebecca BidCo SARL)	Acquisition/disposal of shares with voting rights	71,852,229	71.85	07.02.2024	12.02.2024

Voting rights notifications in accordance with Section 33 et seq. Of the German Securities Trading Act					
Shareholders	Reason for the notification	Total voting rights	Total voting rights in %	Date of threshold touch	Publication RENK
Rebecca Management S.à r.l., Luxemburg, Luxemburg	Other reason: first-time admission of the shares to trading on an organized market	10,598,436	10.60	06.02.2024	12.02.2024
Triton GP HoldCo SARL, Luxemburg, Luxemburg (Rebecca BidCo SARL)	Other reason: first-time admission of the shares to trading on an organized market	65,430,932	65.43	06.02.2024	12.02.2024
KNDS N.V., Amsterdam, Netherlands	Other reason: first-time admission of the shares to trading on an organized market	0	0.00	06.02.2024	09.02.2024

In 2025, the following shareholdings in the company existed until March 12 and were reported in accordance with Section 33 et seq German Securities Trading Act (WpHG):

Voting rights notifications in accordance with Section 33 et seq. Of the German Securities Trading Act					
Shareholders	Reason for the notification	Total voting rights	Total voting rights in %	Date of threshold touch	Publication RENK
Triton GP HoldCo SARL, Luxemburg, Luxemburg (Rebecca BidCo SARL)*	Acquisition/disposal of shares with voting rights	18,333,335	18.33	06.03.2025	12.03.2025
Triton GP HoldCo SARL, Luxemburg, Luxemburg (Rebecca BidCo SARL)*	Acquisition/disposal of shares with voting rights	21,256,572	21.26	27.02.2025	05.03.2025
Triton GP HoldCo SARL, Luxemburg, Luxemburg (Rebecca BidCo SARL)*	Acquisition/disposal of shares with voting rights	27,909,897	27.91	18.02.2025	25.02.2025
Triton GP HoldCo SARL, Luxemburg, Luxemburg (Rebecca BidCo SARL)*	Acquisition/disposal of shares with voting rights	27,909,897	27.91	18.02.2025	24.02.2025
Rebecca Management S.á r.l., Luxemburg, Luxemburg	Acquisition/disposal of shares with voting rights	0	0.00	10.02.2025	13.02.2025

*Exercise of the option still subject to official approvals

37. Events after the end of the reporting period

Events after the reporting date were evaluated up to the date when the consolidated financial statements were prepared. There were no events that needed to be recorded or disclosed by the date of publication of the consolidated financial statements, with the exception of those mentioned below.

Effective February 28, 2025, RENK America LLC, Muskegon (MI), USA has acquired selected assets of Midwest Gear & Tool Inc., Roseville (MI), USA. Midwest Gear & Tool Inc. is a supplier of gears, which RENK America LLC uses as intermediate products for transmission production. With this acquisition, RENK also intends to ensure the availability of production-critical intermediate products in the future. The acquisition includes selected property, plant and equipment and inventories. The purchase price amounts to € 5.8 million. The purchase price was settled using cash and cash equivalents, as well as the set-off of deposits already made amounting to € 0.4 million. A leasing agreement has been concluded with RENK America LLC for the continued use of the production building of Midwest Gear & Tool Inc. For further information, please refer to note *14. Business combinations*.

With the signing of the contract on December 24, 2024, the newly founded RENK America Marine & Industry LLC, Wilmington (DE), USA, which was established in fiscal year 2024, takes over selected assets and liabilities of Cincinnati Gearing Systems Inc., Cincinnati (OH), USA, as well as Lee Holdings LLC Wilmington (DE), USA. Due to regulatory approvals still pending, the transaction and thus the acquisition are expected to close in the second quarter of 2025.

Cincinnati Gearing Systems Inc. designs and manufactures a wide range of gears for military and civilian end customers, including the U.S. Navy and the Japanese Navy, as well as other customers in the marine, chemical and automotive industries. With this acquisition, RENK intends to further expand its strategic portfolio in the M&I sector.

The CEO of RENK Group AG, Susanne Wiegand, has asked the company's Supervisory Board to terminate her contract early, on January 31, 2025. On November 24, 2024, the Supervisory Board appointed Executive Board member Dr. Alexander Sagel, Chief Operating Officer (COO) of RENK Group AG, to succeed Susanne Wiegand as Chairman of the Executive Board with effect from February 1, 2025. Dr. Emmerich Schiller was appointed by the Supervisory Board as a member of the Executive Board effective March 1, 2025, and will take over the global areas of production, supply chain management and human resources. Dr. Emmerich Schiller has already been responsible for these areas since February 1, 2024, in his capacity as a member of the management board of RENK GmbH.

On February 19, 2025, the rating agency Moody's assigned the RENK Group AG a corporate rating (CFR) of Ba2. The corporate rating of RENK GmbH (Ba3) was withdrawn in this context. The outlook for RENK GmbH was positive before the withdrawal. The new rating reflects in particular the continuous improvement of creditworthiness and the strong market position in the VMS segment. The outlook for RENK is assessed positively by Moody's.

According to a voting rights notification dated February 14, 2024, KNDS N.V., Amsterdam, Netherlands, directly controlled 6.67% of the voting rights of RENK Group AG. In addition, according to this voting rights notification, KNDS NV was entitled to conditional acquisition rights within the meaning of Section 38 para. 1 sentence 1 No. 2 of the German Securities Trading Act (“Wertpapierhandelsgesetz” or “WpHG”), which would grant 18.33% of the voting rights. The sum of the aforementioned shareholdings amounts to 25% plus one share. According to the ad hoc notification of RENK Group AG dated February 10, 2025, the shareholder Rebecca BidCo S.à r.l. Luxembourg, has informed RENK Group AG that KNDS N.V. has exercised the conditional purchase right within the meaning of Section 38 para. 2 No. 2 and para. 1 s. 1 No. 2 of the German Securities Trading Act and has acquired 18.33% of the voting rights in RENK Group AG from Rebecca BidCo S.à r.l.. The exercise of the options is intended to strengthen the strategic partnership between RENK Group AG and KNDS N.V., as both companies emphasized in press releases on February 11, 2025. The implementation of the share acquisition is subject to the approval of the relevant authorities – in particular, the merger control – and has not yet taken place. During the preparation period, the shareholder Rebecca BidCo S.à r.l. further reduced its share in RENK Group AG. According to the voting rights notification published on March 12, 2025, its direct share fell to 18.33%.

The import duties announced by the US government and possible countermeasures by other governments could fundamentally affect all segments and relate, for example, to global supply and value chains, the development of raw material prices and exchange rates, and country-specific and global economic developments, including inflation. At the time of reporting, these effects are not yet foreseeable, but the corresponding risks are continuously monitored and evaluated. Furthermore, the inauguration of Donald Trump as US President has had a significant impact on global security policy. This is reflected in the statements of the US Vice President as well as in international reactions, such as the increase in defense spending by several European countries. One noteworthy step is the EU's “ReArm Europe” plan, which envisages a comprehensive rearmament with a budget of up to 800 billion euros.

Augsburg, March 17, 2025

RENK Group AG

Dr. Alexander Sagel	Anja Mänz-Siebje	Dr. Emmerich Schiller
Chief Executive Officer	Chief Financial Officer	Chief Operating Officer

C. Further information

1 Responsibility statement

To the best of our knowledge, we confirm that, in accordance with the applicable accounting principles, the consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations, and that the Group Management Report, which is summarized in the Management Report of RENK Group AG, presents the course of business, including the operating result, and the Group's position in such a way as to provide a true and fair view, and describes the material opportunities and risks of the Group's expected development.

Augsburg, March 17, 2025

RENK Group AG
The Executive Board

Dr. Alexander Sagel Chief Executive Officer	Anja Mänz-Siebje Chief Financial Officer	Dr. Emmerich Schiller Chief Operating Officer

2 Independet Auditor’s Report

INDEPENDENT AUTIOR’S REPORT

To RENK Group AG, Augsburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of RENK Group AG, Augsburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of RENK Group AG, which is combined with the Company’s management report, for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the “Other Information” section of our auditor’s report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and

- the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the “Other Information” section of our auditor’s report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Recoverability of goodwill

❷ Accounting treatment of refinancing

❸ Periodic revenue recognition

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ Recoverability of goodwill

① In RENK Group AG's consolidated financial statements goodwill amounting in total to EUR 97.8 million (6.16% of total assets) is reported under the "Intangible assets" balance sheet item. Goodwill is tested for impairment by the Company once a year and when there are indications of impairment to determine any possible need for write-downs. In one case, the impairment test is carried out at the level of a group of cash-generating units and, in the other cases, at the level of the respective cash-generating unit to which the relevant goodwill is allocated. The carrying amount of the group of cash-generating units or the respective cash-generating unit, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment tests. The recoverable amount is generally determined on the basis of fair value less costs of disposal. The present value of the future cash flows from the group of cash-generating units or the respective cash-generating unit normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted budget of the Group forms the starting point which is extrapolated based on assumptions about the Group's medium-term business development and long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the group of cash-generating units or the respective cash-generating unit. The impairment tests determined that no write-downs were necessary.

The outcome of the impairment tests is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows from the group of cash-generating units or the respective cash-generating unit, the discount rates used, the rates of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuations, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash flows used for the calculation against the budget and the medium-term business plan of the Group prepared on this basis, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In the knowledge that even relatively small changes in the respective discount rates applied and the respective underlying growth rates can have a material impact on the values of the entities calculated in this way, we focused our testing in particular on the parameters used to determine the respective discount rates and the respective underlying growth rates applied, and assessed the respective calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. We verified that the supplementary disclosures were made in the notes relating to the group of cash-generating units or the respective cash-generating unit for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the group of cash-generating units or the respective cash-generating unit including the allocated goodwill.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures relating to the "Intangible assets" balance sheet item are contained in the notes to the consolidated financial statements under "3. (g) Impairment losses on intangible assets and property, plant and equipment", "3. (q) Material estimates and judgments" and "17. Intangible assets".

❷ Accounting treatment of refinancing

① In financial year 2024, RENK refinanced its long-term debt structure. On February 20, 2024, the existing corporate bond (Senior Secured Notes) of EUR 520.0 million with an interest rate of 5.75% and maturing in 2025 was redeemed prior to maturity and replaced by a floating rate loan (Term Loan B) from a banking syndicate in the amount of EUR 525.0 million. Term Loan B has a five-year term and is supplemented by a EUR 450.0 million Multi-Currency Guarantee Facility and a EUR 75.0 million Revolving Credit Facility. A large portion of the floating interest rate on the Term Loan B was fixed by entering into a three-year interest rate swap transaction.

The disposal of the existing liabilities was recorded taking into account the embedded derivatives which had previously been recognized separately. The accounting treatment of the new financing applied the effective interest rate method, which also included the amortization of the fees and transaction costs over the expected term of the loan. The interest rate swap was recognized and documented through the designation as a hedge applying the accounting provisions for hedge accounting and included comprehensive disclosures in the notes to the consolidated financial statements pursuant to IFRS 7, IFRS 9 and IFRS 13. In this context, a valuation of the interest rate swap and the hypothetical derivative was also carried out to establish their (in)effectiveness. Due to the complex nature of the accounting treatment of refinancing, this matter was of particular significance for our audit.

② As part of our audit of the accounting treatment of refinancing, we verified, among other things, the Company's calculations of the financial effects of the refinancing in accordance with the effective interest rate method and the amortization of the fees and transaction costs over the expected term of the loan. In addition, we assessed the accounting entries, the effectiveness and the documentation of the designated interest rate hedges. In this context, we also assessed the valuation of the interest rate swap and the hypothetical derivative in order to verify the Company's calculation of the (in)effectiveness. Using tests of details, we reconciled and assessed the comprehensive disclosures in the notes to the consolidated financial statements with the underlying documents, with due regard being given to the accounting standards IFRS 7, IFRS 9 and IFRS 13.

Based on the information contained in the loan agreement and the repayment plan, we were able to verify the Company's results on the basis of our own calculations. Overall, we were able to satisfy ourselves that the treatment of the initial and subsequent valuations of the Term Loan B and the interest rate swap in the consolidated statement of financial position and the consolidated income statement can be considered appropriate and the disclosures in the notes to the consolidated financial statements are in line with this.

③ The disclosures on the refinancing, including the application of the relevant provisions of IFRS 7, IFRS 9 and IFRS 13, are contained in the notes to the consolidated financial statements under sections "4. Financial risk management and financial instruments" and "26. Financial liabilities".

❸ Periodic revenue recognition

① In the Company's consolidated financial statements revenue amounting to EUR 1,140.5 million, of which EUR 287.3 million was recognized over time, is reported in the income statement. EUR 114.9 million in contract assets and EUR 270.4 million in contract liabilities were recognized in the consolidated statement of financial position as of December 31, 2024. Revenue from contracts with customers is generally recognized over time if an asset is created that has no alternative use and there exists an enforceable right to payment for performance completed to date. When recognizing revenue over time, the revenue is recognized on the basis of the progress of performance, which is calculated as the ratio of the actual contract costs incurred to estimated total costs. Determining the progress of performance depends in particular on estimates made by the executive directors, particularly with respect to the estimated total costs, the costs yet to be incurred until completion and the contract risks. Periodic revenue recognition over time therefore requires an effective project costing in light of the complex production processes.

Against this background, the proper application of the accounting standard on revenue recognition is considered to be complex and to a certain extent based on estimates and assumptions made by the executive directors. This matter was therefore of particular significance for our audit.

② In light of the fact that the complexity and the need to make estimates and assumptions give rise to an increased risk of accounting misstatements, we assessed the Group's processes and controls for recognizing revenue from these contracts with customers. Our audit approach included testing of the controls and substantive audit procedures. We primarily assessed the process for properly identifying and classifying performance obligations as being satisfied after a specific period of time. With respect to costing, we furthermore verified the proper recognition and allocation of individual costs and assessed the amount and allocation of shared overheads. We also assessed the project calculations underlying the customer-specific contracts and the determination of the progress of performance.

In order to verify the reliability of the estimates, we assessed the estimate of calculated costs and the individual margins by reviewing previously completed projects. In addition, significant changes in the planned total costs and project margins over time were assessed and evaluated.

We were able to satisfy ourselves that the systems and processes for recognizing revenue from these contracts with customers are appropriate on the whole and that the estimates and assumptions made by the executive directors are sufficiently documented and substantiated.

③ The Company's disclosures relating to periodic revenue recognition in accordance with IFRS 15 are contained in the notes to the consolidated financial statements under sections "3. (a) Revenue recognition" and "7. Revenue".

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section “Combined Corporate Governance Statement according to Section 289 f and Section 315 d German Commercial Code” of the group management report

- the non-financial statement to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB included in section “Sustainability statement” of the group management report

The other information comprises further

- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible

- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor’s report

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

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

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file RENK_Group_AG_KA+LB_ESEF-2024-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 26 June 2024. We were engaged by the supervisory board on 19 December 2024. We have been the group auditor of the RENK Group AG, Augsburg, without interruption since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Holger Graßnick.

Munich/Germany, 17th March 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd.) Holger Graßnick	(sgd.) ppa. Dario Nikolic
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

3 Assurance report of the Group Sutstainability Statement

Assurance report of the independent german public auditor on a limited assurance engagement in relation to the Group Sustainability Statement

To RENK Group AG, Augsburg

Assurance Conclusion

We have conducted a limited assurance engagement on the group sustainability statement of RENK Group AG, Augsburg, (hereinafter the „Company“) included in section "Sustainability Statement" of the group management report, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024 (hereinafter the "Group Sustainability Statement"). The Group Sustainability Statement has been prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as §§ [Articles] 315b to 315c HGB [Handelsgesetzbuch: German Commercial Code] to prepare a group non-financial statement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, § 315c in conjunction with §§ 289c to 289e HGB to prepare a group non-financial statement as well as with the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that no matters have come to our attention that cause us to believe:

- that the accompanying Group Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information to be included in the Group Sustainability Statement (hereinafter the “materiality assessment”) is not, in all material respects, in accordance with the description set out in section "ESRS 2 General Disclosures" of the Group Sustainability Statement, or

- that the disclosures set out in section "Environmental information" of the Group Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the "German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement" section.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibility of the Executive Directors and the Supervisory Board for the Group Sustainability Statement

The executive directors are responsible for the preparation of the Group Sustainability Statement in accordance with the requirements of the CSRD and the relevant German legal and other European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Group Sustainability Statement in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Group Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Group Sustainability Statement.

Inherent Limitations in the Preparation of the Group Sustainability Statement

The CSRD and the relevant German statutory and other European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Group Sustainability Statement.

German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD and the relevant German legal and other European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assurance report that includes our assurance conclusion on the Group Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process to prepare the Group Sustainability Statement, including the materiality assessment process carried out by the Company to identify the information to be included in the Group Sustainability Statement.

- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls. In addition, the risk of not detecting a material misstatement within value chain information from sources not under the control of the company (value chain information) is generally higher than the risk of not detecting a material misstatement of value chain information from sources under the control of the company, as both the executive directors of the Company and we, as assurance practitioners, are ordinarily subject to limitations on direct access to the sources of value chain information.

- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In conducting our limited assurance engagement, we have, amongst other things:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Group Sustainability Statement.
- inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Statement about the preparation process, including the materiality assessment process carried out by the company to identify the information to be included in the Group Sustainability Statement, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the Group Sustainability Statement.
- evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors have been unable to obtain.
- performed analytical procedures and made inquiries in relation to selected information in the Group Sustainability Statement.
- performed site visits.
- considered the presentation of the information in the Group Sustainability Statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Group Sustainability Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Munich, 17 March 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Holger Graßnick	sgd. Hendrik Fink
Wirtschaftsprüfer [German public auditor]	Wirtschaftsprüfer [German public auditor]

4 Report of the Supervisory Board

Dear shareholders,

In the 2024 fiscal year, the Supervisory Board carried out in full the tasks incumbent upon it under the law, the Articles of Association, and the Rules of Procedure. It oversaw the company's management, dealt with succession planning for the Executive Board and the Supervisory Board, and advised the Executive Board on matters of corporate management.

(a) Cooperation with the Executive Board

The Supervisory Board has advised and monitored the Executive Board in the management of the company. The Supervisory Board was directly involved at an early stage in all decisions of fundamental importance to the company. The Executive Board regularly informed the Supervisory Board both in writing and verbally, in a timely and comprehensive manner, about all topics relevant to the company, in particular corporate planning, the progress of business, strategic development, the risk position, risk management and compliance, as well as the current situation of the company and the Group, including the IPO. The cooperation between the Supervisory Board and the Executive Board was always open and trusting. The Supervisory Board has received the information it deems necessary to advise the Executive Board and to monitor its activities in accordance with the statutory requirements.

The Executive Board coordinated the company's strategic focus with the Supervisory Board. The Supervisory Board has discussed the business transactions that are significant for the company in detail, based on the reports of the Executive Board. Any departures of the business operations from the plans were discussed with the Supervisory Board.

The Supervisory Board, in particular the Chairman of the Supervisory Board and the respective Chairs of the Audit Committee, maintained regular contact with the Executive Board beyond the Supervisory Board meetings and were informed about the current developments regarding the company's strategy, financial situation, risk and compliance, and exchanged views intensively. In this way, the Supervisory Board was always kept informed about all relevant topics.

(b) Corporate governance and the working methods of the Supervisory Board

The Supervisory Board takes into account the principles and regulations for corporate governance in the company, in particular the recommendations of the German Corporate Governance Code (DCGK), and regularly monitors their further development.

The members of the Supervisory Board are responsible for their own training and further education measures. The company supports the Supervisory Board to an appropriate extent with personnel and financial resources, in order to facilitate the introduction of the members of the Supervisory Board into their office and to enable the further training that is necessary to maintain the required expertise. In particular, in the 2024 fiscal year, a training session was conducted for the members of the Supervisory Board on the tasks and duties of Supervisory Board members of listed companies.

(c) Discussions and resolutions in the full Supervisory Board

In the 2024 fiscal year, nine meetings of the Supervisory Board of RENK Group AG took place. The Executive Board reported to the Supervisory Board on the current business development in all meetings, with the exception of the extraordinary meetings on February 21, 2024 and November 24, 2024.

The first meeting of the Supervisory Board in the 2024 fiscal year took place exceptionally on February 21, 2024. In this meeting, in particular, a change of personnel on the Supervisory Board and the succession planning for the Executive

Board of RENK Group AG were discussed. Specifically, the appointment of Dr. Sagel as the third member of the Executive Board was discussed.

On March 26, 2024, the balance sheet review meeting of the Supervisory Board of RENK Group AG took place. The annual financial statements of RENK Group AG and the consolidated financial statements of RENK, as well as the combined Management Report of RENK Group AG for the 2023 fiscal year and of the RENK Group for the 2023 fiscal year, were submitted to, reviewed, and approved by the Supervisory Board. Similarly, the sustainability report for the 2023 fiscal year and the report on the relationships with affiliated companies (dependent company report) in accordance with Section 312 AktG ("Aktiengesetz" - German Stock Corporation Act) for the period from September 13, 2023 to December 31, 2023, as well as the audit reports of the statutory auditor, were submitted to and reviewed by the Supervisory Board. In preparation for the Annual General Meeting 2024, the Supervisory Board adopted the resolutions for the Annual General Meeting on the use of the profit for the 2023 fiscal year, the appointment of the statutory auditor, and the appointment of the auditor for the sustainability report for the 2024 fiscal year. The Supervisory Board also determined the achievement of the targets for the STI and the so-called "Pre-IPO bonus" for the 2023 fiscal year.

On May 2, 2024, the Supervisory Board prepared extensively for the 2024 Annual General Meeting. The Supervisory Board agreed to the implementation and modalities of the virtual Annual General Meeting on June 26, 2024 and approved the convocation documents, including the resolutions proposed by the Management Board. Further resolutions included the revised remuneration system for the Executive Board, as well as its submission for approval by the Annual General Meeting, and the submission of the Supervisory Board's remuneration system to the Annual General Meeting for confirmation. Also in preparation for the Annual General Meeting, the nominations for the Supervisory Board were approved. The Supervisory Board has also decided to impose a voluntary trading ban on itself for 15 calendar days prior to publications not prescribed by law, in particular financial reports for the first three months and the first nine months of a fiscal year. At the same meeting, the Supervisory Board decided on the specific amount of the variable remuneration for the Management Board for 2023 and the allocation of the so-called "Performance Share Units" as part of the LTI-Plan for the performance period 2024 until 2027.

At the meeting on May 14, 2024, the Supervisory Board received detailed reports on the operational developments in the production of transmissions and the individual measures for cyber security. In addition, the Supervisory Board discussed the publication of the financial results of RENK Group AG for the first quarter of 2024.

On August 12, 2024, the Supervisory Board discussed the 2024 half-year financial report at its meeting. In this plenary meeting, the planned resignation of Mr. Christian Schulz and his succession by Ms. Anja Mänz-Siebje were also discussed as an extraordinary item on the agenda.

At the meeting of the Supervisory Board on October 1, 2024, the Supervisory Board adopted various resolutions that had become necessary as a result of the resignation of Mr. Christian Schulz and the appointment of Ms. Anja Mänz-Siebje, including the adjustment of the distribution of responsibilities and the approval of the Executive Board service contract with Ms. Anja Mänz-Siebje.

At the plenary session on November 12, 2024, the Supervisory Board engaged in an in-depth discussion of the results of its regular self-assessment. The self-assessment identified potential for improvement, and corresponding measures were initiated in response. The subject of the meeting was also the publication of the results for the first nine months of the 2024 fiscal year and the resolution of the Supervisory Board for the recommended appointment of auditors to the Annual General Meeting for the 2025 fiscal year. The Supervisory Board also received in-depth information from the Executive Board on the development of the net working capital.

On November 24, 2024, the Supervisory Board convened for an extraordinary meeting. The Supervisory Board discussed the planned resignation of Susanne Wiegand as Chair of the Executive Board and her succession by Dr. Alexander Sagel.

At the meeting on December 10, 2024, the Supervisory Board approved the Declaration of Conformity and the qualification matrix for 2024. It gave its approval for the acquisition of Cincinnati Gearing Systems Inc., Cincinnati (OH), USA. In addition, the Supervisory Board discussed the business plan for 2025 until 2028, the annual plan for 2025, as well as succession planning and the setting of performance indicators for the STI 2025 and for the LTI performance period 2025 until 2028. In addition, the Supervisory Board established "Women in Leadership Positions" as a new performance indicator, replacing the "Sustainalytics rating" for the LTI performance period 2024 until 2027.

The members of the Executive Board have participated in some of the Supervisory Board meetings. In particular, members of the Executive Board were not present during discussions and decision-making processes regarding the appointment of Board members, the conclusion of Board employment contracts, and the setting of targets for variable Board remuneration.

Resolutions in the circulation procedure

In addition to the aforementioned resolutions in the meetings, further resolutions were adopted through a circulation procedure, and the circulation procedure was discussed beforehand:

- January 26, 2024: Approval of the adjusted consolidated financial statements and consolidated management report for the 2021 fiscal year
- January 27, 2024: Approval of the adjusted consolidated financial statements and consolidated management report for the 2022 fiscal year
- March 5, 2024: Appointment of Dr. Alexander Sagel as a member of the Executive Board of RENK Group AG
- May 7, 2024: Updated election proposal by the Supervisory Board to the Annual General Meeting for the election of Ms. Karin Sonnenmoser to the Supervisory Board of RENK Group AG
- June 25, 2024: Approval of an intragroup loan agreement
- July 12, 2024: Election of Ms. Karin Sonnenmoser to the Audit Committee, election of Ms. Doreen Nowotne to the Personnel Committee and the Nomination Committee, and election of Ms. Ferdije Rrecaj to the Personnel Committee
- August 12, 2024: Resolution on the resignation of Mr. Christian Schulz as Chief Financial Officer (CFO) and appointment of Ms. Anja Mänz-Siebje as CFO
- December 19, 2024: Resolution on the business plan for 2025 until 2028, setting the performance indicators and target values for the STI for 2025 and for the LTI for the performance period 2024 until 2027, as well as setting the target values of the new performance indicator "Women in leadership positions" for the LTI for the performance period 2024 until 2027.

The resolution proposals of the Executive Board on measures which, according to the Articles of Association, Rules of Procedure for the Supervisory Board or Rules of Procedure for the Executive Board, require the approval of the Supervisory Board, were approved by Supervisory Board after a thorough review and consultation. In addition to the individual measures already explained, there are no further events to report in the past fiscal year regarding transactions requiring approval.

(d) Supervisory Board committees

The Supervisory Board has four permanent committees: the Audit Committee, the Nomination Committee, the Mediation Committee, and the Personnel Committee. The committees supported the Supervisory Board in the 2024 fiscal year by preparing the Supervisory Board's resolutions and the topics to be discussed in the plenary session. Within the scope of what is legally permissible, the tasks and decision-making authority of the Supervisory Board have been delegated to the relevant committees.

The Audit Committee held six meetings. The members of the Executive Board and employees of the Finance department as well as representatives of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich ("PwC" or the "auditor") also took part.

The Audit Committee discussed the preliminary financial figures for the 2023 fiscal year, the proposal for the appropriation of net profit, and the interim financial figures. The dependent company report for the period from September 13 to December 31, 2023 and the sustainability report 2023 were also key topics.

At its balance sheet review meeting on March 25, 2024, the Audit Committee reviewed the annual financial statements of RENK Group AG and the consolidated financial statements, as well as the consolidated Management Report of RENK Group AG for the 2023 fiscal year, the dependent company report for the period from September 13 to December 31, 2023 and the sustainability report 2023, as well as the tender for the audit of the consolidated financial statements and annual financial statements for the 2025 fiscal year. In addition, the Audit Committee was briefed on the topics of risk management, the internal control system, and the progress of the CSRD project.

At the meeting on May 14, 2024, the Audit Committee discussed the publication of the results for the first quarter of 2024. The Audit Committee receives reports on CSRD, the internal audit function, and compliance, and deals with the tendering process for the audit of the consolidated financial statements and annual financial statements for 2025.

On June 25, 2024, the Audit Committee held another meeting, during which the topics of CSRD, the tendering process for the audit of the consolidated and annual financial statements for 2025, risk management, and the internal control system were discussed. In addition, the Audit Committee received a report from the Legal department.

On August 12, 2024, the Audit Committee discussed the 2024 half-year financial report.

On November 12, 2024, the Audit Committee discussed the publication of results for the first nine months of 2024. In addition, regulatory changes, the internal audit function, CSRD, compliance, and the tendering process for the audit of the consolidated financial statements and annual financial statements for 2025 were also discussed.

In addition, on July 23 2024, the Audit Committee elected Ms. Karin Sonnenmoser as Chair of the Audit Committee by postal ballot, as the successor to Ms. Swantje Conrad.

The respective committee chair reported on the work of the Audit Committee at the plenary sessions on March 26, 2024, May 14, 2024, August 12, 2024, and November 11, 2024.

The Nomination Committee held two meetings in the 2024 fiscal year. On May 2, 2024, the Nomination Committee discussed the proposals for the election of Ms. Karin Sonnenmoser and Mr. Florian Hohenwarter to the Supervisory Board at the Annual General Meeting, as well as the proposal to elect Dr. Axel Scheibel as an alternate member for Mr. Hohenwarter, and adopted corresponding recommendations for the Supervisory Board.

On July 15, 2024, the Nomination Committee elected Ms. Doreen Nowotne as Chair of the Nomination Committee by a postal ballot. On November 27, 2024, the Nomination Committee held another meeting.

The Personnel Committee held five meetings in the 2024 fiscal year. On February 16, 2024 the Personnel Committee discussed the changes on the Supervisory Board to supplement the composition of the Executive Board of RENK Group AG. On March 26, 2024, the Personnel Committee discussed the long-term incentives and the list of responsibilities. In the meeting on May 2, 2024, the Personnel Committee decided on the following topics: variable remuneration of the Executive Board, the allocation of performance share units for the 2024 until 2027 LTI performance period, and the revised remuneration system for the Executive Board for approval by the Annual General Meeting. On September 17, 2024, the Personnel Committee discussed the modification of the list of responsibilities and made a recommendation to the Supervisory Board. In addition, the Personnel Committee advised on the recommendation to the Supervisory Board regarding the remuneration of Ms. Mänz-Siebje and adopted the recommendation to the Supervisory Board. At the meeting on December 2, 2024, the Personnel Committee discussed the updated succession planning and made a recommendation to the Supervisory Board for the STI performance indicators for 2025 and LTI performance indicators for 2025 to 2028. In addition, the contractual arrangements following the change of CEO were discussed in advance, and the new structure of the Executive Board's pension plan and the management incentive program were reported. The 2024 remuneration report was discussed in advance.

In addition, on November 12, 2024, the Personnel Committee elected Ms. Doreen Nowotne as Chair of the Personnel Committee by a postal ballot. On December 19, 2024, the Personnel Committee decided by postal ballot to recommend to the Supervisory Board the adoption of a resolution on the performance indicators and target values for the STI for 2025 and for the LTI for the performance period 2025 until 2028, as well as on the target values for the performance indicator "Women in management positions" for the LTI for the performance period 2024 until 2027.

The Mediation Committee did not hold any meetings during the 2024 fiscal year.

(e) Participation in the meetings of the full Supervisory Board and the Supervisory Board committees

The following contains information on the participation of the Supervisory Board members in the meetings of the Supervisory Board and the committees that met during the 2024 fiscal year:

Participation of the Supervisory Board members in the meetings

	Supervisory Board plenum		Audit committee		Nomination committee		Mediation committee		Personnel committee	
(number of meetings/participation in %)	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Claus von Hermann Chairman of the supervisory board	9/9	100	-	-	2/2	100	5/5	100	-	-
Klaus Refle* Deputy Chairman of the supervisory board	9/9	100	6/6	100	-	-	5/5	100	-	-
Johannes Meier	9/9	100	6/6	100	2/2	100	-	-	-	-
Klaus Stahlmann	8/9	89			-	-	-	-	-	-
Sascha Dudzik*	6/9	67	4/6	67	-	-	-	-	-	-
Lothar Evers*	9/9	100	-	-	-	-	-	-	-	-
Adela Lieb*	9/9	100	-	-	-	-	-	-	-	-
Mario Sommer*	9/9	100	-	-	-	-	-	-	-	-
Karin Sonnenmoser (since 26.06.2024)	5/5**	100	3/3**	100	-	-	-	-	-	-
Doreen Nowotne (since 26.06.2024)	5/5**	100	-	-	1/1**	-	2/2**	100	-	-
Florian Hohenwarter (since 07.03.2024)	8/8**	100	-	-	-	-	-	-	-	-
Ferdije Recaj* (since 11.06.2024)	5/5**	100	-	-	-	-	2/2**	100	-	-
Swantje Conrad (until 26.06.2024)	4/4**	100	3/3**	100					-	-
Cécile Dutheil (until 26.06.2024)	2/4**	50	-	-	0/1**	0	2/3**	67	-	-
Dr. Rainer Martens (until 22.02.2024)	1/1**	100	-	-	-	-	-	-	-	-
Horst Ott* (until 31.05.2024)	4/4**	100	-	-	-	-	3/3**	100	-	-

* Employee representatives
**The overview shows the number of meetings that took place up to the resignation or since the appointment of the respective Supervisory Board member.

Mr. Dudzik was excused from the Supervisory Board meetings on March 26 2024, November 12, 2024 and December 10, 2024, as well as from the Audit Committee meetings on March 25, 2024 and November 12, 2024. Ms. Dutheil was excused from the Supervisory Board meetings on May 2, 2024 and May 14, 2024, as well as from the meeting of the Nomination Committee on May 2, 2024 and the meeting of the Personnel Committee on May 2, 2024. Mr. Stahlmann was excused from the Supervisory Board meeting on October 1, 2024. The absent members have each submitted votes in writing in advance in order to participate in the decision-making process. Furthermore, all current members of the Supervisory Board and the committees were always present during the 2024 fiscal year.

The average attendance at Supervisory Board meetings was thus 94.1% in the past fiscal year, and at committee meetings it was 88.1%. Dr. Martens took part in the Supervisory Board meeting, which was held before the end of his term of office. Ms. Conrad and Mr. Ott attended all Supervisory Board meetings and committee meetings relevant to them until their departure. Ms. Sonnenmoser, Ms. Nowotne, and Ms. Rrecaj have participated in all Supervisory Board meetings and committee meetings relevant to them that have taken place since they joined the Supervisory Board. Ms. Dutheil did not attend the meeting of the Nomination Committee and one of the three meetings of the Personnel Committee that took place before the end of her term of office. Ms. Nowotne has participated in all Supervisory Board meetings, Personnel Committee meetings and Nomination Committee meetings that have taken place since the beginning of her term of office. Mr. Hohenwarter has participated in all Supervisory Board meetings held since the beginning of his term of office. In the year under review, one Supervisory Board member attended only half or less than half of the meetings of the Supervisory Board and the committees to which the member belongs. The Supervisory Board member was excused from all meetings she did not attend.

Resolutions of the full Supervisory Board and the committees were passed during meetings in predominantly hybrid form (i.e. some members attended the respective meetings virtually, some in person). The Supervisory Board meetings on May 2, 2024, August 12, 2024 and October 24, 2024 took place as video conferences. The meetings on February 21, 2024, March 26, 2024, May 14, 2024 and October 1, 2024 took place in a hybrid format. The plenary meeting of the Supervisory Board on November 12, 2024 and on December 10, 2024 took place in person.

In the current 2025 fiscal year, a regular meeting of the full Supervisory Board took place on March 26, 2025, and a regular meeting of the Audit Committee took place on March 24, 2025. In addition, a meeting of the Personnel Committee took place on February 18, 2025, in which the Supervisory Board's decision to appoint Dr. Emmerich Schiller as a member of the Executive Board was prepared. The Supervisory Board decided to appoint Dr. Schiller by postal ballot on February 20, 2025.

(f) Conflicts of interest on the Supervisory Board

Conflicts of interest of members of the Executive Board or Supervisory Board, which should have been disclosed to the Supervisory Board, were not reported in the past fiscal year.

(g) Changes to the Executive Board and Supervisory Board

The following changes occurred on the Executive Board in the past fiscal year: The Supervisory Board of RENK Group AG appointed Dr. Alexander Sagel as a member of the Executive Board effective April 1. In addition, the Supervisory Board of RENK Group AG decided on a change to the Executive Board as of October 1, 2024: Mr. Christian Schulz, CFO of RENK Group AG, has asked the Supervisory Board of RENK Group AG to terminate his contract early for personal reasons. He left the company with effect from September 30, 2024, with the consent of the Supervisory Board. Ms. Anja Mänz-Siebje, Head of Corporate Finance and CFO of RENK GmbH, was appointed as his successor with effect from October 1, 2024.

In addition, the Chair of the RENK Group AG Executive Board, Susanne Wiegand, asked the Supervisory Board to terminate her contract early on January 31, 2025. On November 24, 2024, the Supervisory Board appointed Executive Board member Dr. Alexander Sagel, Chief Operating Officer (COO) of RENK Group AG, as her successor as Chair of the Executive Board with effect from February 1, 2025. In addition, the Supervisory Board appointed Dr. Emmerich Schiller as a member of the Executive Board as COO of RENK Group AG, effective March 1, 2025.

The following changes occurred on the Supervisory Board in the past fiscal year: Dr. Rainer Martens resigned from the Supervisory Board of RENK Group AG on February 22, 2024. Mr. Florian Hohenwarter was judicially appointed as a member of the Supervisory Board on March 7, 2024. Mr. Horst Ott resigned from the Supervisory Board on May 31, 2024. Ms. Ferdije Rrecaj was judicially appointed as a member of the Supervisory Board on June 11, 2024. As of June 26, 2024, Ms. Swantje Conrad and Ms. Cécile Dutheil resigned from the Supervisory Board, and Ms. Doreen Nowotne and Ms. Karin Sonnenmoser were elected as members of the Supervisory Board by the Annual General Meeting. The Annual General Meeting also duly elected Mr. Hohenwarter as a member.

(h) Audit of the annual financial statements and consolidated financial statements

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, was elected as the statutory auditor for the 2024 fiscal year by resolution of the Annual General Meeting of RENK Group AG on June 26, 2024, in accordance with Section 197 sentence 1 UmwG (German Transformation Act) in connection with Section 30 (1) sentence 1 AktG. PwC, with Holger Graßnick as the responsible auditor and partner, audited the annual financial statements of RENK Holding GmbH, as well as the consolidated financial statements and the Group Management Report for the first time in the 2022 fiscal year in accordance with Section 317 HGB (German Commercial Code). In the 2020 and 2021 financial years, the annual financial statements and consolidated financial statements, as well as the Group Management Report of RENK Holding GmbH, were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY), Stuttgart.

The Executive Board of RENK Group AG has prepared the annual financial statements, the consolidated financial statements, and the combined Management Report of RENK Group AG for the 2024 fiscal year.

PwC has duly audited the annual financial statements, the consolidated financial statements, and the combined Management Report of RENK Group AG for the 2024 fiscal year and provided an unqualified audit opinion on each of them on March 17, 2025. The consolidated financial statements were prepared in accordance with Section 315a HGB, based on the International Financial Reporting Standards (IFRS) applicable in the European Union, and the German statutory provisions that must be applied in addition, as per Section 315e (1) HGB. The annual financial statements and the combined Management Report have been prepared in accordance with German commercial law.

The auditor has conducted the audit of the annual and consolidated financial statements in accordance with Section 317 HGB and the German principles for the audit of the financial statements established by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer - IDW).

The Executive Board has submitted the aforementioned documents to the Supervisory Board in good time. They were discussed in detail in the Audit Committee on March 24, 2025. The auditor's report by the statutory auditor was available to all members of the Supervisory Board and was discussed in detail at the Supervisory Board's balance sheet review meeting on March 25, 2025 in the presence of the auditor, who reported on the main findings of his audit. During this meeting, the annual financial statements and consolidated financial statements were explained to the Executive Board, and the scope, priorities, particularly important key audit matters, and the costs of the audit of the financial statements were presented.

The Supervisory Board agrees with the results of the audit of the financial statements. Following the final result of the audit by the Audit Committee and the Supervisory Board's own audit, no objections are to be raised. The Supervisory Board has approved the annual financial statements of RENK Group AG prepared by Executive Board and the consolidated financial statements prepared by Executive Board as well as the combined RENK Management Report. The annual financial statements have thus been approved in accordance with Section 172 AktG. The Supervisory Board and Executive Board propose to use the retained profits of the single-entity financial statements of RENK Group AG as of December 31, 2024 in the amount of € 42 million to distribute a dividend of € 0.42 per no-par value share carrying dividend rights and to make the dividend payment from the capital reserves in accordance with Section 272(2) No. 4 HGB. The Supervisory Board considers this proposal to be appropriate and has therefore approved it.

The Annual General Meeting of RENK Group AG appointed PwC as auditor of the (Group) sustainability statement, as a precautionary measure in the event that the German legislator, in implementation of Art. 37 Audit Directive 2006/43/EC as amended by the CSRD Directive (EU) 2022/2464 of December 14, 2022 should require an explicit election of the auditor of the sustainability statement by the Annual General Meeting, i.e. the audit of the sustainability statement should not be the responsibility of the auditor under German implementing law. The 2024 sustainability statement has been reviewed by PwC for the purpose of obtaining limited assurance and has been provided with a corresponding audit report. The Supervisory Board has also taken note of the sustainability statement.

(i) Audit of the remuneration report

In addition, the Executive Board of RENK Group AG prepared a remuneration report for the 2024 fiscal year in accordance with Section 162 AktG and submitted it to the Supervisory Board in good time for the audit in accordance with Section 162 AktG. The remuneration report has been audited by the auditor in accordance with Section 162 AktG.

(j) Audit of the Executive Board's report on relationships with affiliated companies

The Executive Board of RENK Group AG has prepared a report on the relationships with affiliated companies (dependent company report) for the period from January 1 to October 4, 2024 in accordance with Section 312 AktG and submitted it to the Supervisory Board in good time for the audit in accordance with Section 314 AktG. The dependent company report has been audited by the auditor in accordance with Section 313 AktG.

The dependent company report and the auditor's report were submitted to and reviewed by the Audit Committee and the Supervisory Board. This audit did not result in any complaints. Following the final result of the preliminary audit by the Audit Committee and our own audit, the Supervisory Board has no objections to the Executive Board's statement on its relationships with affiliated companies. The result of the audit of the dependent company report by the auditor is accepted.

Audit result and auditor's report

We have duly reviewed the Executive Board's report pursuant to Section 312 AktG on the relationships with affiliated companies pursuant to Section 313 AktG for the period from January 1 to October 4, 2024. As there are no objections to raise following the final result of our audit, we issue the following audit opinion in accordance with Section 313 (3) sentence 1 AktG:

Based on our audit and assessment, which we have carried out in accordance with professional standards, we hereby confirm that

1) the actual disclosures in the report are correct,
2) the payments made by the company in connection with the legal transactions referred to in the report were not unduly high and
3) the measures listed in the report do not give rise to any circumstances that would warrant a significantly different assessment than that made by the Executive Board.

Munich, March 17, 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(k) Thanks to Executive Board and employees

The Supervisory Board would again like to express its special thanks in 2024 to the members of the Executive Board, the RENK employees and the employee representative bodies of all Group companies. Your commitment, motivation, passion, and successful work have made 2024 a record year for RENK Group AG.

Augsburg, March 25, 2025

For the Supervisory Board

Claus von Hermann
Chairman of the Supervisory Board

5 Remuneration report for fiscal year 2024

The remuneration report of RENK Group AG explains the basic features of the remuneration systems for the Executive Board and Supervisory Board. Furthermore, the report provides information on the compensation granted and owed to current and former members of the Management Board and Supervisory Board for fiscal year 2024.

The remuneration system for the Executive Board complies with the recommendations and suggestions of the German Corporate Governance Code (DCGK) in its version dated April 28, 2022, and is geared towards the sustainable and long-term development of RENK Group AG. In addition, in the opinion of the Supervisory Board, it makes an important contribution to promoting the corporate strategy and was approved by the Annual General Meeting in accordance with Section 120 a para. 1 of the German Stock Corporation Act ("Aktiengesetz") on June 26, 2024, with an approval rate of 99.57%.

The compensation of the Supervisory Board was approved by the Annual General Meeting in accordance with Section 113 para. 3 of the German Stock Corporation Act with an approval rate of 99.99%. The fixed compensation for the members of the Supervisory Board is regulated in Section 15 of the Articles of Association of the company.

The currently valid remuneration system for the Executive Board and the Supervisory Board can be accessed on the company homepage under Corporate Governance – RENK.

On February 7, 2024, the shares of RENK Group AG were listed for the first time in the Prime Standard of the Frankfurt Stock Exchange. As far as compensation 2024 is reported, this refers to compensation granted and owed to the named persons in their capacity as members of the Management Board and Supervisory Board of RENK Group AG for the full fiscal year from January 1, 2024, to December 31, 2024. For mandates to the Executive Boards that begin or end during the year, the compensation is stated in relation to the actual term.

Compensation system for the members of the Management Board of RENK Group AG

The remuneration system approved by the Annual General Meeting on June 26, 2024, applies in principle to the remuneration components of the Executive Board's remuneration in fiscal year 2024.

The management contracts of Ms. Wiegand, Mr. Schulz and Dr. Sagel (old contracts) were concluded before the remuneration system came into effect and therefore deviate in some respects from the rules of the remuneration system. The differences are explained in more detail in the remuneration report in the relevant sections. The contract of Ms. Mänz-Siebje was concluded after the introduction of the remuneration system (new contract) and conforms to the remuneration system.

The fixed compensation of the members of the Executive Board consists of a fixed basic salary, as well as additional benefits and the retirement provision. The variable compensation is granted in the form of a short-term compensation, the STI, and a long-term component, the LTI, in the form of a performance share unit (PSU) plan.

Compensation components and their relative shares in the target total compensation

According to the remuneration system for the members of the Executive Boards the target total compensation for the members of the Board of Management (based on a full compensation year), based on a target achievement of 100% for the variable compensation, consists of approximately 29%–34% of fixed compensation instruments, which in turn consist of approximately 19%–26% basic compensation, approximately 1% additional benefits and approximately 7% - 11% pension and of approximately 66% - 71% variable remuneration instruments of which approximately 26%–33% are attributable to the STI and approximately 36%–42% to the LTI. Thus, the long-term variable compensation exceeds the short-term variable compensation. The long-term development of the company is to be promoted by means of the multi-year basis for calculating variable compensation.

The existing contracts partly differ from these provisions. The target total remuneration 2024 for the members of the Executive Board (related to a full year of compensation), based on a target achievement of 100% for the variable compensation, consists of approximately 29% - 35% of fixed remuneration instruments, which in turn consist of approximately 19% - 27% basic compensation, approximately 1% - 3% additional benefits and approximately 6% - 9% pension. The variable remuneration instruments amount to approximately 65% - 71%, of which approximately 26% - 33% consist of the STI and approximately 36% to 42% consist of the LTI.

For fiscal year 2024, the Supervisory Board has set the following target total remuneration for the members of the Management Board. If the service period did not include the whole fiscal year, the pro rata temporis amount is stated.

Target remuneration				
	Susanne Wiegand	**Christian Schulz**	**Dr. Alexander Sagel**	**Anja Mänz-Siebje**
	CEO	CFO	COO	CFO
	Chairwoman of the executive board			
	01.01. - 31.12.2024	01.01. - 30.09.2024	01.04. - 31.12.2024	01.10. - 31.12.2024
	in € thousands	in € thousands	in € thousands	in € thousands
Basic remuneration	450	300	300	83
Additional benefits	21	7	31	5
Retirement benefits	200	113	75	23[1]
Total fixed remuneration	**671**	**420**	**406**	**111**
One-year variable remuneration 2024	675	450	300	83
Long-term variable remuneration[2]	975	122	563	406
Total variable remuneration	**1,650**	**572**	**863**	**489**
Total target remuneration	**2,321**	**992**	**1,269**	**600**

[1] In the fiscal year 2024 there have been no contributions to the pension for Ms. Mänz-Siebje.
[2] The value of the long-term variable remuneration corresponds to the allocation value.

Maximum limit of total compensation

The remuneration system for the Executive Board provides for a maximum remuneration in accordance with Section 87 a para. 1 s. 2 No. 1 Stock Corporation Act The maximum remuneration limits the total compensation (base salary, STI, LTI, additional benefits and pension) of the members of the Executive Board that is paid out for a fiscal year, regardless of the actual payment date. The maximum remuneration amounts to € 6 million for the Chair of the Executive Board and € 4 million for the other members of the Executive Board, and applies to all new contracts concluded after the remuneration system came into effect.

If the compensation exceeds this maximum amount, the LTI will be limited to the respective amount in excess of the maximum amount and will lapse without compensation.

A final statement on compliance with the maximum remuneration for fiscal year 2024 will only be possible once the achievement of the targets for the PSU plan allocated in fiscal year 2024 has been confirmed, which is expected to happen in fiscal year 2027.

Individual components of remuneration

Annual basic remuneration

The members of the Executive Board receive a fixed annual basic remuneration, which is paid out in equal monthly installments.

The amount of the annual basic remuneration takes into account the specific role, task and responsibility of the member of the Executive Board.

Additional benefits

The members of the Executive Board are guaranteed additional benefits that, in the opinion of the Supervisory Board, are in line with customary market practice. The fiscal year essentially covered fringe benefits in the form of a company car for business and private use; the takeover covered costs for telecommunications equipment and the installation of security measures.

The members of the Board of Directors are included in a D&O insurance policy concluded by the company with a deductible in accordance with Section 93 para. 2 of the German Stock Corporation Act.

Old-age provision

According to the regulations of the remuneration system, the members of the Executive Board are eligible for a contribution-based entitlement of retirement benefits (so called “Defined Contribution Plans”) by the company.

In deviation from that, members of the Board of Management with legacy contracts were granted defined contribution-based pension entitlements (so called “defined benefit plans”), which are recognized as direct commitments on the balance sheet of RENK Group AG. The company provides a fixed pension contribution determined annually by the Supervisory Board, which is paid into a pension account and converted into virtual fund shares. The Supervisory Board has set the contribution amount for fiscal year 2024 at € 200 thousand for Ms. Wiegand and € 75 thousand and € 113 thousand for Dr. Sagel and Mr. Schulz, respectively.

In the event of survival, the Board of Directors shall acquire entitlement to the pension payments as a retirement benefit if the employment relationship ends on or after the member’s 65th birthday, or as an early retirement benefit upon application if the employment relationship ends after the member’s 60th birthday and before reaching the fixed retirement age, or as a disability benefit upon application. In the event of an insured event (old age, disability, death), the pension benefit from the respective pension account is generally paid out to the Executive Board member or the surviving dependents as a lump sum. In the case of early retirement or disability, a payout is always made only upon application.

If a beneficiary leaves before an insured event occurs, their entitlement to benefits from the company pension scheme from the pension accounts is maintained on a non-contributory basis.

Due to her employment at RENK GmbH, Ms. Wiegand has acquired an irrevocable entitlement under the contribution-based plan (Defined Benefit Plan). The company has accepted this commitment and continues to accrue it as described above.

For Ms. Mänz-Siebje also exists a non-forfeitable entitlement from the contribution based benefit plan (Defined Benefit Plan), which she has acquired as part of her previous employment at RENK GmbH. The acquired entitlement remains in place, but does not increase further. For retirement benefits as part of her executive board mandate a new commitment has been made to Ms. Mänz-Siebje.

In deviation from the regulations in the remuneration system and in the executive board contract, no contributions have yet been made to the new defined contribution plan (Defined Contribution Plan) for her employment as member of the Executive Board of the company for Ms. Mänz-Siebje in fiscal year 2024 , as a specific pension model still needs to be determined.

Service cost and present value of the members of the executive board according to IFRS at the reporting date 31.12.2024

	Service cost	Present value of the obligation
	in € thousands	in € thousands
Susanne Wiegand	200	387
Christian Schulz	150	171
Dr. Alexander Sagel	83	83
Anja Mänz-Siebje	0	33

Variable compensation

In addition to the annual basic compensation, the members of the Executive Board receive variable compensation (STI and LTI), that is geared towards the sustainable development of the company in relation to the performance criteria applied and is in line with the company's management logic. Therefore, both the STI and the LTI are based on performance indicators that reflect the corporate strategy and, in the opinion of the Supervisory Board, therefore serve as an effective incentive instrument.

Short term incentive (STI)

The STI is designed with a one-year performance period and is allocated to the members of the Board of Directors annually. The payout of the STI is based on the achievement of performance indicators defined before or at the beginning of the performance period, as well as their weighting, which is determined by the Supervisory Board for each member of the Executive Board. As a rule, the Supervisory Board defines up to three additively linked performance indicators and assigns them weights. Financial performance indicators may include profit-related, revenue-related and/or other financial targets. In addition, non-financial objectives (e.g. sustainability goals) may also apply. In the event of the commencement or termination of the term of office of a member of the Executive Board during the year, the annual bonus shall be calculated pro rata temporis.

The target achievement is determined between 0% and 200%, with linear interpolation between the anchor points, i.e. between the hurdle of 80% and the target, as well as between the target and the maximum of 120%. If the performance indicator falls below the threshold of 80%, this will result in a payout of 0% of the target amount. Upon maximum achievement of the target of the performance indicator, a payout of 200% of the target amount will be made.

The financial performance indicators selected for the STI 2024 reflect the current management system of RENK Group AG.

The adjusted EBIT, as a result-oriented indicator, serves as an indicator of the company's operational performance by measuring profitability at the operational level and thus creating the basis for appropriate incentive structures. The result-based indicator can be adjusted for any special effects in accordance with the RENK normalization guidelines, such as M&A activities, severance payments, and other effects that do not provide any information about the development of the operational business activities.

Revenue serves as a key performance indicator for evaluating the financial success and strategy of the company. Consistent revenue growth is considered an indicator of long-term value creation.

For fiscal year 2024, the adjusted EBIT is weighted at 70% and the revenue at 30%. The Supervisory Board has defined the following ranges for these performance indicators.

Performance indicators

	Weighting	**Hurdle**	**Target value**	**Maximum**	**Actual value**	**Target achievement**
in € millions	**in %**	**80%**	**100%**	**120%**		**in %**
adjusted EBIT[1]	70	151.8	189.8	227.8	189.2	98.3
Revenue	30	848.0	1060.0	1272.0	1140.5	138.0

[1] Adjusted for effects from activities to align the company with capital market requirements and other adjustments, mainly consulting services and costs related to refinancing.

Based on the company's performance, the overall target achievement for the STI for fiscal year 2024, which will be paid out in cash after the audited and certified consolidated financial statements have been established, is 110,2%.

	Target value	Overall target achievement	Amount paid out
	in € thousands	in %	in € thousands
Susanne Wiegand	675	110.2	744
Christian Schulz[1]	450		496
Dr. Alexander Sagel[2]	300		331
Anja Mänz-Siebje[3]	83		91

[1] Granted pro rata for the period from January 1, 2024 – September 30, 2024, due to mid-year departure from the executive board.
[2] Granted pro rata for the period from April 1, 2024 – December 31, 2024, due to mid-year appointment to the executive board.
[3] Granted pro rata for the period from October 1, 2024 – December 31, 2024, due to mid-year appointment to the executive board.

The following regulations apply to new contracts with regard to the termination of the employment relationship. If the company terminates the employment relationship with valid reason pursuant to Section 626 German Civil Code ("Bundesgesetzbuch" or "BGB") (Bad Leaver), the member of the Executive Board has no entitlement to pro-rata payment of the STI.

In the event of the premature termination of the employment relationship without good cause within the meaning of Section 626 of the German Civil Code, there is a claim for a pro-rata payout from the STI (Good Leaver). For this purpose, the number of months within the one-year performance period during which the plan participant was employed by RENK Group AG is divided by the full number of months (12 months).

Long Term Incentive (LTI)[‡]

The LTI is structured as a performance share units (PSU) plan and is allocated in annual tranches, each with a four-year performance period. At the start of each tranche, the Supervisory Board assigns based on the respective individual allocation value PSU to the members of the Executive Board for each tranche.

The number of provisionally allocated PSUs is calculated by dividing the individual allocation value by the average share price of the company in XETRA trading on the Frankfurt Stock Exchange over thirty trading days (volume-weighted

[‡] This section, marked with an asterisk, contains disclosures typical of a remuneration report, which also address the disclosure requirements in accordance with ESRS 2 GOV-3.29.

closing price in each case) prior to the start of the respective performance period, rounded to two decimal places. A different method applies to the tranche with the performance period 2024 to 2027 (tranche 2024). The number of PSUs allocated was calculated by dividing the individual allocation value by the average share price of the company in XETRA trading on the Frankfurt Stock Exchange on the thirty trading days (volume-weighted closing price in each case) following the company's IPO, rounded to two decimal places.

In the opinion of the Supervisory Board, the LTI, as a long-term variable remuneration instrument, is intended to provide incentives for implementing the company's strategic objectives and to ensure long-term, sustainable corporate development aimed at increasing the company's value. The performance indicators are in line with the company's strategy and management logic.

The final number of PSUs at the end of the plan term depends on the achievement of certain performance indicators, the target values and respective weighting of which are determined by the Supervisory Board before or at the beginning of each performance period. The performance indicators are linked in an additive manner. On the one hand, they consist of financial objectives such as result-oriented, strategic or capital efficiency-related goals. On the other hand, at least one sustainability goal is defined for each tranche.

For the 2024 tranche, the Supervisory Board has defined the following performance indicators and their weighting: 60% adj. EPS, 30% order intake and 10% sustainability goals. Two interdependent objectives are defined for the sustainability goal. Firstly, the sustainability milestone of achieving the Corporate Sustainability Reporting Directive (CSRD) Readiness & Compliance is a goal in the year 2024. In the remaining years of the performance period, the decisive factor is the achievement of a certain quota of women in management positions by December 31, 2027.

The target achievement for each performance indicator is determined between 0% and 200%, with linear interpolation between the anchor points, i.e. between the hurdle of 80% and the target, as well as between the target and the maximum of 120%. Achieving a performance indicator target below the threshold of 80% will result in the allocation of 0% of the target amount. For the maximum target achievement of the performance indicator, an allocation of 200% of the target amount is made.

To determine the final number of PSUs, the number of PSUs allocated at the beginning of a tranche is multiplied by the achievement of the target and the corresponding weighting of the individual performance indicators. To calculate the payout, the final number of PSUs is multiplied by the average share price of the company in XETRA trading on the Frankfurt Stock Exchange over thirty trading days (volume-weighted closing price in each case) prior to the end of the respective performance period, rounded to two decimal places. The payout is limited to 250% of the individual allocation value of the LTI (payout cap) and is made in cash or in shares at the discretion of the Supervisory Board. The payout will be made after the respective audited and certified consolidated financial statements have been determined.

If the employment relationship ends due to a dismissal by the company for a serious reason in accordance with Section 626 of the German Civil Code (Bad Leaver), the member of the Board of Management is not entitled to a pro-rata payment of the LTI.In the event of the premature termination of the employment relationship without good cause within the meaning of Section 626 of the German Civil Code, there is a claim for a pro-rata payout from the LTI (Good Leaver). For this purpose, the number of months within the four-year performance period during which the plan participant was employed by RENK Group AG is divided by the total number of months (48 months).

The achievement of the targets for the LTI 2024 until 2027 and the actual payment amounts will be reported in the remuneration report for fiscal year 2027 after the end of the four-year performance period.

The following table shows the PSUs promised to each member of the Board of Directors in fiscal year 2024:

PSU	Tranche	Number of confirmed PSU	Allocation time	Fair value at allocation time	Expired in the fiscal year 2024	Stock PSU 31.12.2024
Susanne Wiegand[1] CEO Chairwoman of the Executive Board	2024 - 2027	40,457	22.01.2024	684,937	0	40,457
Christian Schulz[2] CFO (until 30.09.2024)	2024 - 2027	26,971	22.01.2024	456,619	21,914	5,057
Dr. Alexander Sagel COO (since 01.04.2024)	2024 - 2027	23,341	26.06.2024	582,591	0	23,341
Anja Mänz-Siebje CFO (since 01.10.2024)	2024 - 2027	16,857	26.10.2024	322,812	0	16,857

[1] Due to the departure on January 31, 2025, the allocation value is reduced pro rata temporis to the amount corresponding to the number of full months in which the employment relationship existed in the respective four-year period (13/48). The expired PSU will be displayed accordingly in the remuneration report 2025.
[2] Due to the departure during the year, the allocation value was reduced pro rata temporis to the amount corresponding to the number of full months in which the employment relationship existed in the respective four-year period (9/48).

Pre-IPO bonus

Ms. Wiegand and Mr. Schulz were entitled to a pre-IPO bonus for fiscal year 2023 instead of an LTI, with an allocation value of € 244 thousand and € 163 thousand, respectively, upon achieving 100% of the target. The bonus to be paid out in fiscal year 2027 was determined based on subsequent target achievement. The Pre-IPO bonus has a deferral period of three years, from January 1, 2024, to December 31, 2026 (holding period). An entitlement to payout of the full bonus amount is therefore linked to an active employment relationship until December 31, 2026. If the employment relationship ends due to dismissal by the company for good cause in accordance with Section 626 of the German Civil Code, any claim to payment expires. If the employment relationship ends for other reasons, the allocation value will be reduced pro rata temporis to the amount corresponding to the number of full months during which the employment relationship existed between October 1, 2023, and December 31, 2026.

in %	**Weighting**	**Target achievement**	**Overall traget achievement**
Income orders	**33,33**	**180**	
Planning for sustainability reporting, creation and achievement of sustainability reporting,	**33,33**	**100**	**127**
Capital market improvement	**33,33**	**100**	

in € thousands	Target amount	Overall target achievement in %	Bonus amount recognised	Granted remuneration 2023	Granted remuneration 2024
Susanne Wiegand	244	127	310	24	95
Christian Schulz[1]	163		206	16	48

1 The allocation value or the bonus amount determined was only granted on a one-piece basis (12/39) for the period October 1, 2023 - September 30, 2024 due to the early departure from the Executive Board. The remaining entitlements totalling € 142 thousand have lapsed.

Compensation from third parties

Individual members of the Executive Board were promised or granted benefits by third parties with regard to their activities as members of the Executive Board during the financial year. There are three different types of benefits, all in connection with the IPO of the RENK Group AG.

As part of the IPO of RENK Group AG certain members of the Executive Board and the Supervisory Board, selected employees of the RENK Group as well as affiliated companies of Rebecca BidCo S.à. r.l. the possibility to acquire pre-IPO-shares of € 15. This so-called preferential allocation is described in the prospectus from February 6, 2024. In this context, Christian Schulz acquired 26,666 shares and Susanne Wiegand acquired 46,666 shares.

In addition, in connection with the acquisition of the former RENK Aktiengesellschaft in 2020, a management equity program ("Management Equity Program") has been established, to substantiate the alignment of economic interests of, among others, members of the management team, including members of the Executive Board and the Supervisory Board and other employees of RENK Group as well as the interests of further shareholders of RENK Group. The management equity program is described in the prospectus from February 6, 2024. In the past, it granted participating persons, among others, members of the Executive Board and the Supervisory Board and certain employees the possibility to invest indirectly at the current market price in the RENK Group. Following the IPO on February 7, 2024 the participation in the company's total capital by the members of the Management Board and the Supervisory Board under the management participation program was approximately 1,38 %. Approximately 0,92% were held by Susanne Wiegand. Furthermore Mr. Schulz was promised an amount of € 17 million and Ms. Wiegand an amount of € 2 million directly from the former main shareholder in connection with the IPO.

Malus and Clawback

In accordance with G.11 of the DCGK, the company has implemented malus and clawback clauses in the executive compensation system. For new contracts, the Supervisory Board has the right, in justified cases, to reduce or postpone (malus) the variable short-term and long-term compensation (STI and LTI) that has not yet been paid out, or to reclaim compensation that has already been paid out (clawback).

Justified cases include, among others, a violation of the duty of care and responsibilities of a member of the Executive Board as defined in Section 93 of the German Stock Corporation Act, misconduct in connection with compliance violations or the existence of an incorrect annual financial statement.

The following is regulated by the Executive Board contracts concluded with the members of the Executive Board prior to the introduction of the remuneration system. The company has the right to demand back, withhold or cancel any net payments already made from the LTI, in the event that the payout was unjustified in whole or in part. The recovery claim also applies if the office or employment relationship has already ended at the time the recovery claim is asserted. Similarly, the company may reclaim all or part of an annual instalment already paid from the LTI (net amount) if the member of the Board of Management has seriously breached his statutory obligations.

In fiscal year 2024, there were no reasons that would have prompted the Supervisory Board to demand repayment or withhold variable compensation, which is why no repayment or withholding took place.

Remuneration-related legal transactions

If the Company revokes the appointment of a member of the Management Board before the expiration of the term of the respective employment contract, the respective Management Board member shall be entitled to severance pay, unless the dismissal is based on an important reason within the meaning of Section 626 of the German Civil Code or the revocation of the appointment is based on a gross breach of duty.

The severance payment is calculated based on the annual base salary as well as the STI and LTI of the respective member of the Executive Board. The STI and LTI bonuses are each based on a total target achievement of 100%, which is calculated on a pro rata basis from the end of the employment relationship until the regular end of the respective contract term, but for a maximum of one year. The board contracts included regulations regarding a post-contractual non-compete clause with severance pay. The leave compensation amounts to 50% for Dr. Sagel and for Ms. Mänz-Siebje, and 75% for Mr. Schulz and Ms. Wiegand, of the last contractual benefits received for the duration of the non-compete clause.

In the event of incapacity for work due to illness, the total compensation will continue to be paid for a period of 12 months.

If a member of the Executive Board dies during the term of their service contract, the surviving spouse, surviving partner living in a civil partnership or registered partner will receive the monthly basic remuneration for the month of death and five further months.

Mr. Schulz has resigned from his position on the Executive Board with effect from September 30, 2024. As a result, Mr. Schulz is entitled to a pro-rata bonus STI for fiscal year 2024, which will be paid out at the contractually agreed maturity date. Likewise, Mr. Schulz was allocated a pro-rata LTI for fiscal year 2024. Mr. Schulz is not entitled to any severance pay as a result of his departure. In addition, the post-employment competition ban has been lifted.

Rules for share ownership

The employment contracts of the members of the Executive Board include rules on share ownership. In the opinion of the Supervisory Board, this is intended to further strengthen and ensure the alignment of interests between the company's shareholders and the members of the Executive Board. As part of these rules, each member of the board of directors is obliged to invest in shares of the company over a period of four years, starting with the initial public offering. The mandatory own investment in shares of the company is set at € 900 thousand for Ms. Wiegand, € 400 thousand for Mr. Schulz and Dr. Sagel, and € 330 thousand for Ms. Mänz-Siebje. The regulation, which provides that existing share ownership is taken into account in the remuneration system, is also included in the new contracts. The shares acquired in accordance with the rules on share ownership must be fully retained until the termination of the respective board member's employment. The Supervisory Board regularly checks compliance with the described rules regarding share ownership.

Granted and owed compensation to the Executive Board in fiscal year 2024

The following table shows the compensation granted and owed to each individual member of the Management Board in office during fiscal year 2024 in accordance with Section 162 of the German Stock Corporation Act, including the respective relative shares of its components. The remuneration granted is recognized as the remuneration for which the underlying activity has been performed in full at the end of the financial year.

The table shows the payments made during the fiscal year for the basic remuneration as well as for the additional benefits.

The one-year variable compensation is therefore reported for fiscal year 2024, even though the actual inflow will only take place in fiscal year 2025. The pre-IPO bonus is earned incrementally and is therefore reported proportionally in the respective fiscal year, measured over the entire term. The long-term variable compensation (tranche 2024) is also reported in remuneration report 2027 since it is fully vested in fiscal year 2027, even if it is not paid out until the subsequent fiscal year.

	Susanne Wiegand CEO Chairwoman of the executive board 01.01. - 31.12.2024		Christian Schulz CFO 01.01. - 30.09.2024		Dr. Alexander Sagel COO 01.04. - 31.12.2024		Anja Mänz-Siebje CFO 01.10. - 31.12.2024	
	in € thousands	in %	in € thousands	in %	in € thousands	in %	in € thousands	in %
Basic remuneration	450	34	300	35	300	45	83	46
Fringe benefit	21	1	7	1	31	5	5	3
Total fixed remuneration	**471**	**35**	**307**	**36**	**331**	**50**	**88**	**49**
One-year variable remuneration 2024	744	57	496	58	331	50	91	51
Pre-IPO bonus	95	8	48	6	-	0	-	0
Total variable remuneration	**839**	**65**	**544**	**64**	**331**	**50**	**91**	**51**
Granted and owed remuneration pursuant to Section 162 AktG	**1,310**	**100**	**851**	**100**	**662**	**100**	**179**	**100**

Principles of compensation for the Supervisory Board of RENK Group AG

The compensation for the members of the Supervisory Board, as decided by the Annual General Meeting, is regulated in Section 15 of the Company's Articles of Association and provides for a fixed compensation only, in accordance with Recommendation G.18 of the German Corporate Governance Code, GCGC ("DCGK").

The members of the Supervisory Board receive a fixed annual compensation of € 60 thousand. The Chairman of the Supervisory Board receives double this amount, while the Deputy Chairman of the Supervisory Board receives one and a half times the fixed annual compensation.

Committee remuneration

The members of the Supervisory Board also receive an additional fixed annual compensation of € 10 thousand each for their work in the committees of the Supervisory Board. The Chairman of the Audit Committee receives one and a half times this fixed annual compensation. The chairmen of the other committees receive twice this fixed annual compensation. The entitlement to additional remuneration for membership or chairmanship of committees is subject to the condition that the respective committee has met at least once a year to fulfill its duties.

The members of the Supervisory Board and the committees also receive an attendance fee of € 500 per meeting.

All aforementioned compensation components are payable upon expiration of of fiscal year.

Members of the Supervisory Board who are only members of the Supervisory Board during part of a financial year or hold the office of Chairman or Deputy Chairman of the Supervisory Board receive a corresponding pro-rata compensation. This applies accordingly to the compensation as a member or chairman of a committee.

In the interests of the members of the Supervisory Board, liability insurance has been taken out to hedge the risks arising from the performance of their duties as members of the Supervisory Board (Directors & Officers Liability Insurance or D&O insurance).

In addition to the compensation specified in the preceding paragraphs, the company shall reimburse the members of the Supervisory Board for expenses incurred in the exercise of their duties as members of the Supervisory Board, as well as the value-added tax payable on their compensation and expenses, as far as this should occur.

Compensation of the members of the Supervisory Board in fiscal year 2024

The individual compensation granted and owed to the members of the Supervisory Board, which consists 100% of fixed compensation components, is shown in the table below. The compensation granted is the compensation for which the underlying activity was fully performed with the expiration of the fiscal year. All members of the Supervisory Board of RENK GmbH also fullfil a mandate at the Supervisory Board of RENK Group AG and receive their remuneration solely from RENK Group AG.

Supervisory board remuneration

in € thousands	Fixed remuneration	Committee remuneration	Attendance fees	Total remuneration
Shareholder representatives				
Claus von Hermann[2] Chairman of the Supervisory Board	108	30	8	**146**
Swantje Conrad (until 26.06.2024)	29	12	4	**45**
Karin Sonnenmoser (since 26.06.2024)	31	11	4	**46**
Cécile Dutheil[2] (until 26.06.2024)	23	8	2	**33**
Doreen Nowotne (since 26.06.2024)	31	15	4	**50**
Dr. Rainer Martens (until 27.02.2024)	9	-	1	**10**
Florian Hohenwarter (since 07.03.2024)	49	-	4	**53**
Johannes Meier[2]	54	18	8	**80**
Klaus Stahlmann	60	-	4	**64**
Employee representatives				
Klaus Refle[1] Deputy Chairman of the Supervisory Board	90	20	10	**120**
Sascha Dudzik[1]	60	10	5	**75**
Lothar Evers[1]	60	-	5	**65**
Adela Lieb	60	-	5	**65**
Horst Ott[1] (until 31.05.2024)	25	4	4	**33**
Ferdije Rracaj[1] (since 11.06.2024)	33	5	4	**42**
Mario Sommer[1]	60	-	5	**65**

[1] These employee representatives have declared that they pay part of their Supervisory Board remuneration in accordance with the IG Metall guidelines to Hans-Böckler-Stiftung (Hans Böckler Foundation).
[2] These members of the Supervisory Board have waived their remuneration in the period from January 1, 2024 to February 7, 2024.

Comparative presentation of remuneration and earnings development

The following overview presents the relative development of the granted and owed remuneration for the Management Board and Supervisory Board in comparison to the average employee remuneration as well as selected performance criteria.

The stated compensation for the Management Board and Supervisory Board corresponds to the compensation granted and owed in accordance with Section 162 para. 1 s. 2 No. 1 of the German Stock Corporation Act. In contrast, the average employee remuneration was determined on the basis of the personnel costs shown in the income statement in accordance with IFRS excluding pension expenses and minus expenses for the remuneration of the Executive Board and managing directors. When determining the average total compensation on a full-time equivalent basis, the employee (excluding vocational trainees, interns and working students) of the RENK Group AG, RENK GmbH and RENK Test Systems GmbH is taken into account.

Remuneration and earnings development

in € thousands	2024	2023	Change 2023/2024 in %	Change 2022/2023 in %	Change 2021/2022 in %	Change 2020/2021 in %
Members of the Executive Board						
Susanne Wiegand	1,310	737	78.00			
Christian Schulz	851	390	118.00			
Dr. Alexander Sagel	662	-	n/a			
Anja Mänz-Siebje	179	-	n/a			
Members of the Supervisory Board						
Claus von Hermann	146	-	n/a			
Swantje Conrad	45	34	33.00			
Karin Sonnenmoser	46	-	n/a			
Cécile Dutheil	33	-	n/a			
Doreen Nowotne	50	-	n/a			
Dr. Rainer Martens	10	20	-50.00			
Florian Hohenwarter	53	-	n/a			
Johannes Meier	80	-	n/a			
Klaus Stahlmann	64	26	146.00			
Klaus Refle	120	38	216.00			
Sascha Dudzik	75	29	159.00			
Lothar Evers	65	26	150.00			
Adela Lieb	65	26	150.00			
Horst Ott	33	19	74.00			
Ferdije Rracaj	42	-	n/a			
Mario Sommer	65	26	150.00			
Employee representative[1)]						
Average			6	4	7	-8
Earnings development/Key figures Group development						
Net loss for the year RENK Group AG according to HGB	-11,196	-1,650	579.00			
Adjusted EBIT Group	189,206	150,000	26.00			
Group sales	1,140,504	925,500	23.00			

The remuneration report has been prepared jointly by the Executive Board and the Supervisory Board in accordance with the requirements of Section 162 of the German Stock Corporation Act.

6 Audit opinion on the remuneration report in accordance with Section 164 AktG

Auditor’s Report

To RENK Group AG, Augsburg

We have audited the remuneration report of RENK Group AG, Augsburg, for the financial year from 1 January to 31 December 2024, including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of RENK Group AG are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsi-ble for such internal control as they determine is necessary to enable the preparation of a remu-neration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related dis-closures, based on our audit. We conducted our audit in accordance with German generally ac-cepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable as-surance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the re-muneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the prepara-tion of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as eval-uating the overall presentation of the remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from 1 January to 31 December 2024, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor’s report on the basis of the engagement agreed with RENK Group AG. The audit has been performed only for purposes of the company and the auditor‘s report is solely in-tended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor’s report is only towards the company in accordance with this engagement. The auditor’s report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Munich, March 17, 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Holger Graßnick ppa. Dario Nikolic

Wirtschaftsprüfer
(German Public Auditor)

Wirtschaftsprüfer
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