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RENK Group AG
Half-year Financial Report
First Half Year 2024

RENK continues successful business development: significant increase in revenue compared to the first half of the previous year, total order backlog remains at a high level

- Revenue grows by 24.4% YoY to € 510 million
- Total order backlog significantly above previous year at € 4.7 billion
- Adjusted EBIT increases significantly to € 69 million
- Annual forecast 2024 narrowed: ~€ 1,100 million in revenue and ~€ 175-190 million in adjusted EBIT

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A. Group Interim Management Report

1. Business development in the first half of the year

1.1 Business performance

Growth

- With a growth rate of 24.4%, revenue increased significantly by € 100,132 thousand to € 510,309 thousand The Vehicle Mobility Solutions (VMS) and Marine & Industry (M&I) segments accounted for the largest share of the increase in revenue with a total of 94%. Production optimizations in order to increase output at the Augsburg site made the primary contribution to this positive development.
- At the end of the first half of 2024, the total order backlog stood at € 4,671 million (June 31, 2023: € 4,243 million), having risen significantly by 10.1 %. In the first half of 2024, RENK recorded incoming orders of € 627,573 thousand (June 30, 2023: € 645,206 thousand). Military applications continue to dominate this positive trend.

Profitability

- The significant EBIT growth of 11.6% to € 35,603 thousand was mainly driven by the increase in revenue and the resulting improvement in operating performance.
- Similarly, adjusted EBIT increased significantly by 9.4% from € 63,021 thousand to € 68,957 thousand. At € 45,865 thousand, the VMS segment recorded a solid performance, as the operating performance in the first half of the previous year was positively influenced by the reversal of warranty provisions in the amount of €8,811 thousand. The M&I segment also made a substantial contribution to the positive performance resulting from a favourable product mix with a higher proportion of the marine business with nominal growth of € 18,762 thousand to € 16,222 thousand. The adjustments relate in particular to depreciation of revalued assets as a result of purchase price allocations (PPA effects) and consulting services.
- The adjusted EBIT margin in the first half of 2024 amounted to 13.5 %. Excluding the reversal of warranty provisions in the comparative period, which had an adjusted EBIT margin of 15.4 %, this corresponds to a margin increase of 0.3 percentage points. While the margins of the M&I and Slide Bearings (SB) segments each increased significantly, the margin trend in the VMS segment primarily reflects optimization potential at the Muskegon (MI) site in the US.
- In view of the boom in military applications, RENK's management is increasingly focused on leveraging profitable growth opportunities, which will be measured primarily on the basis of the development of adjusted EBIT (now: key performance indicator - KPI). During this phase of capacity expansion and increased production, the adjusted EBIT margin (now: performance indicator - PI) is accorded less importance.

Liquidity

- While a positive free cash flow of € 36,747 thousand was posted in the same period of the previous year, this was negative in the first half of 2024, mainly due to the increase in net working capital by € 31,138 thousand (same period of the previous year: € 13,418 thousand) and higher interest payments in the amount of € 34,613 thousand. Taking into account investment payments of € 12,867 thousand (same period of the previous year: € 9,796 thousand), free cash flow therefore amounted to € -7,511 thousand.
- On February 19 and 20, 2024, RENK completed the refinancing of its long-term debt. The corporate bond (senior secured notes with a coupon of 5.75% with maturity in 2025) amounting to € 520,000 thousand was repaid early on February 20, 2024 and replaced by a variable-interest loan in the amount of € 525,000 thousand (term loan B (TLB)) from a banking syndicate. The TLB has a term of 5 years and is financed by € 450,000 thousand in multi-currency guarantee facilities and € 75,000 thousand in revolving credit facilities. The revolving credit facilities will not be utilized until further notice. This was accompanied by the termination of the existing revolving credit facilities and guarantee facilities under the Super Senior Facilities Agreement (SSFA) from 2020. For most of the corresponding volume, the variable base interest rate of the TLB was fixed for 3 years by means of an interest-rate swap.
- For RENK, capital efficiency is of central importance. Therefore, the Cash Conversion Ratio (CCR) will be reported as an additional indicator (Performance Indicator – PI/Alternative Performance Measures – APM) for the liquidity of

the RENK Group. The CCR is calculated by relating the adjusted profit after tax (PI/APM) to the free cash flow (PI/APM).

1.2 Significant developments and events affecting the course of business

In addition to the underlying macroeconomic conditions, RENK's business performance is influenced in large part by the economic situation in the end markets in which the products for military and civilian applications are in demand. With a significant year-on-year decline in economic output of -0.2%, Germany in particular lagged behind the global growth trend of +3.3%. According to updated estimates by the International Monetary Fund (IMF) from July 2024, growth in global economic output will stabilize at this level and is expected to reach 3.3% in 2024. In the developed economies, the lower level of growth is also expected to continue on average and amount to 1.7% for the current year and 1.6% for the following year. The main driver of growth in 2024 is the US with a forecast growth rate of 2.6%. At 1.9%, the outlook for 2025 is deteriorating in view of the upcoming US elections at the end of 2024 and possible uncertainties regarding a change in economic and fiscal policy. In the same period, the euro area is expected to show a slight recovery from 0.9% growth in 2024 to 1.5% in 2025. This is due to faster progress in curbing inflationary tendencies than in other countries, making it more likely that the deflationary monetary policy will be eased or at least curbed. For Germany, the IMF assumes a much flatter growth trajectory over the same period, starting with slight growth in 2024 of 0.2%, followed by an increase of 1.3% in 2025. This means that Germany is bringing up the rear in the euro zone in 2024, particularly on account of high energy prices, which are having a significant negative impact on business development in the manufacturing sector. In comparison, the emerging and developing countries should be able to maintain the high growth level of 4.3% in 2024 and 2025. However, the slower growth in India and China could prove detrimental to the global economy. In 2025, this growth is expected to be 6.5% in India and 4.5% in China, which is well below the long-term average in both countries. In addition to uncertain domestic demand, the strict trade policy in relation to the US is having a negative impact on China.

While the negative effects of the COVID-19 pandemic are becoming less significant, global uncertainties in the form of fragmented economic areas, protectionist interventions in trade policy and geopolitical tensions are playing an increasingly important role. At the same time, the tight monetary policy, which is having an increasing impact, is acting as a stress factor. For the euro zone, the IMF is forecasting an inflation rate of 2.4% for 2024 and 2.1% for 2025, meaning that the inflation target for the euro zone is in sight and a turnaround in monetary policy is more likely. An even sharper reduction is expected for the US, from 3.1% in 2024 to 2.0% in 2025. However, the IMF expects inflation to be volatile, which poses the risk of temporary increases and therefore a continuation of higher interest rates.

In line with the global macroeconomic environment and the negative economic factors in Germany, the German Machinery and Equipment Manufacturers Association (VDMA) is expecting a significantly deteriorated development for 2024. According to the economic survey conducted in June 2024, around 40% of the companies surveyed expect a nominal decline in sales revenue for 2024 as a whole, as the originally optimistic forecasts for the second half of 2024 cannot be fulfilled as expected. Hopes for an upturn in the sector have instead been postponed until 2025, for which the majority of companies are forecasting nominal growth in sales revenue.

Contrary to these global economic trends, the defense market continues to be positively influenced by rising defense budgets. This is primarily due to geopolitical developments and conflicts such as the Russian invasion of Ukraine, geopolitical tensions such as those between China and Taiwan, China and the US, and the conflict in the Middle East. Based on an estimated global defense budget of € 1,636 billion in 2024, excluding embargoed countries, this is expected to rise to € 2,106 billion by 2027. At € 858 billion and € 945 billion respectively, the largest share of this in 2024 and 2027 is attributable to the North American military market. Over the same period, defense budgets in Europe are expected to increase by € 59 billion to € 429 billion.

2. Results of operations

2.1 Order intake and revenue

	Order intake				Revenue			
	First half-year		Change		First half-year		Change	
in € thousands	2023	2024	in €	in %	2023	2024	in €	in %
VMS	435,776	410,297	(25,479)	(5.8)	243,859	294,664	50,804	20.8
M&I	151,609	156,808	5,198	3.4	113,637	161,676	48,039	42.3
SB	64,486	70,131	5,644	8.8	54,866	61,142	6,276	11.4
Total segments	**651,872**	**637,235**	**(14,636)**	**(2.2)**	**412,362**	**517,481**	**105,119**	**25.5**
Reconciliation consolidated financial statements	(6,666)	(9,663)	(2,997)	45.0	(2,185)	(7,172)	(4,987)	>200
RENK	**645,206**	**627,573**	**(17,633)**	**(2.7)**	**410,177**	**510,309**	**100,132**	**24.4**

- Even though the order intake was slightly down overall on the same period of the previous year, which was characterized by exceptionally high incoming orders in the first quarter, it remained at a high level at € 627,573 thousand (same period of the previous year: € 645,206 thousand). The € 25,479 thousand decline in the order intake to € 410,297 thousand (previous year: € 435,776 thousand) in the VMS segment is primarily the result of the postponement of expected orders. The M&I and SB segments contributed to the development of order intake with € 226,938 thousand (same period of the previous year: € 216,096 thousand), which corresponds to a moderate increase of€ 10,842 thousand. This was mainly due to unscheduled incoming orders in the marine business.
- Revenue increased significantly by € 100,132 thousand to € 510,309 thousand in the reporting period. This growth is predominantly attributable to the VMS and M&I segments. Continuous increases in production, particularly at the Augsburg site, improved efficiency due to modernization of production facilities at the Bath site in the UK, and robust development in the aftermarket were the main factors behind VMS's overall growth in revenue by € 50,804 thousand to a total of € 294,664 thousand (same period of the previous year: € 243,859 thousand). The M&I segment benefited from strong marine business and increased output of turbo gearboxes. As a result, at 42.3 %, revenue grew exceptionally strongly and amounted to € 161,676 thousand in the reporting period (same period of the previous year: € 113,637 thousand).
- As of the reporting date, the aforementioned developments resulted in a ratio of incoming orders to sales (book-to-bill) of 1.2x (previous year 1.6x), which underlines the positive business and revenue outlook.

Order backlog

Order Backlog

			Change	
in € millions	June 30, 2023	June 30, 2024	in €	in %
Fixed order backlog	1,677	1,879	203	12.1
Frame order backlog	579	603	24	4.1
Soft order backlog	1,988	2,188	201	10.1
Total order backlog	**4,243**	**4,671**	**427**	**10.1**

- The order backlog increased significantly by 10.1 % to € 4,671 million compared to the same period of last year. 87.1% (previous year: 87.6%) of the portfolio is attributable to VMS, 11.2% (previous year: 10.8%) to M&I and 1.5% (previous year: 1.5%) to SB. The significant growth primarily relates to customers who require products for military applications. Medium-term order volumes (frame order backlog) derived from framework agreements and customer activity to date totaled € 603 million at the end of the first half of 2024 (previous year: € 579 million). In addition, our assessments of current contract negotiations, budgeting performed by customers, and decisions on government military spending led to an estimated prospective order backlog (soft order backlog) of € 2,188 million (previous year: € 1,988 million) for the medium-term planning horizon.

2.2 Profitability

Profitability

	First half-year		Change	
in € thousands	2023	2024	in €	in %
Adjusted EBIT	**63,021**	**68,957**	**5,936**	**9.4**
VMS	53,792	45,865	(7,927)	(14.7)
M&I	(2,540)	16,222	18,762	> 200,0
SB	7,797	11,015	3,218	41.3
Reconciliation consolidated financial statement	3,972	(4,145)	(8,117)	< (200.0)
Adjusted EBIT Margin	15.4 %	13.5 %	n/a	(1.9) p.p.
VMS	22.1 %	15.6 %	n/a	(6.5) p.p.
M&I	(2.2) %	10.0 %	n/a	12.3 p.p.
SB	14.2 %	18.0 %	n/a	3.8 p.p.
Adjustments (refer to seperate table)	(31,110)	(33,355)	(2,245)	7.2
EBIT	31,911	35,603	3,691	11.6
VMS	52,349	40,309	(12,040)	(23.0)
M&I	(4,124)	15,335	19,459	> 200,0
SB	7,552	11,015	3,464	45.9
Reconciliation consolidated financial statement	(23,866)	(31,057)	(7,192)	30.1
EBIT Margin	7.8 %	7.0 %	n/a	(0.8) p.p.
VMS	21.5 %	13.7 %	n/a	(7.8) p.p.
M&I	(3.6) %	9.5 %	n/a	13.1 p.p.
SB	13.8 %	18.0 %	n/a	4.3 p.p.
Financial result	**(21,351)***	**(15,414)**	**5,937**	**(27.8)**
Profit (+) / loss (-) before tax	**10,560***	**20,188**	**9,628**	**91.2**
Income taxes	**(4,767)***	**(12,667)**	**(7,900)**	**165.7**
Adj. net income	**26,963[1*]**	**30,219**	**3,256**	**12.1**
Profit (+) / loss (-) after tax	**5,793***	**7,521**	**1,728**	**29.8**
Basic earnings per share (€)	**0.06***	**0.08**	**0.02**	**33.3**

1) In the adjusted net income, the income tax expense was calculated based on a budgeted corporate tax rate of 31.95%
* The figures have been adjusted. For details explaining of the changes in the figures for the first six months of the 2023 fiscal year, see the notes to the consolidated financial statements, Section 1: General Principles (IAS 8)

- Compared to the same period of the previous year, adjusted EBIT increased by 9.4 %to € 68,957 thousand despite increased administrative expenses and higher expenses for internally financed R&D expenditures. In addition to revenue performance, this significant increase is due to a favorable product mix.
- The VMS segment accounted for adjusted EBIT of € 45,865 thousand after € 53,792 thousand in the same period of the previous year, which was positively influenced by the reversal of warranty provisions. The segment's adjusted EBIT margin fell to 15.6 % (same period of the previous year: 22.1 %). Following a negative adjusted EBIT in the same period of the previous year, M&I increased it by € 18,762 thousand to € 16,222 thousand. This strong growth is reflected in an adjusted EBIT margin of 10.0 % (same period of the previous year: -2.2 %). As already described, this development is primarily due to an optimized product mix. The SB segment's high-margin business with an adjusted EBIT margin of 18.0 % contributed to the earnings performance with adjusted EBIT of € 11,015 thousand (same period of the previous year: € 7,797 thousand). The spare parts business in the aftermarket had a particularly positive impact.
- The reconciliation items include costs for corporate functions and the passing on of charges within the Group.
- The adjusted EBIT margin amounted to 13.5% in the first half of 2024. In the same period of the previous year, this amounted to 15.4%, and was positively influenced by the reversal of warranty provisions in the VMS segment. Without this effect, the adjusted EBIT margin would have been 13.2% in the same period of the previous year. The M&I and SB segments developed very positively, each achieving significant margin improvements.
- With € 20,188 thousand, RENK reports a sharp rise in earnings before taxes in the first half of the year, compared to € 10,560 thousand in the same period of the previous year. In addition to the increase in the operating result by € 3,691 thousand to € 35,603 thousand, the € 5,937 thousand improvement in the financial result contributed

significantly to this development. Consequently, earnings after taxes of € 7,521 thousand also developed very positively with an increase of 29.8 %.

- In order to cultivate the growth opportunities arising from the boom in military applications, it is essential to expand capacity and increase production. In this phase, RENK is also setting its profitability targets, which in future will be measured primarily on the basis of adjusted EBIT (now: key performance indicator - KPI). The development of the adjusted EBIT margin (now: performance indicator - PI) is accorded less importance here in order to avoid conflicting objectives.

Adjustments

	First half-year		Change	
in € millions	2023	**2024**	in €	in %
Effects of purchase price allocations	23.4	22.1	(1.2)	(5.2)
Capital market readiness costs	0.3	1.6	1.3	> 200.0
M&A activity related costs	1.1	0.5	(0.6)	(54.1)
Inflation compensation premium	1.5	-	n/a	n/a
Severance provision	1.3	-	n/a	n/a
Other adjustments	**3.5**	**9.1**	5.6	156.8
Adjustments Total	**31.1**	**33.4**	**2.2**	**7.2**

- At € 22.1 million (same period of the previous year: € 23.4 million), the adjustments are mainly attributable to the effects of purchase price allocations, which mainly relate to depreciation of fixed assets revalued in the context of company acquisitions and are allocated to reconciliation to consolidated financial statements.
- In the second quarter of fiscal year 2023, RENK began activities to align the Group with the requirements of the capital market. Due to the successful IPO in February 2024, costs amounting to € 1.6 million were incurred in the first half of the year.
- The other adjustments in the first half of 2024 mainly relate to consulting services and costs in connection with refinancing as well as a program to increase efficiency at RENK America LLC, Muskegon (MI), US.

3. Net assets

Assets

	Reporting date		Change	
in € millions	31.12.2023	30.06.2024	in €	in %
Total non-current assets	**735.7**	**729.5**	**(6.2)**	**(0.8)**
of which				
Intangible assets	383.9	369.9	(14.0)	(3.6)
Property, plant and equipment	319.0	321.4	2.4	0.7
Total current assets	**736.9**	**770.7**	**33.9**	**4.6**
of which				
Inventories	326.2	360.3	34.0	10.4
Trade receivables	163.3	152.2	(11.1)	(6.8)
Contract assets	96.6	121.1	24.5	25.4
Cash and cash equivalents	102.2	93.8	(8.4)	(8.2)
Total assets	**1,472.6**	**1,500.2**	**27.7**	**1.9**

- As at June 30, 2024, RENK has total assets of € 1,500.2 million (December 31, 2023: € 1,472.6 million), which are divided roughly equally between current and non-current assets.
- Non-current capital employed is made up primarily of intangible assets and property, plant and equipment, which were acquired mainly through the acquisition of the former RENK AG and RENK America LLC, based in Muskegon (MI), US, with a share of 94.8% (December 31, 2023: 95.5%). As part of the purchase price allocations, the difference between the purchase price paid and the carrying amounts acquired in previous periods was allocated to goodwill, intangible assets, and property, plant and equipment.
- Current capital employed comprises inventories at € 360.3 million (December 31, 2023: € 326.2 million) to 46.7% (December 31, 2023: 44.3 %), the increase in which is in line with the expected output volume over the remainder of the fiscal year. The significant reduction in trade receivables by 6.8% to € 152.2 million (December 31, 2023: € 163.3 million) is due to reporting date effects and is in line with the expected development. Contract assets, which increased by € 24.5 million to € 121.1 million (25.4 %), reflect the significant growth in sales revenue in the VMS and M&I segment. Cash and cash equivalents decreased by € 8.4 million to € 93.8 million in accordance with the explanation of the financial position.

Liabilities

	Reporting date		Change	
in € millions	31.12.2023	30.06.2024	in €	in %
Total equity	**403.9**	**392.7**	**(11.2)**	**(2.8)**
Total non-current liabilities	**661.3**	**671.7**	**10.4**	**1.6**
of which				
Non-current financial liabilities	527.5	529.9	2.3	0.4
Non-current contractual liabilities	44.1	45.4	1.2	2.7
Other non-current provisions	11.0	10.8	(0.2)	(1.5)
Total current liabilities	**407.4**	**435.8**	**28.5**	**7.0**
of which				
Trade payables	123.6	106.7	(16.9)	(13.7)
Current contractual liabilities	171.8	201.5	29.6	17.2
Other current provisions	40.3	35.0	(5.3)	(13.1)
Other current liabilities	38.5	42.9	4.4	11.4
Total liabilities	**1,472.6**	**1,500.2**	**27.7**	**1.9**

- As at June 30, 2024, total equity amounted to € 392.7 million (December 31, 2023: € 403.9 million) and the equity ratio was 26.2 % (December 31, 2023: 27.4 %). Non-current liabilities represent 44.8 % (December 31, 2023: 44.9 %) of total assets and are attributable in a nominal amount of €525.0 million to a long-term, variable-interest loan, which was used to redeem the previous corporate bond with a nominal value of €520.0 million. Total equity and long-term liabilities therefore significantly exceed non-current assets employed.
- Current and non-current contract liabilities amount to € 246.8 million (December 31, 2023: € 216.0 million). While non-current contract liabilities remained stable, the current share of contract liabilities increased by € 29.6 million to € 201.5 million (December 31, 2023: € 171.8 million), which corresponds to a higher share of customer prepayments for goods and services to be provided at short notice. Other non-current and current provisions in the amount of € 45.8 million (December 31, 2023: € 51.3 million) primarily relate to risk provisions for warranties and workforce costs.

4. Financial position

4.1 Analysis of cash flow and capital expenditures

Free cashflow

	First half-year		Change	
in € thousands	2023	2024	in €	in %
EBIT	31,911	35,603	3,692	11.6
Amortisation and depreciation of intangible assets and property, plant and equipment (incl. PPA amortisation and depreciation)	38,578	37,816	(762)	(2.0)
EBITDA	**70,489**	**73,419**	**2,930**	**4.2**
Interest received[1)]	**-**	**1,014**	**1,014**	**k.A.**
Interest payments[1)]	**(13,418)**	**(34,613)**	**(21,195)**	**158.0**
Income tax payments	**(16,071)**	**(9,846)**	**6,225**	**(38.7)**
Change in net working capital	**23,780**	**(31,138)**	**(54,918)**	**< (200)**
Change in inventories	(35,776)	(33,785)	1,991	(5.6)
Change in trade receivables and contract assets	18,347	(10,316)	(28,663)	(156.2)
Change in trade payables	10,949	(16,742)	(27,691)	< (200)
Changes in contract liabilities	30,260	29,705	(555)	(1.8)
Investments in property, plant and equipment and intangible assets	**(9,796)**	**(12,867)**	**(3,071)**	**31.3**
Other[2)]	**(18,237)**	**6,520**	**24,757**	**(135.8)**
Free cashflow	**36,747**	**(7,511)**	**(44,258)**	**(120.4)**

[1)] Reported net in the comparative period.
[2)] Other reconciliation items include changes in provisions, other receivables and liabilities, insofar as these are not attributable to NWC, as well as other cash and non-cash effects of minor significance.

- The increase in EBITDA by € 2,930 thousand to € 73,419 thousand is largely due to the positive EBIT development.
- While interest expenses remained stable in comparison, interest payments amounting to € 34,613 thousand (same period of the previous year: € 13,418 thousand) contributed significantly to the sharp reduction in free cash flow. This is due to interest payment dates that deviate from interest accruals. In addition, the payment of prepayment penalties of € 7,478 thousand due to the refinancing of long-term debt led to a higher outflow compared to the first half of the previous year.
- Net working capital increased by € 31,138 thousand to € 279,661 thousand compared to the beginning of the fiscal year. The increase in inventories by € 33,785 thousand to € 326,227 thousand, which is mainly attributable to the VMS segment and is in line with the development of the order backlog, accounted for the largest share of this. Due to the sharp rise in sales revenue, contractual assets increased and led to a corresponding decrease in free cash flow, which was mitigated by the reduction in receivables to a net effect of € 10,316 thousand. On account of the reporting date, trade payables decreased by € 16,742 thousand. As in the same period of the previous year, customer prepayments led to an increase in contract liabilities and therefore to a positive cash flow effect in the amount of € 29,705 thousand.
- The capital expenditure in the amount of € 12,867 thousand (same period of the previous year: € 9,796 thousand) is mainly attributable to production facilities and was equivalent to around 2.5% of sales revenue in the first half of the year.
- Overall, free cash flow as at June 30, 2024 is negative and amounts to € -7,511 thousand. Free cash flow in the same period of the previous year amounting to € 36,747 thousand was mainly positively influenced by lower interest payments and a reduction in net working capital.

4.2 Financing and liquidity analysis

Change in cash and cash equivalents

	First half-year		Change	
in € thousand	**2023**	**2024**	**in €**	**in %**
Cash and cash equivalents at the beginning of reporting period	**158,678**	**102,216**	**(56,462)**	**(35.6)**
Cash flow from operating activities	60,332	38,954	(21,378)	(35.4)
Cash flow from investing activities	(44,298)	(7,662)	36,636	(82.7)
Cash flow from financing activities	(13,853)	(41,031)	(27,178)	196.2
Other changes in cash and cash equivalents	4,870	1,359	(3,511)	(72.1)
Change in cash and cash equivalents in reporting period	**7,051**	**(8,380)**	**(15,431)**	**< (200)**
Cash and cash equivalents at the end of reporting period	**165,729**	**93,836**	**(71,893)**	**(43.4)**

- In the first half of the year, RENK generated positive cash flow from operating activities of € 38,954 thousand previous year: € 60,332 thousand). This sharp decline despite the € 9,628 thousand increase in earnings before taxes to € 20,188 thousandis largely due to the development of net working capital.
- Cash flow from investing activities amounted to € -7,662 thousand. This was negative in the same period of the previous year at € -44,298 thousand. In addition to the expenditures for production facilities, the acquisition of General Kinetics in January 2023 had a particular impact on this.
- Cash flow from financing activities is impacted by the refinancing of long-term debt and interest payments at the beginning of the reporting period. As a result, this amounts to € -41,031 thousand compared with € -13,853 thousand in the same period of the previous year.
- While cash flow from operating activities in the first half of the year 2024 covered the payments for capital expenditures, the sharp increase in negative cash flow from financing activities ultimately led to a reduction in cash and cash equivalents from € 102,216 thousand to € 93,836 thousand.

5. Opportunities & risk and expected developments report

5.1 Opportunities and risk report

For a description of RENK Group AG's opportunity and risk management system, please refer to the Group management report as of December 31, 2023. In the opinion of the Executive Board, the assessment of the opportunities and risks described there remains unchanged in the first half of 2024.

5.2 Report on expected developments

In the opinion of the Executive Board, the forecast assumptions as set out in the 2023 annual report remain unchanged. At the same time, the company is specifying its forecast, and now expects consolidated sales revenue of approximately. € 1,100 million for the current fiscal year (forecast of May 15, 2024: € 1,000 million - € 1,100 million) and adjusted EBIT of between € 175 million and € 190 million (forecast of May 15, 2024: € 160 million - € 190 million).

The current forecasts for fiscal year 2024 and the actual figures are compared in the following table.

Forecast 2024

in € millions	Actual 2023	Forecast 2024
Consolidated Revenue	926	~ 1.100
Adjusted EBIT	-	~ 175 - 190
Adjusted EBIT Margin	16.2%	-

Notes on forward-looking statements

Recordings of the conference calls for journalists, analysts and investors will be made available afterwards. You can download the financial publications from the Internet at URL. This document contains statements that relate to our future business development and future financial performance as well as to future events or developments concerning RENK Group AG and may constitute forward-looking statements. These statements can be identified by words such as "expect," "want," "anticipate," "intend," "plan," "believe," "seek," "estimate," "will," and "predict" or similar terms. We may also make forward-looking statements in other reports, prospectuses, presentations, materials sent to shareholders and press releases. In addition, from time to time our representatives may make oral forward-looking statements.

Such statements are based on current expectations and certain assumptions made by the management of RENK Group AG, many of which are beyond the control of RENK Group AG. They are therefore subject to a variety of risks, uncertainties and other factors that are described in publications – in particular in the section entitled *Report on expected developments* with their significant opportunities and risks in the Annual Report and in the Half-Year Financial Report, which should be read together with the Annual Report – but are not limited to those described.

If one or more of these risks or uncertainties materialize, force majeure events or it turns out that the underlying expectations, including future events, do not occur or occur later or assumptions have not been fulfilled, the actual results, performance and successes of RENK Group AG (both negative and positive) may differ significantly from those results that were expressly or implicitly stated in the forward-looking statement. RENK Group AG assumes no obligation and does not intend to update these forward-looking statements or to correct them if developments differ from those expected. This document contains supplementary financial measures – not precisely defined in relevant accounting frameworks – which are or may be what are known as alternative performance measures. When assessing the net assets, financial position and results of operations of RENK Group AG, these supplementary financial measures should not be used in isolation or as an alternative to the financial indicators presented in the consolidated financial statements and determined in accordance with the relevant accounting framework. Other companies that present or report alternative performance measures with similar titles may calculate them differently. Due to rounding, individual numbers in this and other reports may not add up exactly to the totals shown and percentages presented may not precisely reflect the absolute valuesto which they refer. This document is a Half-yearly Financial Report statement pursuant to Section 52 of the Stock Exchange Rules of the Frankfurt Stock Exchange.

B. Half-year consolidated financial statements

Consolidated income statement

in € thousands (unless stated otherwise)		2023 01.01.-30.06.	2024 01.01.-30.06.
Revenue	**[4]**	**410,177**	**510,309**
Cost of sales		(317,074)	(395,577)
Gross profit		**93,104**	**114,732**
Other operating income	[5]	6,722	3,380
Net allowances on financial assets		(59)	540
Distribution expenses		(27,593)	(30,350)
General and administrative expenses	[6]	(31,528)	(48,675)
Other operating expenses	[7]	(8,735)	(4,025)
Operating profit		**31,911**	**35,603**
Interest expense	[8]	(20,279)*	(23,186)
Other financial result	[8]	(1,072)*	7,771
Financial result	**[8]**	**(21,351)***	**(15,414)**
Profit / loss before tax		**10,560***	**20,188**
Income taxes		(4,767)*	(12,667)
Profit / loss after tax		**5,793***	**7,521**
of which attributable to:			
Profit attributable to non-controlling interests		-	12
Profit attributable to shareholders of RENK Group AG		5,793*	7,509
Basic earnings per share (€)		0.06*	0.08
Diluted earnings per share (€)[1)]		0.06*	0.08
Weighted average number of ordinary shares outstanding basic (in million)		100.0	100.0
Weighted average number of ordinary shares outstanding diluted (in million)		100.0	100.1

[1)] For the first six months of fiscal year 2024, there has been an immaterial dilutive effect from the first-time recognition of the Long Term Incentive Plan (LTI). For further details, see section *21 Related party disclosures*.

* Figures have been adjusted; for notes on the changes to the figures for the first six months of the 2023 fiscal year, see section *1 General principles* (IAS 8).

The notes to the consolidated financial statements are an integral part of the consolidated half-year financial statements.

Consolidated statement of comprehensive income

in € thousands	2023 01.01.-30.06.	2024 01.01.-30.06.
Profit / loss after tax	**5,793***	**7,521**
Items not reclassified to profit or loss		
Remeasurement of defined benefit liability	674	4,386
Deferred taxes	1,183	(2,376)
	1,857	**2,011**
Change in the fair value of financial investments	-	117
Deferred taxes	-	-
	-	2,128
Items reclassified to profit or loss in the future		
Currency translation differences	(2,116)*	3,384
Cash flow hedges	-	1,235
Deferred taxes	-	(240)
	2,116*	**4,378**
Other comprehensive income for the period	**(261)***	**6,506**
Total comprehensive income	**5,532***	**14,027**
Total comprehensive income attributable to non-controlling interests	-	12
Total comprehensive income attributable to shareholders of RENK Group AG	5,532*	14,015

* Figures have been adjusted; for notes on the changes to the figures for the first six months of the 2023 fiscal year, see section *1 General principles* (IAS 8).

The notes to the consolidated financial statements are an integral part of the consolidated half-year financial statements.

Consolidated statement of financial position

Assets

in € thousands	Note	December 31, 2023	June 30, 2024
Intangible assets		383,914	369,934
Property, plant and equipment	[9]	319,018	321,395
Other and financial investments		9,423	5,056
Deferred tax assets		18,239	23,214
Other non-current financial assets	[12]	367	1,557
Other non-current receivables	[12]	4,758	8,342
Non-current assets		**735,719**	**729,498**
Inventories	[10]	326,227	360,255
Trade receivables	[11]	163,301	152,201
Contract assets		96,593	121,102
Current income tax receivables		8,578	7,609
Other current financial assets	[12]	24,362	9,622
Other current receivables	[12]	15,584	26,109
Cash and cash equivalents		102,216	93,836
Currents assets		**736,861**	**770,734**
		1,472,580	**1,500,232**

The notes to the consolidated financial statements are an integral part of the consolidated half-year financial statements.

Equity and liabilities

in € thousands	Note	December 31, 2023	June 30, 2024
Share capital (subscribed capital in previous year)		100,000	100,000
Capital reserves		223,787	227,602
Retained earnings		57,553	36,033
Cumulative other comprehensive income		22,477	28,983
Equity attributable to shareholders of RENK Group AG		403,817	392,619
Equity attributable to non-controlling interests		79	63
of which non-controlling interests in consolidated net income for the year		15	12
Equity	**[13]**	**403,896**	**392,682**
Non-current financial liabilities	[14]	527,506	529,852
Pension provisions		1,952	2,185
Deferred tax liabilities		72,954	83,298
Contract liabilities, non-current	[15]	44,145	45,353
Other non-current provisions	[16]	10,997	10,836
Other non-current financial liabilities		3,771	191
Other non-current liabilities		3	3
Non-current liabilities and provisions		**661,329**	**671,718**
Current financial liabilities	[14]	18,588	6,423
Income tax liabilities		13,166	11,808
Trade payables		123,612	106,693
Contract liabilities, current	[15]	171,840	201,450
Other current provisions	[16]	40,270	35,013
Other current financial liabilities	[17]	1,342	31,523
Other current liabilities		38,537	42,923
Current liabilities and provisions		**407,354**	**435,832**
		1,472,580	**1,500,232**

The notes to the consolidated financial statements are an integral part of the consolidated half-year financial statements.

Consolidated statement of changes in equity

in € thousands	Share capital	Capital reserves	Retained earnings	Cumulative other comprehensive income: Re-measure-ment of defined benefit obligations	Cumulative other comprehensive income: Other reserve	Cumulative other comprehensive income: Currency translation	Equity of the share-holders of RENK Group AG	Equity attributable to non-controlling shareholders	**Total equity**
As of 01 January, 2023	**25**	**308,594**	**(7,070)**	**11,399**	**-**	**11,558**	**324,506**	**-**	**324,506**
Profit after tax	-	-	5,793*	-	-	-	5,793*	-	5,793*
Other changes	-	-	-	1,857	-	(2,116)*	(261)*	-	(261)*
As of 30 June, 2023	**25**	**308,594**	**(1,277)***	**13,256**	**-**	**9,442***	**330,038***	**-**	**330,038***
As of 30 January, 2024	**100,000**	**223,787**	**57,553**	**14,024**	**279**	**8,174**	**403,817**	79	**403,896**
Profit after tax	-	-	7,509	-	-	-	7,509	12	7,521
Contribution of transaction costs	-	2,781	-	-	-	-	2,781	(22)	2,759
Distribution	-	-	(30,000)	-	-	-	(30,000)	-	(30,000)
Share-based payments	-	1,035	-	-	-	-	1,035	-	1,035
Other changes	**-**	**-**	**971**	**2,011**	**1,112**	**3,384**	**7,478**	**(6)**	**7,472**
As of 30 June, 2024	**100,000**	**227,603**	**36,033**	**16,035**	**1,391**	**11,558**	**392,619**	**63**	**392,682**

* Figures have been adjusted; for notes on the changes to the figures for the first six months of the 2023 fiscal year, see section *1 General principles* (IAS 8).

The notes to the consolidated financial statements are an integral part of the consolidated half-year financial statements.

Consolidated statement of cash flows

in € thousands	2023 01.01.-30.06.	2024 01.01.-30.06.
Cash and cash equivalents at beginning of period	**158,678**	**102,216**
Profit / loss before tax (including income attributable to non-controlling interests)	10,560*	20,188
Income taxes paid	(16,071)	(9,846)
Depreciation, amortization and impairment losses on intangible assets and property, plant and equipment	38,578	37,816
Change in provisions for pension obligations	(1,283)	(69)
Gains/losses from asset disposals	(68)	(31)
Other non-cash expenses and income[1)]	(3,091)	692
Change in inventories	(35,776)	(33,785)
Change in other assets	12,850	(3,957)
Change in liabilities	48,329	17,950
Change in other provisions	(15,047)	(5,418)
Financial result[2)]	21,351*	15,414
Cash flows from operating activities	**60,332**	**38,954**
Payment to acquire property, plant and equipment and intangible assets	(9,796)	(12,867)
Proceeds from asset disposals	137	53
Acquisition of subsidiaries net of cash	(34,319)	-
Cash flows from loans receivable	(321)	-
Cash flows from restricted cash	-	4,138
Interest received[3)]	-	1,014
Cash flow from investing activities	**(44,298)**	**(7,662)**
Payment from the redemption of bonds	-	(520,000)
Proceeds from the raising of loan liabilities	-	514,800
Equity contributions	-	2,759
Change in cash-pool liabilities	(64)	(2,598)
Lease payments	(371)	(1,379)
Interest payments[3)]	(13,418)	(34,613)
Cash flows from financing activities	**(13,853)**	**(41,031)**
Effect of exchange rate changes on cash and cash equivalents	(40)	319
Change in cash and cash equivalents due to changes in the scope of consolidation	4,911	1,040
Change in cash and cash equivalents	**7,051**	**(8,380)**
Cash and cash equivalents at end of period	**165,729**	**93,836**
Loans receivables	319	-
Restricted cash	7,123	2,293
Gross liquidity at end of period	**173,171**	**96,129**
Financial liabilities (net of cash-pool liabilities)	(636,524)*	(536,275)
Net liquidity at end of period	**(463,353)***	**(440,146)**

[1)] In the previous year, dividends received were reported here.
[2)] Financial result including dividends
[3)] This item was recognized on a net basis in the previous year.
* Figures have been adjusted; for notes on the changes to the figures for the first six months of the 2023 fiscal year, see section *1 General principles* (IAS 8).

The notes to the consolidated financial statements are an integral part of the consolidated half-year financial statements.

Selected notes to the consolidated interim financial statements

1. General principles

In accordance with Regulation 1606/2002 of the European Parliament and of the Council, RENK Group AG (formerly RENK Holding GmbH), Augsburg, has prepared its condensed interim consolidated financial statements for the period from January 1, 2024 to June 30, 2024 in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, and specifically in accordance with IAS 34 on interim financial reporting.

It should be read in the context of the IFRS consolidated financial statements and Group management report published by the company for the 2023 fiscal year. The explanatory notes to the consolidated financial statements present the key facts necessary to understand the changes in the net assets, financial position and results of operations of the RENK Group that have occurred since December 31, 2023. The results as at June 30, 2024 do not necessarily allow conclusions to be drawn about future developments.

The RENK Group is defined as RENK Group AG and its consolidated and non-consolidated subsidiaries and is hereinafter referred to as RENK. RENK develops, produces and sells premium drive technology worldwide and has been divided into the Vehicle Mobility Solutions ("VMS"), Marine & Industry ("M&I") and Slide Bearings ("SB") segments since the 2023 fiscal year.

All amounts have been rounded in accordance with standard commercial practice, which may result in minor discrepancies when added up. Amounts that have been rounded to zero are shown as “0”, while figures actually being zero are presented as “-“in the following tables.

Modification in the accounting treatment of a bond (Senior Secured Notes) according to IAS 8 for the comparative period presented in the condensed interim consolidated financial statements (first six months of 2023)

Due to the correction of a material misstatement in the 2021 consolidated financial statements in connection with the accounting treatment of a bond and the necessary adjustment entries in the following 2022 and 2023 fiscal years, the comparative figures relating to the abridged interim consolidated financial statements as at June 30, 2023 were adjusted for the subsequent effects. All changes in the consolidated statement of financial position, the consolidated income statement and elsewhere are marked with an asterisk "*". The effects of this correction on the consolidated income statement for the period within the abridged interim consolidated financial statements as at June 30, 2023 are shown in the following table.

Effects of Adjustments

in € thousands	01.01.-30.06.2023 as reported	Adjustments	01.01.-30.06.2023 adjusted
Interest expense	**(20,887)**	**608**	**(20,279)**
Other financial result	(96)	(976)	(1,072)
Financial result	**(20,983)**	**(368)**	**(21,351)**
Profit before tax	**10,928**	**(368)**	**10,560**
Income taxes	(4,885)	118	(4,767)
Profit after tax	**6,043**	**(250)**	**5,793**

For financial liabilities as at June 30, 2023, adjustments of € 3,242 thousand were made. For further information relating to the 2022 and 2023 fiscal years, please refer to the 2022 and 2023 consolidated financial statements.

The tax effect of modification of accounting for the bond was calculated using the company's statutory tax rate (32%).

The condensed interim consolidated financial statements were prepared under the assumption of the continuation of the business as a going concern and were authorized for issue on August 7, 2024.

2. Accounting policies

Accounting standards and regulations

The accounting policies applied to the condensed interim consolidated financial statements are generally based on the accounting policies and measurements used in the consolidated financial statements as at December 31, 2023.

RENK has implemented all accounting standards endorsed by the EU, effective for financial periods since January 1, 2024 and relevant to the RENK Group. The application of the new accounting standards did not have any material effects on the consolidated interim financial statements.

Changes to the material accounting policies

Disclosures on global minimum taxation
The International Tax Reform - Pillar Two Model Rules (amendments to IAS 12), which were adopted into European law by the European Union in November 2023, have been in effect since January 1, 2024 following the legislative resolution of the German Bundestag on November 10, 2023.

RENK's ultimate parent company is domiciled in Germany, which has implemented the new legislation on global minimum taxation with effect for fiscal years beginning after December 30, 2023. RENK is in the process of taking the necessary internal measures to fully comply with the new legislation. In order to make an indicative assessment of the material impact that would have resulted if the global minimum taxation had already come into force in 2023, RENK has tested the CbCR safe harbor transitional arrangements provided for in the legislation on the basis of RENK's financial and tax data for 2022. On this basis, all countries in which RENK operates were exempt from the supplementary tax in 2022. RENK is not currently aware that this assessment would change for 2024.

Disclosures on derivative financial instruments and hedge accounting
RENK has implemented the regulations of IFRS 9 Hedge Accounting for the first time at the beginning of the 2024 fiscal year for some of the derivative financial instruments that are held. The risk of fluctuating cash flows from variable-interest liabilities is hedged using interest rate swaps.

The effective portion of the change in value from the hedging instrument is recognized in other comprehensive income under other reserves, whereas ineffectiveness is recognized directly in profit or loss under other financial result. The amounts recognized in equity are reclassified to net interest income/net interest expense when the hedged cash flows from the hedged item are recognized in profit or loss. Hedge accounting is terminated if the conditions are no longer met or the hedging instrument is terminated early or sold. If the underlying transaction is still expected to occur in these cases, the amounts recognized in the hedge reserve remain and are reclassified to net interest income/net interest expense for the term of the original hedge relationship. However, if the underlying transaction no longer exists, the amounts are immediately reclassified to other financial result.

Transaction costs and related cost reimbursements
In the first six months of 2024, RENK incurred transaction costs in connection with the IPO on February 7, 2024, which were recognized in profit or loss. Reimbursement claims against the shareholder are also recognized in profit or loss as a reduction in the corresponding expenses if the shareholder is legally obliged to reimburse the costs or is the economic beneficiary of the underlying service. Reimbursement claims against the shareholder based solely on their shareholder status are recognized as a contribution directly in equity.

Scope of consolidation and business combination

With effect from January 1, 2024, the following companies were added to the scope of consolidation:

- RENK Korea Co. Ltd., Busan, South Korea (January 1, 2024; mainly M&I segment and, to a lesser extent, VMS and SB)
- Schelde Gears B.V., Vlissingen, Netherlands (January 1, 2024; M&I segment)
- RENK Italia S.r.l., Milan, Italy (June 5, 2024; M&I segment)

In the same period of the previous year, 100% of the shares in the General Kinetics Group ("GK") were acquired with effect from January 27, 2023 at a purchase price of € -34,530 thousand, which was fully settled in cash and cash equivalents. This business combination resulted in goodwill in the amount of € 9,719 thousand.

In the period from February 1 to June 30, 2023, the newly acquired company, which is now part of Horstman Canada Inc., contributed € 10,247 thousand to the Group's sales revenue and € 1,833 thousand to earnings after taxes. If the transaction had taken place on January 1, 2023, additional sales revenue of € 1,658 thousand and additional earnings after taxes of € 85 thousand would have been taken into account. In 2022 and 2023, the Group incurred costs of € 875 thousand in connection with the business combination. These costs are fully recognized in other operating expenses in the respective period.

Depreciation and deferred taxes on the results of purchase price allocation lead to a negative effect of around € 150 thousand per month.

In addition to RENK Group AG (formerly RENK Holding GmbH) based in Augsburg, registered with Augsburg Local Court under HRB 39189 (formerly HRB 37339), the following wholly-owned subsidiaries are included in the scope of consolidation for the condensed interim consolidated financial statements as at June 30, 2024:

- RENK FinCo GmbH, Augsburg,
- RENK GmbH, Augsburg,
- RENK Magnet-Motor GmbH, Starnberg,
- RENK Test System GmbH, Augsburg,
- 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), (January 27, 2023),
- RENK America LLC, Muskegon (MI), US,
- RENK Holdings Inc., Muskegon (MI), US
- COFICAL RENK MANCAIS DO BRASIL LTDA, Guaramirim, Brazil, (98%), (January 1, 2023),
- RENK Gears Private Ltd, Bangalore, India (January 1, 2023),
- RENK Shanghai Service and Commercial Co, Ltd. Shanghai, China, (January 1, 2023),
- RENK Korea Co. Ltd, Busan, South Korea (January 1, 2024),
- Schelde Gears B.V., Vlissingen, Netherlands (January 1, 2024),
- RENK Italia S.r.l., Milan, Italy (new foundation June 5, 2024).

3. Estimates, assumptions and judgments

The preparation of the condensed interim consolidated financial statements requires RENK to make assumptions and estimates. These influence the amount and presentation of the reported amounts of assets and liabilities as well as income and expenses for the reporting period. The amounts actually incurred may differ from these estimates.

With the exception of the adjustment of the assumptions regarding the interest rate used in the measurement of provisions for pensions, the same accounting policies were applied in the condensed interim financial statements as in the 2023 consolidated financial statements. A discount rate of 3.60% (December 31, 2023: 3.1%) was applied and used to calculate the present value of defined-benefit pension obligations in Germany and 1.50% (December 31, 2023: 1.61%) abroad.

In the same period of the previous year, income tax expense was calculated using the weighted overall tax rate, which is based on the expected effective tax rates of the individual companies for the respective fiscal year. This was 26.7% until June 30, 2023. The income tax expense for the first half of 2024 corresponds to the actual tax expense calculated. The change in method limits the comparability of income taxes with the same period of the previous year.

Notes to the consolidated income statement

4. 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.-30.06.	2024 01.01.-30.06.
Germany	119,114	136,435
Asia	82,546	116,358
America	95,609	103,443
Other EU countries	83,502	88,968
Other European countries	27,065	61,875
Africa	851	2,475
Australia and Oceania	1,490	755
Total	**410,177**	**510,309**

The sales revenue of the reporting period amounting to € 510,309 thousand (same period in the previous year: € 410,177 thousand) can be allocated to the following countries with a share of more than 10% of total revenue: Germany € 136,435 thousand (same period in the previous year: € 119,114 thousand) and the USA € 91,702 thousand (same period in the previous year: € 86,760 thousand). In none of the periods presented more than 10% of the RENK Group's sales revenue was generated through a single customer.

Segment reporting (see section 18.) shows how sales revenue is allocated among the individual segments.

RENK's business activities are not characterized by fundamental seasonal effects, but there are the usual industry fluctuations in sales revenue and profitability over the course of the fiscal year.

5. Other operating income

Other operating income

in € thousands	2023 01.01.-30.06.	2024 01.01.-30.06.
Income from exchange rate changes and derivatives	3,498	2,531
Income from the reversal of provisions for penalties	–	395
Income from compensation agreements	–	150
Income from asset disposals	93	31
Income from reversal of provisions	1,422	12
Income from reimbursement of personnel costs	880	–
Miscellaneous other income	829	262
Total	**6,722**	**3,380**

Income from exchange rate changes and derivatives in particular comprises 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 reimbursement of personnel expenses in the prior-year period relates to COVID subsidies in the US.

6. General administrative expenses

General administrative expenses increased to € 48,675 thousand (same period in the previous year: € 86,760 thousand) in particular due to costs for the IPO, the development of corporate functions and costs for optimization programs at the site in Muskegon (MI), US.

7. Other operating expenses

Other operating expenses

in € thousands	**2023 01.01.-30.06.**	**2024 01.01.-30.06.**
Expenses from exchange rate changes and derivatives	4,036	2,189
Addition to miscellaneous other provisions	2,694	976
Personnel expenses	642	390
Bank fees	103	5
Miscellaneous other expenses	1,215	465
Total	**8,735**	**4,025**

Expenses from currency translation differences in particular comprise losses from exchange rate changes between the origination and payment date of receivables and liabilities in foreign currency and realized and unrealized price losses from the measurement of derivatives.

8. Interest expense and other financial result

The financial result for the first six months of the 2024 fiscal year was mainly negatively impacted by interest expense for the corporate bond existing until February 20, 2024 in the amount of € 4,063 thousand (same period of the previous year: € 14,562 thousand), costs for the early repayment of the corporate bond in the amount of € 7,478 thousand and interest expense from the term loan B concluded as part of the refinancing in the amount of € 13,262 thousand (see section 1 of the interim group management report). This was offset in particular by the termination of the embedded derivative recognized for the early repayment option of the corporate bond as at December 31, 2023 in the amount of € 3,554 thousand as well as income from currency translation, which mainly relates to the measurement of foreign currency loans in the amount of € 6,665 thousand (same period of the previous year: € 13,824 thousand).

Notes to the consolidated statement of financial position

9. Property, plant and equipment

Property, plant and equipment

in € thousands	December 31, 2023	June 30, 2024
Land and buildings	138,685	138,328
Right of use assets on land and buildings	7,440	11,086
Technical equipment and machinery	136,292	134,205
Other installations, operating and office equipment	14,442	15,248
Payments on account and assets under construction	21,650	21,957
Right of use assets on other installations, operating and office equipment	509	571
Total	**319,018**	**321,395**

As at June 30, 2024, capital expenditures on property, plant and equipment amounted to € 12,573 thousand (same period of the previous year: € 10,055 thousand). Capital expenditures were mainly attributable to advance payments and construction in progress in the amount of € 5,797 thousand (same period of the previous year: € 4,198 thousand), technical equipment and machinery in the amount of € 3,791 thousand (same period of the previous year: € 2,900 thousand) and other equipment, operating and office equipment in the amount of € 2,830 thousand (same period of the previous year: € 1,629 thousand). The increase in right-of-use assets for land and buildings is mainly due to the extension of a rental agreement.

Depreciation of property, plant and equipment in the amount of € 17,093 thousand (same period of the previous year: € 16,481 thousand) is included in functional expenses, in particular cost of sales. As in the previous year, there were no significant impairment losses as at June 30, 2024.

10. Inventories

Inventories

in € thousands	December 31, 2023	June 30, 2024
Raw materials, consumables and supplies	83,875	117,873
Finished goods and work in progress	236,677	233,781
Prepayments for inventories	5,675	8,600
Total	**326,227**	**360,255**

As of June 30, 2024, reversals of impairment losses on inventories were recognized in the amount of € 72 thousand (December 31, 2023: € 1,029 thousand).

11. Trade receivables

Trade receivables can be broken down as follows:

Trade receivables in € thousands	December 31, 2023	June 30, 2024
Customer receivables	146,567	132,599
Receivables from affiliated, non-consolidated entities	6,255	5,882
Receivables for customer advances	10,479	13,720
Total	**163,301**	**152,201**

12. Other non-current and current financial assets and other receivables

Other receivables and financial assets by maturities in € thousands	31.12.2023	30.06.2024
Restricted cash	6,431	2,293
Derivative financial instruments	344	121
Miscellaneous other financial assets	17,587	7,208
Other current financial assets	**24,362**	**9,622**
Receivables from loans	319	-
Derivative financial instruments	42	1,551
Miscellaneous other financial assets	6	6
Other non-current financial assets	**367**	**1,557**
Deferred assets	5,569	13,234
Other tax assets	2,682	1,619
Receivables from surplus of plan assets	1,341	8,056
Commission claims	1,042	-
Miscellaneous other receivables	4,950	3,199
Other current receivables	**15,584**	**26,109**
Receivables from surplus of plan assets	3,539	3,455
Commission claims	535	-
Miscellaneous other receivables	684	4,887
Other non-current receivables	**4,758**	**8,342**
Total	**45,071**	**45,630**

Restricted cash mainly comprises cash deposits for bilateral guarantee 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 decrease in miscellaneous other financial assets compared to the previous year is mainly due to the settlement of reimbursement claims by the shareholder Rebecca BidCo S.à.r.l.

13. Equity

As of June 30, 2024, RENK Group AG had share capital of € 100,000 thousand and capital reserves of € 227,603 thousand. By way of a shareholder resolution on August 9, 2023 and entry in the commercial register on August 23, 2023, the company's subscribed capital was increased by € 99,975 thousand from € 25 thousand to € 100,000 thousand.

The company's nominal capital of € 100,000 thousand became the share capital of the stock corporation that the company was converted into. The previous company shares were replaced by a total of 100,000,000 no-par value shares each with a notional value of € 1.00 of the share capital. The shares are bearer shares.

By resolution of the company’s shareholder meeting on September 18, 2023, the Management Board of RENK Group AG was authorized, with the approval of the Supervisory Board, to issue registered or bearer warrant-linked or convertible bonds as well as profit-sharing certificates conferring option or conversion rights with a total nominal value of up to € 50,000,000.00 (in words: fifty million euros) with a limited or unlimited term on one or more occasions until September 17, 2028 and to grant the holders or creditors of bonds option or conversion rights to up to 50,000,000 new shares in the company with a pro rata amount of the share capital of up to € 1.00 in accordance with the terms and conditions of the warrant-linked or convertible bonds and/or profit-sharing certificates to be determined by the Management Board.

In accordance with the Articles of Association, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital by up to a total of € 50,000 thousand on one or more occasions in the period up to 10 September 2028 by issuing up to 50,000,000 new no-par value bearer shares in exchange for cash or noncash contributions ("Authorized Capital"). The Executive Board is authorized to exclude the statutory subscription right of shareholders with the approval of the Supervisory Board for one or more capital increases within the scope of the authorized capital.

By way of resolution on September 20, 2023, Rebecca BidCo S.à r.l. made a voluntary contribution in the amount of the outstanding repayment claim of a loan granted in 2020 (€ 45,090 thousand). The contribution was to be recognized in the company's free capital reserves in accordance with Section 272 (2) no. 4 of the German Commercial Code.

At the Annual General Meeting on June 26, 2024, a resolution was passed to pay a dividend in the amount of € 0.30 per share (in total € 30,000 thousand). For details, please refer to the consolidated statement of changes in equity.

14. Financial liabilities

Financial liabilities

in € thousands	December 31, 2023	June 30, 2024
Bonds	521,245	-
Loan liabilities	-	520,039
Lease liabilities	6,261	9,814
Non-current financial liabilities	**527,506**	**529,852**
Bonds	13,787	-
Loan liabilities	-	3,984
Liabilities from cash pool	2,598	-
Lease liabilities	2,203	2,439
Current financial liabilities	**18,588**	**6,423**
Total	**546,094**	**536,275**

As part of a refinancing process, the corporate bond existing as at December 31, 2023 was repaid in the first half of 2024. A variable-interest loan with a nominal value of € 525,000 thousand was issued to refinance the bond. For further information, please refer to the condensed interim group management report, section *1.1 Business performance*.

The increase in lease liabilities results from the extension of a rental agreement.

15. Contract liabilities

Contract liabilities

in € thousands	December 31, 2023	June 30, 2024
Contract liabilities, non-current	44,145	45,353
Contract liabilities, current	159,633	188,131
Liabilities from customer prepayment receivables	12,207	13,319
Total	**215,985**	**246,803**

16. Other provisions

Maturity of provisions

in € thousands	December 31, 2023		June 30, 2024	
	non-current	current	non-current	current
Warranties	2,469	22,626	2,453	21,119
Obligations to employees	7,314	7,398	7,276	5,430
Outstanding costs	-	2,091	-	2,392
Miscellaneous other provisions	1,214	8,155	1,107	6,072
Total	**10,997**	**40,270**	**10,836**	**35,013**

Miscellaneous other provisions essentially relate to provisions for anticipated losses from onerous contracts and penalties.

17. Other current financial liabilities

The reason for the increase in other current financial liabilities is the resolution on a dividend distribution in the amount of € 30,000 thousand dated June 26, 2024.

Other disclosures

18. Segment reporting

In accordance with the management approach contained in IFRS 8 Operating Segments, the operating segments were identified on the basis of internal reporting and the assessment of business development by the chief operating decision maker (CODM). The management team is the key decision-maker. Taking this approach into account, the following three operating segments were identified on the basis of product or market/customer logic:

The Vehicle Mobility Solutions (VMS) segment is a global innovation and technology leader, particularly for vehicle transmissions in military tracked and wheeled vehicles. The drive and coupling solutions from the Marine & Industry segment (M&I) are used in commercial shipping, industry and the marine sector. The Slide Bearings (SB) segment is the global market leader in the field of standardized slide bearings (e-slide bearings) for various industrial applications, civil shipping and marine applications, and also offers innovative products such as complex special slide bearings.

These operating segments are also regarded as the reportable segments of the RENK Group; the allocation is unchanged compared to the 2023 fiscal year. For further information on the segments, please refer to the consolidated annual report.

In connection with the further centralization of functions within the RENK Group, the costs for corporate center functions were allocated to the segments from the first quarter of the 2023 fiscal year in order to reflect an appropriate cost structure in the segments.

Segment report first half-year 2023

in € thousands	VMS	M&I	SB	Other	Consolidation	Total
Revenue from third parties	243,635	112,521	54,021	-	-	410,177
recognized over time	85,800	7,942	-	-	-	93,742
recognized at point in time	157,835	104,579	54,021	-	-	316,435
Revenue from other segments	224	1,116	845	-	(2,185)	-
recognized over time	-	-	-	-	-	-
recognized at point in time	224	1,116	845	-	(2,185)	-
Total revenue	**243,859**	**113,637**	**54,866**	**-**	**(2,185)**	**410,177**
Depreciation, amortization and impairment losses (excluding PPA depreciation and amortization)	7,813	6,379	1,003	19	-	15,214
rEBITA[1)]	**52,349**	**(4,124)**	**7,552**	**(23,733)**	**(132)**	**31,911**
Adjusted EBIT	**53,792**	**(2,540)**	**7,797**	**4,105**	**(132)**	**63,021**
Non-recurring items[2)]	-	-	-	-	-	7,744
Purchase price allocation[3)]	-	-	-	-	-	23,365
EBIT	-	-	-	-	-	31,911
Financial result	-	-	-	-	-	(21,351)*
Profit / loss before taxes	-	-	-	-	-	10,560*
Income taxes	-	-	-	-	-	(4,767)*
Profit / loss after tax	**-**	**-**	**-**	**-**	**-**	**5,793***

[1)] Until April 2023, rEBITDA was defined as the operating profit reported in the consolidated income statement plus the effects of the purchase price allocation. Since May 2023, adjusted EBIT has served as the central key performance indicator.
[2)] Includes expenses for inflation compensation premium, severance expenses and other adjustments, which represent costs for the implementation of efficiency programs, as well as professional consultancy fees, mainly in connection with strategic projects.
[3)] The purchase price allocation includes PPA amortization and income/losses from the sale of PPA assets (€ 1 thousand as at June 30, 2023).
* Figures have been adjusted; for explanations of the changes to the figures for the first six months of the 2023 fiscal year, see section *1 General principles* (IAS 8).

Segment report first half-year 2024

in € thousands	VMS	M&I	SB	Other	Consolidation	Total
Revenue from third parties	293,545	159,036	57,721	-	-	510,302
recognized over time	79,941	40,317	-	-	-	120,258
recognized at point in time	213,603	118,719	57,721	-	-	390,044
Revenue from other segments	1,119	2,639	3,421	-	(7,172)	7
recognized over time	-	341	(203)	-	(132)	7
recognized at point in time	1,119	2,298	3,623	-	(7,041)	-
Total revenue	**294,664**	**161,676**	**61,142**	**-**	**(7,172)**	**510,309**
Depreciation, amortization and impairment losses (excluding PPA depreciation and amortization)	8,604	6,192	973	(86)	-	15,683
Adjusted EBIT	**45,865**	**16,222**	**11,015**	**(4,193)**	**48**	**68,957**
Non-recurring items[1)]	-	-	-	-	-	11,214
Purchase price allocation[2)]	-	-	-	-	-	22,141
EBIT	-	-	-	-	-	35,603
Financial result	-	-	-	-	-	(15,414)
Profit / loss before taxes	-	-	-	-	-	20,188
Income taxes	-	-	-	-	-	(12,667)
Profit / loss after tax	**-**	**-**	**-**	**-**	**-**	**7,521**

[1)] Includes expenses for activities to align the Group with the requirements of the capital market and other adjustments, which mainly comprise consulting services, costs in connection with refinancing, and a program to increase efficiency at RENK America.
[2)] The purchase price allocations include PPA depreciation and amortization (€ 22,141 thousand up to June 30, 2024) and income/losses from the sale of PPA assets (€ 0 thousand up to June 30, 2024)

The company has not allocated its assets to the various operating segments for internal reporting purposes. 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	Not allocated	Total
December 31, 2023	411,480	235,823	8,208	625	46,796	32,786	**735,719**
June 30, 2024	397,662	234,829	8,748	1,193	48,896	42,853	**734,181**

Non-current assets include intangible assets, property, plant and equipment, other and financial investments, deferred tax assets, other non-current financial assets and other non-current receivables.

Non-current assets of € 632,491 thousand at June 30, 2024 (€ 647,303 thousand as at December 31, 2023) can be allocated to the following countries with a share of more than 10% of total non-current assets: Germany € 397,662 thousand (€ 411,480 thousand as at December 31, 2023) and the US € 198,849 thousand (€ 235,823 thousand as at December 31, 2023). Further information on sales revenue can be found in section *4 Sales revenue* in the notes to the consolidated income statement.

19. Financial Instruments

The carrying amounts and fair values of the financial assets and liabilities, including their levels in the fair value hierarchy as defined in the consolidated financial statements, as at June 30, 2024 and December 31, 2023 are shown below.

Financial assets and liabilities that are recognized at fair value or for which fair value is disclosed in the notes to the financial statements are to be allocated to the fair value hierarchy set out 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 model 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 using generally accepted measurement methods.

The following table shows the reconciliation of statement of financial position items to the classes of financial instruments as at December 31, 2023, broken down by carrying amounts and fair values of financial instruments, and the allocation of statement of financial position items to the measurement categories:

Reconciliation of balance sheet items to the classes of financial instruments as of December 31, 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
Other non-current financial assets	–		–	–	–	–
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	–		–	–	–	–
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
Loan liabilities (short-term portion)	–	–	–	–	–	–
Liabilities from 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 following table shows the reconciliation of statement of financial position items to the classes of financial instruments as at June 30, 2024, broken down by the carrying amounts and fair values of financial instruments, and the allocation of statement of financial position items to the measurement categories:

Reconciliation of balance sheet items to the classes of financial instruments as of June 30, 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	821	3,376	–	–	859	3
Other non-current financial assets						
Non-current derivative assets	–		–	–	1,551	2
Current assets						
Trade receivables	–		152,201	152,201	–	–
Other current financial assets						
Current derivative assets	121		–	–	–	2
Other current financial assets	–		7,208	7,208	–	–
Restricted cash	–		2,293	2,293	–	–
Cash and cash equivalents	–		93,836	93,836	–	–
Total assets	**942**	**3,376**	**255,538**	**255,538**	**2,410**	**–**
Non-current liabilities						
Non-current financial liabilities						
Loan liabilities	–		520,039	543,210	–	2
Lease liabilities	–		–	–	9,814	–
Other non-current financial liabilities						
Other non-current financial liabilities	–		40	40	–	2
Non-current derivative liabilities	151		–	–	–	2
Current liabilities						
Current financial liabilities						
Loan liabilities (short-term portion)	–		3,984	3,984	–	–
Short-term lease liabilities	–		–	–	2,439	–
Trade payables	–		106,693	106,693	–	–
Other current financial liabilities	–		–	–	–	–
Other current financial liabilities	–		30,164	30,164	–	–
Current derivative liabilities	217		–	–	–	–
Total equity and liabilities	**368**		**661,043**	**690,164**	**12,252**	**–**

RENK GmbH has measured the investment in Modest Tree Media Inc., Halifax, Canada, at fair value through profit or loss and designated the investment in RENK U.A.E. LLC, Abu Dhabi, United Arab Emirates, as measured at fair value through other comprehensive income. RENK U.A.E. LLC was designated in order to avoid fluctuations in earnings from the measurement of the investment.

The investments are assigned to level 3 of the fair value hierarchy. The fair value is calculated using the DCF method. The expected future cash flows, which are determined on the basis of budget figures, are discounted using the weighted average cost of capital (WACC). WACC is calculated using the average of the cost of equity and the cost of debt. This is then weighted with the share of total capital. The sum of the discounted expected future cash flows reflects the enterprise value less the (net) financial liabilities in order to determine the equity value.

A change in the average cost of capital or the expected cash flows would have the following effects on equity or the financial result:

Sensitivity of investment June 30, 2024

in € thousands	30. June 2024	Effect on equity	Effect on financial result
	10.0%	286	76
Adjustment of Cash Flows	(10.0)%	(286)	(75)
	+ 1 p.p.	(186)	(97)
Adjustment of weighted average capital costs (WACC)	(1 p.p.)	235	0

Sensitivity of investment December 31, 2023

in € thousands	30. June 2024	Effect on equity	Effect on financial result
	10.0%	318	69
Adjustment of Cash Flows	(10.0)%	(231)	(69)
	+ 1 p.p.	(121)	(83)
Adjustment of weighted average capital costs (WACC)	(1 p.p.)	247	107

When calculating the sensitivities shown above, one parameter is changed in each case, while the other parameters remain unchanged. In principle, a market change that affects one input can also be correlated with other inputs. These effects can exacerbate the changes or cancel each other out, depending on the respective movements. The model is based on the implicit assumption that the correlation is constant over time. The development of the fair values at level 3 is as follows:

Change in fair value of financial investment

	Investment FVTPL	Investment FVOCI
01. January 2023 (reported within other non-current financial assets)	**1,845**	**2,975**
Changes from measurement at fair value (recognized in financial result)	(1,085)	
Changes from measurement at fair value (recognized in overall result)		284
31. December 2023 (reported within other non-current financial assets)	**761**	**3,259**
Changes from measurement at fair value (recognized in financial result)	60	
Changes from measurement at fair value (recognized in other comprehensive income result)		117
31. December 2023 (reported within other non-current financial assets)	**821**	**3,376**

All other current financial assets and other current and non-current financial liabilities measured at fair value through profit or loss are without exceptions currency derivatives (foreign currency forwards). To measure fair value, the future cash flows are determined by discounting the forward cashflows resulting from the FX spot and swap rates (determination based on the interest rate differential). Accordingly, they are allocated to level 2 of the fair value hierarchy.

Non-current financial assets not allocated to a measurement category of IFRS 9 are an interest rate swap, which is designated in hedge accounting. RENK uses this to hedge the interest rate risk from the variable-rate term loan. In the case of interest rate swaps, the future variable and therefore uncertain interest payments from the variable-rate term loan are economically converted into fixed interest payments. The fair value of the interest rate swap is determined by discounting the expected cash flows using the market yield curve. 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, as the main value-determining conditions of the underlying and hedging transactions are approximately the same and the credit risk has no significant impact on the changes in value.

In the case of current financial assets and liabilities measured at amortized cost, carrying amounts at the end of the reporting period are roughly equal to fair value on account of their maturity.

Other non-current financial assets measured at amortized cost mainly include a loan to an affiliated company. To measure fair value, the future, contractually agreed cash flows are discounted using a credit risk-adjusted market interest rate with an appropriate term.

The fair value of the loan is determined using a discounted cash flow method, taking into account the market yield curve plus a credit risk adjustment for RENK's default risk.

The fair value of the separated embedded derivative is deducted from the listed price of the bond. The fair value of the bond is therefore allocated to level 2 of the fair value hierarchy.

The compound embedded derivative in connection with the corporate bond existing as at December 31, 2023 is classified as level 3 of the fair value hierarchy. The fair value is calculated using a trinomial tree approach based on the Hull-White single-factor model. The model uses the following input variables observable on the market: the market price of the bond, the market interest rate, the implied market volatility of interest rate swaptions and credit derivatives (CDS options); as well as the following unobservable input variables: the estimated probability of a change of control occurring.

The volatility of the underlying Hull-White process is calibrated by the weighted average of the volatility of interest rate swaptions and credit derivatives, while the level of the required market interest rate is 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 is reviewed using the trinomial tree approach. The model uses a stochastic process to develop RENK's market interest rate curve. The volatility of the process is calibrated to the volatilities of the CDS options and swaptions (weighted average). The credit spread compared to the risk-free interest rate is 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 required by the market is modelled. For each node, a check is performed based on the timing and the development of the interest rate in the model as to whether it is advantageous to exercise the option or to continue the option. The corresponding value of the option is traced back through the tree to the measurement 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 shown above, one parameter is changed in each case, while the other parameters are held constant. A market change influencing one input may also be correlated with other inputs, e.g. an increase of the credit spread may correlate with an increase of the volatility. These effects can amplify or cancel each other out, depending on the respective movements. The model is based on the implicit assumption that the correlation is constant over time. No additional tranches have been issued in the 2023 financial year. The change from fair value measurement in the amount of € 4,964 thousand for the 2023 financial year has been recognized in full in other financial result. In the 2024 financial year, the derivative in the amount of € 3,554 thousand was fully reversed through profit or loss.

Up to June 30 of the reporting periods 2024 and 2023, there were no reclassifications between level 1 and level 2 and no reclassifications to or from level 3.

20. Contingent liabilities

At the end of the reporting period, there are contingent liabilities of € 392 thousand (December 31, 2023: € 823 thousand), which are mainly attributable to contractual penalties.

Contingent liabilities are usually measured in the amount of the maximum claims against RENK. Any rights of recourse are not deducted.

21. Related party disclosures

Related parties as defined by IAS 24 are natural persons and companies 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.

Rebecca MidCo S.à r.l., Luxembourg, holds the shares in Rebecca BidCo S.à r.l., Luxembourg. At the time of preparation, Rebecca BidCo S.à r.l. holds the majority of shares in RENK Group AG and is therefore a related party of RENK together with its affiliated companies.

Exchanges of goods and services between RENK and its related parties are conducted at arm's length.

In the current fiscal year, the following transactions were conducted with Rebecca BidCo S.à r.l:

Rebecca BidCo S.à r.l. - Services rendered and received

in € thousands	2023 01.01.-30.06.	2024 01.01.-30.06.
Services rendered (income)	4	75
Services received (expense)	2,757	0

Rebecca BidCo S.à r.l. - Receivables and liabilities

in € thousands	December 31, 2023	June 30, 2024
Receivables	14,836	1,069
Liabilities	0	0

In the current fiscal year, the following transactions were conducted with non-consolidated companies:

Non-consolidated entities - Services rendered and received

in € thousands	2023 01.01.-30.06.	2024 01.01.-30.06.
Services rendered (income)	3,180	5,488
Services received (expense)	914	125

Non-consolidated entities - Receivables and liabilities

in € thousands	June 30, 2023	June 30, 2024
Receivables	6,278	5,882
Liabilities	3,601	417

Non-consolidated companies include Modest Tree Media Inc., RENK U.A.E. LLC and RENK Transmisyon Sanayi A.S., Istanbul, Turkey.

Related parties of RENK are also persons who can be influenced by RENK Group AG or who can influence RENK Group AG. These are the members of the Executive Board and the management of RENK Group AG, Rebecca BidCo S.à r.l. and RENK GmbH, as well as key management personnel and their close family members.

Dr. Alexander Sagel was appointed as a member of the Executive Board by the Supervisory Board with effect from April 1, 2024. Dr. Sagel will be responsible for the operational management of the Vehicle Mobility Solutions (VMS), Marine & Industry (M&I) and Slide Bearings (SB) segments. As of February 1, 2024, Dr. Emmerich Schiller was appointed by the Supervisory Board as an additional director of RENK GmbH with responsibility for the Production division. They are now part of the key management personnel.

As part of RENK's IPO, a long-term variable remuneration instrument (long-term incentive, LTI) in line with the market was designed for the Executive Board members. This LTI directly links the remuneration of the Executive Board to the long-term business performance by means of financial and non-financial performance indicators. By structuring the plan as a performance share unit (PSU) plan, remuneration is also linked to the share price of RENK.

This additional remuneration component constitutes a share-based payment in accordance with IFRS 2. As settlement in equity instruments is planned, the PSUs issued under the LTI are recognized in the form of an increase in equity with corresponding personnel expenses. The fair value on the grant date or an earlier service commencement date was determined taking into account the share price, the risk-free interest rate and volatility using recognized valuation techniques. As at June 30, 2024, € 1,035 thousand was recorded for the LTI in capital reserves for the first time.

In addition, 139,998 shares were acquired by the Management Board or related parties and 37,332 shares by members of the Supervisory Board in connection with the IPO.

22. Events after the end of the reporting period

Apart from the following facts, there are no other reportable events after the reporting date:

At the Annual General Meeting on June 26, 2024, the shareholders of RENK Group AG approved the payment of a dividend in the amount of € 0.30 per share for the fiscal year ending on December 31, 2023. The dividend was paid out on July 1, 2024.

Augsburg, August 7, 2024

RENK Group AG

Susanne Wiegand	Christian Schulz	Dr. Alexander Sagel
Chief Executive Officer	Chief Financial Officer	Chief Operating Officer

C. Further information

1 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Augsburg, August 7, 2024

RENK Group AG
The Executive Board

Susanne Wiegand	Christian Schulz	Dr. Alexander Sagel
Chief Executive Officer	Chief Financial Officer	Chief Operating Officer

2 Review Report

To RENK Group AG, Augsburg

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and selected explanatory notes – and the interim group management report of RENK Group AG, Augsburg, for the period from 1 January 2024 to 30 June 2024 which are part of the half-year financial report pursuant to § [Article] 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's executive directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Munich, August 7th 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Holger Graßnick	ppa. Dario Nikolic
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

3 Financial calendar

September 10, 2024	Capital Markets Day, Munich
November 13, 2024	Quarterly statement for Q3 2024
November 2024*	Deutsche Börse Equity Forum, Frankfurt

** The exact date will be communicated in good time*

Trusted Partner.

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