RENK

RENK GROUP AG

Unaudited Condensed Consolidated Interim Financial Statements as of September 30, 2023

Condensed Consolidated Interim Financial Statements of RENK Group AG (formerly RENK Holding GmbH) as of September 30, 2023 (Q3-2023) (unaudited)

Contents

Consolidated Income Statement

EUR thousand (unless otherwise stated)	Note	2023 Jan 1 to Sep 30	2022 Jan 1 to Sep 30	2023 July 1 to Sep 30	2022 July 1 to Sep 30
Revenue	[4]	652,683	593,965	242,506	213,935
Cost of sales		(504,070)	(478,705)	(186,996)	(170,446)
Gross profit		**148,613**	**115,260**	**55,510**	**43,489**
Other operating income	[5]	9,110	9,376	2,388	2,810
Net allowances on financial assets		(162)	2,249	(103)	984
Distribution expenses		(41,484)	(35,218)	(13,891)	(11,512)
General and administrative expenses		(49,233)	(35,446)	(17,705)	(12,349)
Other operating expenses	[6]	(9,815)	(11,465)	(1,080)	(3,185)
Operating profit		**57,029**	**44,756**	**25,119**	**20,237**
Interest expense		(30,213)**	(29,631)**	(9,934)**	(10,251)**
Other financial result	[7]	866**	13,703**	1,938**	(736)**
Financial result		**(29,347)**	**(15,928)**	**(7,996)**	**(10,987)**
Profit (+)/loss (-) before tax		**27,682**	**28,828**	**17,122**	**9,250**
Income taxes		(8,793)**	(535)*/**	(4,026)**	1,390*/**
Profit (+)/loss (-) after tax		**18,889**	**28,293**	**13,096**	**10,640**
Basic earnings per share (EUR)	[21]	0.1889	0.2829	0.1310	0.1064
Diluted earnings per share (EUR)	[21]	0.1889	0.2829	0.1310	0.1064
Weighted average ordinary shares outstanding, basic and diluted (million)		100	100	100	100

* Restatement of income taxes for comparative periods. Please refer to Note 2.

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of September 30, 2022 can be found in the “General principles” section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

Consolidated Statement of Comprehensive Income

EUR thousand	2023 Jan 1 to Sep 30	2022 Jan 1 to Sep 30	2023 July 1 to Sep 30	2022 July 1 to Sep 30
Profit (+)/loss (-) after tax	**18,889****	**28,293*/****	**13,096****	**10,640*/****
Items not reclassified to profit or loss				
Remeasurement of defined benefit plans	(519)	4,076	(1,193)	(1,269)
Deferred taxes	1,434	(7,696)*	252	2,396*
	915	**(3,620)**	**(941)**	**1,127**
Items reclassified to profit or loss in the future				
Currency translation differences	1,655	18,319	3,771	8,929
	1,655	18,319	3,771	8,929
Other comprehensive income for the period	**2,570**	**14,699**	**2,831**	**10,056**
Total comprehensive income	**21,459**	**42,992**	**15,928**	**20,696**

* Adjustment of consolidated statement of comprehensive income for comparative periods. Please refer to Note 2.

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of September 30, 2022 can be found in the “General principles” section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

Consolidated Statement of Financial Position

Assets

EUR thousand	Note	Sep 30, 2023	Dec 31, 2022
Intangible assets		401,087	388,955
Property, plant and equipment	[8]	316,640	322,981
Other and financial investments		10,326	21,924
Deferred tax assets		13,054**	13,718**
Other non-current financial assets	[12]	325	1,957**
Other non-current receivables	[12]	1,576	2,415
Non-current assets		**743,008**	**751,949**
Inventories	[9]	324,278	275,595
Trade receivables	[10]	133,224	144,654
Contract assets	[11]	105,565	83,534
Current income tax receivables		12,378	5,596
Other current financial assets	[12]	13,867	10,663
Other current receivables	[12]	20,690	12,010
Cash and cash equivalents		69,740	158,678
Current assets		**679,742**	**690,730**
		1,422,750	**1,442,680**

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of December 31, 2022 can be found in the "General principles" section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

Equity and liabilities

EUR thousand	Note	Sep 30, 2023	Dec 31, 2022
Subscribed capital		100,000	25
Capital reserves		254,504	308,594
Retained earnings		12,420**	(7,070)**
Cumulative other comprehensive income		25,527	22,958
Equity	**[13]**	**392,451**	**324,506**
Non-current financial liabilities	[14]	527,036**	617,694**
Pension provisions		1,695	1,457
Deferred tax liabilities		71,399**	77,854**
Contract liabilities, non-current	[15]	75,388	72,792
Other non-current provisions	[16]	12,083	11,267
Other non-current financial liabilities		6,430**	265
Other non-current liabilities		3	48
Non-current liabilities and provisions		**694,034**	**781,377**
Current financial liabilities	[14]	11,243**	17,713**
Income tax liabilities		13,490	2,345
Trade payables		82,171	66,631
Contract liabilities, current	[15]	143,972	141,270
Current income tax payables		-	7,174
Other current provisions	[16]	42,375	65,196
Other current financial liabilities		1,087	2,630
Other current liabilities		41,928	33,837
Current liabilities and provisions		**336,265**	**336,797**
		1,422,750	**1,442,680**

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of December 31, 2022 can be found in the "General principles" section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

Consolidated Statement of Changes in Equity

EUR thousand	Subscribed capital	Capital reserves	Retained earnings	Remeasurement of defined benefit plan	Currency translation	Total equity
As of Jan 1, 2022	25	312,309	(23,189)**	13,766	5,382	308,294**
Profit (+)/loss (-) after tax	–	–	28,293**	–	–	28,293**
Cumulative other comprehensive income	–	–	–	(3,620)*	18,319	14,699*
Other changes	–	(3,715)	–	–	–	(3,715)
As of Sep 30, 2022	**25**	**308,594**	**5,104**	**10,146**	**23,701**	**347,571**
As of Jan 1, 2023	25	308,594	(7,070)**	11,399	11,558	324,506**
Profit (+)/loss (-) after tax	–	–	18,889**	–	–	18,889**
Contribution of Transaction costs	–	795	–	–	–	795
Contribution of Loan	–	45,090	–	–	–	45,090
Capital increase	99,975	(99,975)	–	–	–	–
Cumulative other comprehensive income	–	–	–	915	1,655	2,570
Other changes	–	–	601	–	–	601
As of Sep 30, 2023	**100,000**	**254,504**	**12,420**	**12,314**	**13,213**	**392,451**

* Adjustment of consolidated statement of comprehensive income for comparative periods. Please refer to Note 2.

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of September 30, 2022 can be found in the “General principles” section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

The notes are an integral part of the interim financial statements.

Consolidated Statement of Cash Flows

EUR thousand	2023 Jan 1 to Sep 30	2022 Jan 1 to Sep 30
Cash and cash equivalents at beginning of period	**158,678**	**97,546**
Profit (+)/loss (-) before tax	27,682**	28,828*/**
Income taxes paid	(22,332)	(6,461)
Depreciation, amortization and impairment losses on intangible assets and property, plant and equipment	58,340	71,217
Change in provisions for pension obligations	(3,437)	(5,243)
Gains/losses from asset disposals	(71)	67
Other non-cash expenses and income	(1,831)	(7,753)
Change in inventories	(38,631)	(43,419)
Change in receivables and contract assets	(9,424)	(60,843)
Change in (contract) liabilities	18,666	57,345
Change in other provisions	(22,682)	(3,865)
Financial result (except for income from dividends)	29,347**	15,928**
Cash flows from operating activities	**35,626**	**45,800**
Payments to acquire property, plant and equipment and intangible assets	(14,820)	(15,220)
Acquisition of subsidiaries (net of cash acquired)	(34,319)	–
Proceeds from asset disposals	141	87
Cash flow from cash deposits	(1,146)	(841)
Cash flows from investing activities	**(50,144)**	**(15,975)**
Changes in cash pool	215	-
Other change in financial liabilities	(50,000)	(92)
Interest and lease payments	(29,626)	(31,010)
Cash flows from financing activities	**(79,411)**	**(31,102)**
Effect of exchange rate changes on cash and cash equivalents	79	3,907
Effect of changes in basis of consolidation on cash and cash equivalents	4,911	–
Change in cash and cash equivalents	(88,938)	2,630
Cash and cash equivalents at end of reporting period	69,740	100,176
Restricted cash	6,715	8,531
Gross liquidity at end of reporting period	76,455	108,707
Financial liabilities	(535,667)**	(624,896)**
Net liquidity at end of reporting period	**(459,212)****	(516,189)**

* Adjustment of consolidated statement of comprehensive income for comparative periods. Please refer to Note 2.

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of September 30, 2022 can be found in the

"General principles" section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

Notes to the Condensed Consolidated Interim Financial Statements

(1) General principles

In accordance with Regulation 1606/2002 of the European Parliament and of the Council, RENK Group AG, Augsburg, (formerly RENK Holding GmbH) (the Company) prepared its consolidated financial statements as of and for fiscal year ended December 31, 2022 as amended (Consolidated Financial Statements 2022) in line with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The Company acts as a holding company in the RENK Group and is, together with its consolidated companies, hereinafter referred to as RENK.

The company was converted into a stock corporation by way of a change of legal form with effect from September 13, 2023.

These condensed consolidated interim financial statements of RENK Group AG as of September 30, 2023 (Q3-2023) (unaudited) (Consolidated Interim Financial Statements) have been prepared in accordance with IAS 34 (Interim Financial Reporting) and relate to the nine-month period from January 1, 2023 to September 30, 2023.

The Consolidated Interim Financial Statements should be read in conjunction with the published Consolidated Financial Statements 2022. The explanatory notes present the material facts necessary to understand the changes in RENK's net assets, financial position and results of operations that have taken effect since December 31, 2022. The results achieved in the nine-month period 2023 are not necessarily indicative of future developments.

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.

Amendment in the accounting treatment of a bond (Senior Secured Notes) for reported periods presented in the Condensed Consolidated Interim Financial Statements

Due to the correction of a material misstatement in the consolidated financial statements 2021 in connection with the recognition of a bond and the necessary adjusting entries in the subsequent fiscal years 2022 and 2023, these previously published condensed consolidated interim financial statements as of September 30, 2023 together with RENK’s consolidated financial statement as of December 31, 2022 have been adjusted to reflect the subsequent effects. All amendments are marked with a double asterix "**".

In addition, these condensed consolidated interim financial statements as of September 30, 2023 reflect the adjustments to deferred taxes already made as part of a previous correction to RENK’s consolidated financial statements as of December 31, 2021. All amendments are marked with an asterix "*".

In the fiscal year 2020, the company issued a bond with a nominal value of EUR 320 million with an interest coupon of 5.75% and a term of five years at TISE in Guernsey. The bond was increased by an amount of EUR 200 million in the fiscal year 2021 to a total nominal value of EUR 520 million, with the interest coupon and the original agreed term remaining unchanged. The additional EUR 200 million was paid out at a premium of EUR 6 million.

As part of the preparatory activities for the 2023 consolidated financial statements, it was determined that the bond contains termination rights, which represent embedded derivatives that must be separated and were not previously recognized. The separate termination rights must subsequently be recognized at fair value, with the changes in value recognized in profit or loss in the financial result.

Furthermore, the increase in the bond in the fiscal year 2021 represents a modification within the meaning of IFRS 9. As a result, the premium is to be recognized as part of the modification gain, which leads to a reduction in interest expenses in the fiscal year 2021. The accrued interest on the bond was reclassified from non-current to current financial liabilities and also corrected in 2020 and 2021.

As a result of the incorrect accounting of the derivatives and the bond in the fiscal years 2021 and 2020, the effects of this correction on periods within these condensed consolidated interim financial statements are presented in the following tables.

For further information related to fiscal year 2022, we refer to the consolidated financial statements 2022.

The correction mentioned concerns the consolidated income statement as follows:

Q3 2023 Year to date (YTD)

EUR thousand	**Q3 2023 YTD as reported**	**Adjustment**	**Q3 2023 YTD adjusted**
Interest expense	**(31,246)**	**1,033**	**(30,213)**
Other financial result	8,418	(7,552)	866
Financial result	**(22,828)**	**(6,519)**	**(29,347)**
Profit before tax	**34,201**	**(6,519)**	**27,682**
Income taxes	(10,876)	2,083	(8,793)
Profit after tax	**23,325**	**(4,436)**	**18,889**

Q3 2023 (July 1 to September 30)

EUR thousand	Q3 2023 as reported	Adjustment	Q3 2023 adjusted
Interest expense	**(10,359)**	**425**	**(9,934)**
Other financial result	8,514	(6,576)	1,938
Financial result	**(1,845)**	**(6,151)**	**(7,996)**
Profit before tax	**23,274**	**(6,152)**	**17,122**
Income taxes	(5,991)	1,965	(4,026)
Profit after tax	**17,283**	**(4,187)**	**13,096**

Q3 2022 Year to date (YTD)

EUR thousand	Q3 2022 YTD as reported	Adjustment	Q3 2022 YTD adjusted
Interest expense	**(30,598)**	**967**	**(29,631)**
Other financial result	31,495	(17,792)	13,703
Financial result	**897**	**(16,825)**	**(15,928)**
Profit before tax	**45,653**	**(16,825)**	**28,828**
Income taxes	(5,926)	5,391	(535)
Profit after tax	**39,727**	**(11,434)**	**28,293**

Q3 2022 (July 1 to September 30)

EUR thousand	**Q3 2022 as reported**	**Adjustment**	**Q3 2022 adjusted**
Interest expense	**(10,654)**	**403**	**(10,251)**
Other financial result	13,260	(13,996)	(736)
Financial result	**2,606**	**(13,593)**	**(10,987)**
Profit before tax	**22,843**	**(13,593)**	**9,250**
Income taxes	(2,965)	4,355	1,390
Profit after tax	**19,878**	**(9,238)**	**10,640**

The correction mentioned concerns the consolidated statement of financial position as follows:

December 31, 2022

	December 31, 2022 as reported	**Adjustment**	**December 31, 2022 adjusted**
Other non-current financial assets	548	1,409	**1,957**
Non-current financial liabilities	627,631	(9,937)	**617,694**
Deferred tax liabilities	78,635	(781)	**77,854**
Current financial liabilities	3,926	13,787	**17,713**
Net assets	**331,576**	**–**	**331,576**
Retained earnings	(5,411)	(1,659)	**(7,070)**
Total Equity	**326,165**	**(1,659)**	**324,506**

The Consolidated Interim Financial Statements were prepared under the assumption of going concern and were authorized for issue on February 1, 2024.

(2) Accounting policies

Accounting standards and regulations

RENK has implemented all accounting standards endorsed by the EU effective from January 1, 2023, and relevant to RENK. The application of the new accounting standards did not have any material effects on the Consolidated Interim Financial Statements.

Changes in significant accounting policies

RENK has already applied the "International Tax Reform - Pillar Two Model Rules" (Amendments to IAS 12). The amendments provide for a temporary exemption from the recognition of deferred taxes for the top-up tax, which is effective immediately, and require new disclosures on the risks of global minimum taxation.

The exemption applies retrospectively. However, as the Global Minimum Tax had not been enacted (or substantively enacted) in any country in which the RENK operates as of December 31, 2022 and no related deferred tax was recognized at that date, the retrospective application has no impact on RENK's consolidated financial statements.

Global minimum taxation

RENK's ultimate parent company is domiciled in Germany, which is currently implementing new legislation to implement global minimum taxation, with effect expected from fiscal year 2024. RENK is in the process of taking the necessary internal measures to fully comply with the new legislation. In order to assess the impact that would have resulted if the Global Minimum Tax had already come into force in 2023, the RENK has tested the Country-by-Country Report ("CbCR") safe harbor transitional arrangements provided for in the upcoming legislation based on RENK's financial and tax data for 2022. On this basis, all countries in which RENK operates would have been exempt from the supplementary tax. There is currently no knowledge that this result would change on the basis of RENK's financial and tax data for 2023.

As the new legislation in Germany is not expected to come into force until January 1, 2024, there will be no impact on current taxes for the year ending December 31, 2023. RENK has taken advantage of a temporary mandatory exemption from recognizing deferred taxes for the effects of the supplementary tax and will recognize it as a current tax when it arises.

Income taxes

RENK has determined that a supplementary tax under the rules of global minimum taxation constitutes an income tax within the meaning of IAS 12. The Group has taken advantage of a temporary mandatory exemption from recognizing deferred taxes for the effects of the supplementary tax and recognizes it as a current tax when it arises.

Accounting policies and estimates

When preparing the Consolidated Interim Financial Statements, assumptions and estimates must be made by management. These affect the level and presentation of the amounts disclosed for assets and liabilities and income and expenses for the reporting period. The amounts actually incurred may differ from these estimates.

Except for the following, the same accounting policies were applied in the Interim Financial Statements as in the Consolidated Financial Statements 2022.

Transaction costs and related cost reimbursements

During the nine months ended September 30, 2023, RENK incurred transaction costs in connection with a contemplated broadening of the basis of shareholders. The costs incurred in connection with the planned equity transaction are recognized in profit or loss as no net proceeds for the Company are expected. Reimbursement claims against the shareholder are also recognized in profit or loss as a reduction to the corresponding expenses if the shareholder is legally obliged to reimburse the costs or is the economic recipient of the underlying service. Reimbursement claims against the shareholder solely based on its position as a shareholder are recognized as a contribution directly in equity. As of September 30, 2023, RENK Group AG shows the shareholder contribution of the transaction costs as an increase of the capital reserve in the amount of EUR 795 thousand.

Pension provisions

For the calculation of pension provisions in Germany as of September 30, 2023, a discount rate of 4.0% was applied and used in the corresponding actuarial reports. As of December 31, 2022, the discount rate was 3.7%. The other parameters as of September 30, 2023 remained unchanged compared to December 31, 2022.

Income taxes

In these Consolidated Interim Financial Statements, income tax expense is calculated using the weighted total tax rate based on the expected effective tax rates of the individual companies, for the respective full year. For the nine months ended September 30, 2023 the tax rate was 26.1% and 9.3% for 2022. The change in tax rate is mainly driven by tax free income and other permanent differences in 2022.

The tax effects of discrete items are accounted for directly in the interim period in which they occur. As discrete items in 2023 an adjustment of deferred taxes in OCI (EUR 1,297 thousand) and a notice of a tax audit (EUR 400 thousand) were additionally recorded.

The tax effect of the amendment of the accounting treatment of a bond was calculated by applying the statutory tax rate of the company (32%).

Restatements and covenant breaches

The consolidated financial statements of RENK Group AG as of and for fiscal year ended December 31, 2021, were retrospectively amended and consequently subjected to a supplementary audit, which was completed as of May 25, 2023. All amendments are marked with an asterix "*".

Material retrospective changes (IAS 8) in fiscal year 2020 related to the items listed below:

- Correction of deferred taxes in the context of the purchase price allocation, with an increase in reported deferred tax liabilities (EUR 6,374 thousand) and a corresponding increase in reported goodwill (EUR 6,374 thousand) at initial consolidation in fiscal year 2020.
- Adjustment of the tax treatment of pension plan assets. This led to a decrease in tax expenses (EUR 1,744 thousand) lower for fiscal year 2020 and a corresponding decrease in tax liabilities (EUR 1,744 thousand).

These changes have been considered accordingly in the consolidated financial statements as of December 31, 2022. As a result of the completion of the supplementary audit in May 2023, a corresponding adjustment of the previous year's figures for the period from January 1 to September 30, 2022 was made.

In the Consolidated Interim Financial Statements as of September 30, 2023, the changes led to a restatement of the comparative figures in consolidated statement of comprehensive income (deferred taxes). The adjustment for the comparative period from January 1 to September 30, 2022 amounted to EUR -181 thousand, thereof EUR 2,179 thousand were attributable to the period from July 1, 2022 to September 30, 2022. Furthermore, the prior year figure in the consolidated income statement (income taxes) were adjusted using the yearly income tax rate of 12.98 %. This adjustment amounted to EUR 5,911 thousand.

In addition, adjustments of EUR 1,296 thousand were recorded considering the following items: EUR 633 thousand as reduction in tax expenses and OCI and EUR 1,929 thousand as increase in tax expense and OCI have been recognized. These adjustments mainly relate to deferred tax liabilities from pension assets and their split between OCI and tax expenses in prior periods.

Due to the supplementary audit mentioned above, the Company faced a delay in completing and publishing the consolidated financial statements 2022 that resulted in a breach of contractual reporting requirements under RENK GmbH's senior secured notes and senior facilities agreement.

Regarding the senior secured notes, this breach was conclusively remedied by the provision of the audited consolidated financial statements 2022 on May 30, 2023. Regarding the senior facilities agreement, this violation was conclusively remedied by the extension of the reporting deadline requested on May 5, 2023 and granted by a majority of the financing banks on May 9, 2023 and the provision of the audited consolidated financial statements 2022 on May 30, 2023 within the extended reporting deadline granted. The violations did not have any economic effects on RENK GmbH.

(3) Significant events

Conversion of legal form and capital increase

The company was converted into a stock corporation by way of a change of legal form with effect from September 13, 2023.

By resolution of the shareholders on August 9, 2023 and entry in the commercial register on August 23, 2023, the company’s subscribed capital was increased by EUR 99,975 thousand from EUR 25 thousand to EUR 100,000 thousand. This is a capital increase from own funds that took place prior to the conversion to a stock corporation.

The company’s nominal capital of EUR 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 EUR 1.00 of the share capital. The shares are bearer shares .

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

In the extraordinary shareholders meeting of RENK Group AG on September 18, 2023 the supervisory board authorized the management board to issue, with the agreement of the supervisory board, once or multiple times, convertible or warrant-linked bonds, as well as profit-sharing certificates with option or conversion rights up to the total amount of 50 Mio. € with limited or unlimited maturity and to grant to the holders or creditors of bonds warrants or conversion rights for up to 50 million new shares of the company with a partial amount of the share capital of up to 1,00 € according to the specifiable conditions, to be set by the management board, for options or convertible bonds and/or profit sharing rights.

RENK repaid EUR 50,000 thousand of a loan to Rebecca BidCo SARL on August 11, 2023. Rebecca BidCo SARL made a voluntary contribution in the amount of the outstanding repayment claim of EUR 45,090 thousand by resolution dated September 20, 2023. The contribution was recognized in the company's free capital reserve in accordance with Section 272 (2) no. 4 of the German Commercial Code (“Handelsgesetzbuch”).

Please refer to the statement of changes in equity for details .

Scope of consolidation and Business Combination

With effect from January 1, 2023, the following affiliated companies (previously not consolidated due to immateriality) were incorporated in the basis of consolidation to include them in the internal and external reporting structure:

- COFICAL RENK MANCAIS DO BRASIL LTDA, Guaramirim, Brazil
- RENK Gears Private Ltd., Bangalore, India
- RENK Shanghai Service and Commercial Co., Ltd. Shanghai, China

The effect of EUR 146 thousand resulting from the initial consolidation of the above-mentioned companies was offset against equity.

Minority interest results from the initial consolidation of COFICAL Renk Mancais do Brasil Ltda., Guaramirim, Brasil, as of January 1, 2023 and represents the minority shareholding of 2% in this subsidiary. As of September 30, 2023, the minority interest in equity and in net income amounts to EUR 77 thousand and EUR 13 thousand, respectively. For purposes of these interim financial statements in accordance with IAS 34, the immaterial minority interests are not disclosed separately.

RENK acquired 100% of shares in General Kinetics Group ("GK") with effect from January 27, 2023. As of the acquisition date, GK comprised four companies:

- GK Holdco Inc., Brampton, Canada ("GK Holdco")
- General Kinetics Engineering Corporation, Brampton, Canada ("GKEC")
- General Kinetics Inc., Bedford, USA ("GK Inc.")
- General Kinetics LLC, Bedford, USA ("GK LLC")

On the acquisition date, GK Holdco Inc., Brampton, Canada, was merged with General Kinetics Engineering Corporation, Brampton, Canada, following the acquisition of GK. This was followed by a merger of the company created by the first merger with the company Horstman Systems Inc, Woodbridge, Canada, which was already fully consolidated. The resulting legal entity has been trading as Horstman Canada Inc., Brampton, Canada, since May 1, 2023. With effect from July 18, 2023, the companies General Kinetics Inc., Bedford, USA, and General Kinetics LLC, Bedford, USA, were merged with Horstman Inc, Sterling Heights, USA, which was already fully consolidated.

General Kinetics is a leading provider of chassis systems for military wheeled vehicles. This new addition to RENK will allow RENK to provide global mobility solutions for wheeled and tracked vehicles in the future.

Horstman Canada Inc. was included in the consolidated financial statements of RENK Group AG from the acquisition date January 27, 2023 onward.

General Kinetics (GK) was acquired at a purchase price of EUR 34,530 thousand. The purchase price was fully settled in cash and cash equivalents.

As at July 31, 2023, the final fair values of the assets and liabilities at the acquisition date were determined based on external valuations. At acquisition date, the fair values of the assets acquired and liabilities assumed from General Kinetics break down as follows:

	EUR thousand
Purchase price	34,530
Intangible assets – customer base	22,308
Intangible assets – order backlog	5,111
Intangible assets – technology	138
Property, plant and equipment	1,780
Inventories	6,445
Trade receivables	3,601
Other receivables	203
Cash and cash equivalents	210
Financial liabilities	1,494
Deferred tax liabilities	7,759
Trade payables	1,610
Other liabilities	4,122
Goodwill	9,719

The goodwill resulting from the purchase price allocation is attributable to the expertise of the workforce and to future sales potential within the Horstman Group. This goodwill was fully allocated to the Vehicle Mobility Solutions segment and is not tax-deductible. The trade receivables of EUR 3,601 thousand represents gross amounts. They were classified as fully collectible as of the acquisition date.

In the period from February to September 2023, the newly acquired company, which is now part of Horstman Canada, contributed EUR 16,078 thousand to the Group's revenue and EUR 2,972 thousand to its profit after tax. If the transaction had taken place on January 1, 2023, additional revenue of EUR 1,658 thousand and additional profit after tax of EUR 85 thousand would have been considered. In 2022 and 2023, the Group incurred costs of EUR 875 thousand in connection with the business combination. These costs are fully recognized in other operating expenses in the respective period.

The depreciation and amortization and the deferred taxes on the results of the purchase price allocation would lead to a negative effect on earnings of approximately EUR 150 thousand per month.

Basis of consolidation

In addition to RENK Group AG, which has its registered office in Augsburg (formerly in Munich) and is registered with Augsburg Local Court under HRB 39189 (formerly with Munich Local Court under HRB 253885), the following wholly owned subsidiaries are also included in the condensed consolidated interim financial statements as of September 30, 2023:

- RENK FinCo GmbH, Munich
- 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)
- RENK America LLC, Muskegon (MI), USA (formerly: Combat Mobility Solutions LLC)
- RENK Holdings Inc., Muskegon (MI), USA
- COFICAL RENK MANCAIS DO BRASIL LTDA, Guaramirim, Brazil (since Jan. 1, 2023)
- RENK Gears Private Ltd., Bangalore, India (since Jan. 1, 2023)
- RENK Shanghai Service and Commercial Co., Ltd. Shanghai, China (since Jan. 1, 2023)

Notes to the Consolidated Income Statement

(4) Revenue

RENK generates revenue through the sale of goods or services in the area of drive technology in the following geographical regions (by location of the customer):

EUR thousand	2023 Jan 1 to Sep 30	2022 Jan 1 to Sep 30
Germany	174,661	134,571
Other EU countries	154,265	134,437
Americas	153,717	172,615
Asia	120,366	88,467
Other European countries	44,925	59,345
Australia and Oceania	2,641	1,795
Africa	2,109	2,735
	652,683	**593,965**

During the nine months ended September 30, 2023 revenues in the amount of EUR 491,171 thousand (prior year EUR 435,706 thousand) were recognized at a point in time, while an amount of EUR 161,512 thousand (prior year EUR 158,260 thousand) were recognized over time.

The revenues recognized over time are attributable to the following segments: EUR 132,205 thousand (prior year EUR 158,260 thousand) (VMS), EUR 29,307 thousand (prior year EUR 0 thousand) (M&I) and EUR 0 thousand (prior year EUR 0 thousand) (SB). The revenues recognized at a point in time amount to EUR 228,263 thousand (prior year EUR 178,125 thousand) (VMS), EUR 182,626 thousand (prior year EUR 193,660 thousand) (M&I) and EUR 83,262 thousand (prior year EUR 66,672 thousand) (SB).

Revenue of EUR 652,683 thousand in the nine months to September 30, 2023 (EUR 593,965 thousand in the nine months to September 30, 2022) can be allocated to the following countries with a share of more than 10% of total revenue: Germany EUR 174,661 thousand (prior year EUR 134,571 thousand) and USA EUR 138,689 thousand (prior year EUR 166,031 thousand).

No single customer accounted for more than 10% of RENK's revenues in any of the periods presented.

The segment reporting (see Note 17) shows how revenue breaks down by individual segment.

(5) Other operating income

EUR thousand	2023 Jan 1 to Sep 30	2022 Jan 1 to Sep 30
Income from exchange rate changes	3,672	7,490
Income from reversal of provisions	2,655	1,051
Income from derivatives	1,252	-
Reimbursement of staff costs	900	-
Income from asset disposals	95	7
Miscellaneous other income	536	828
	9,110	**9,376**

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 staff costs relates to COVID-19 subsidies in the US.

(6) Other operating expenses

EUR thousand	2023 Jan 1 to Sep 30	2022 Jan 1 to Sep 30
Expenses from currency translation differences	5,005	5,900
Addition to miscellaneous other provisions	2,121	1,976
Personnel expenses	678	1,353
Bank fees	144	123
Miscellaneous other expenses	1,867	2,113
	9,815	**11,465**

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.

(7) Other financial result

Compared to the nine-months period ended September 30, 2022, the other financial result mainly reflects the effects of exchange rate fluctuations and effects from the measurement of financial instruments.

Notes to the Consolidated Statement of Financial Position

(8) Property, plant and equipment

EUR thousand	Sep 30, 2023	Dec 31, 2022
Land and buildings	140,502	142,852
Technical equipment and machinery	145,937	149,294
Other equipment, operating and office equipment	14,755	15,203
Prepayments and assets under construction	15,446	15,631
	316,640	**322,981**

In the nine months ended September 30, 2023, EUR 14,272 thousand were invested in property, plant and equipment. Mainly EUR 3,934 thousand of this is attributable to technical equipment, EUR 2,528 thousand to other equipment, operating and office equipment, and EUR 6,980 thousand to prepayments and assets under construction. Additionally, EUR 2,277 thousand were invested in right-of-use assets from leases. EUR 2,444 thousand resulted from additions to the scope of consolidation.

Depreciation on property, plant and equipment of EUR 25,100 thousand is included in functional expenses, in cost of sales in particular. As in prior year, there were no significant impairment losses as of September 30, 2023.

The right-of-use assets from leases are included in land and buildings amounting to EUR 7,089 thousand (December 31, 2022: EUR 5,271 thousand) and in other equipment, operating and office equipment amounting to EUR 522 thousand (December 31, 2022: EUR 389 thousand).

As of September 30, 2023, prepayments amounted to EUR 4,526 thousand and assets under construction in EUR 10,920 thousand.

(9) Inventories

EUR thousand	Sep 30, 2023	Dec 31, 2022
Raw materials, consumables and supplies	70,782	47,871
Finished goods and services and work in progress	247,630	218,015
Prepayments for inventories	5,866	9,709
	324,278	**275,595**

As of September 30, 2023, reversals of impairment losses on inventories were recognized in the amount of EUR 704 thousand.

(10) Trade receivables

Trade receivables break down as follows:

EUR thousand	Sep 30, 2023	Dec 31, 2022
Customer receivables	125,323	129,391
Receivables from affiliated, non-consolidated companies	2,373	6,131
Customer prepayment receivables	5,528	9,132
	133,224	**144,654**

(11) Contract assets

Contract assets break down as follows:

EUR thousand	Sep 30, 2023	Dec 31, 2022
Contract assets from customers	105,565	83,534
	105,565	**83,534**

(12) Other non-current and current assets and receivables

EUR thousand	Sep 30, 2023 Current	Non-current	total	Dec 31, 2022 Current	Non-current	total
Restricted cash	6,715	0	6,715	7,682	179	7,861
Receivables from loans	0	319	319	1,495	319	1,814
Embedded derivatives	-	-	-	-	1,409**	1,409**
Derivative financial instruments	165	0	165	174	43	217
Miscellaneous other financial assets	6,987	6	6,993	1,312	7	1,319
Other financial assets	**13,867**	**325**	**14,192**	**10,663**	**1,957****	**12,620****
Prepaid expenses	9,837	0	9,837	4,696	0	4,696
Other tax assets	4,081	0	4,081	3,839	0	3,839
Receivables from surplus plan assets	4,953	62	5,015	1,935	25	1,960
Commission claims	1,294	478	1,771	1,229	337	1,566
Miscellaneous other receivables	525	1,037	1,562	311	2,053	2,364
Other receivables	**20,690**	**1,576**	**22,265**	**12,010**	**2,415**	**14,425**
	34,557	**1,901**	**36,457**	**22,673**	**4,372**	**27,045**

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of December 31, 2022 can be found in the "General principles" section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

Restricted cash comprises the cash collateral for bilateral guaranteed credit lines, while miscellaneous other financial assets mainly include receivables from shareholders (EUR 4,112 thousand).

Commission claims include prepaid commissions for ongoing projects.

Derivative financial instruments are carried at fair value. They are used to hedge currency risks on customer orders and other foreign exchange positions.

Embedded Derivative consists of options giving the issuer and bond holder the right, but not the obligation, to early redeem the instrument or put it back to the issuer (in some cases contingent upon a certain event).The prepaid expenses mainly include prepaid services for maintenance contracts and licenses; the increase of EUR 5,141 thousand to EUR 9,837 thousand compared to the balance sheet date as at December 31, 2022 results in particular from higher claims from rents, repairs and against employees during the year.

(13) Equity

As of September 30, 2023, RENK Group AG had subscribed capital of EUR 100,000 thousand and capital reserves of EUR 254,504 thousand.

By resolution of the shareholders on August 9, 2023 and entry in the commercial register on August 23, 2023, the company's subscribed capital was increased by EUR 99,975 thousand from EUR 25 thousand to EUR 100,000 thousand.

The company's nominal capital of EUR 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 EUR 1,00 of the share capital. The shares are bearer shares.

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

In the extraordinary shareholders meeting of RENK Group AG on September 18, 2023 the supervisory board authorized the management board to issue, with the agreement of the supervisory board, once or multiple times, convertible or warrant-linked bonds, as well as profit-sharing certificates with option or conversion rights up to the total amount of 50 Mio. € with limited or unlimited maturity and to grant to the holders or creditors of bonds warrants or conversion rights for up to 50 million new shares of the company with a partial amount of the share capital of up to 1,00 € according to the specifiable conditions, to be set by the management board, for options or convertible bonds and/or profit sharing rights.

By way of resolution on September 20, 2023, Rebecca BidCo SARL made a voluntary contribution in the amount of the outstanding repayment claim on a loan granted in 2020 (EUR 45,090 thousand). This contribution was posted to the company's free capital reserves in accordance with section 272 para. 2 No. 4 German Commercial Code ("Handelsgesetzbuch").

In addition, RENK Group AG recorded a shareholder contribution of transaction costs in the amount of EUR 795 thousand as of September 30, 2023. Please refer to the consolidated statement of changes in equity for details.

(14) Financial liabilities

EUR thousand	Sep 30, 2023	Dec 31, 2022
Bonds	521,353**	521,925**
Loan liabilities	–	91,395
Lease liabilities	5,683	4,374
Non-current financial liabilities	**527,036****	**617,694****
Bonds (current portion)	6,313**	13,787**
Liabilities from cash pool	2,612	2,398
Lease liabilities	2,318	1,528
Current financial liabilities	**11,243****	**17,713****
	538,279	**635,407**

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of December 31, 2022 can be found in the "General principles" section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

On July 13, 2020, a bond with a principal amount of EUR 320 million has been issued. To finance the acquisition of RENK America in the previous year, the existing bond from 2020 was increased by EUR 200 million on June 30, 2021. No changes were made to the term of five years or the coupon of 5.75% p.a. The bond consists of multiple early redemption options which may be exercised at the discretion of the issuer or the bondholder. The early redemption options have been identified as a single compound embedded derivative instrument, which was bifurcated from the host contract as it is not closely related to the host contract.

The bond is listed on the TISE in Guernsey, bears interest of 5.75% p.a. and is collateralized by pledging bank accounts, receivables and shares of the guarantors. The bond has been recognized after bifurcating embedded derivatives plus the premium and less transaction costs. The interest is recognized as a liability and paid twice a year.

The loan liabilities to Rebecca BidCo were repaid in the amount of EUR 50,000 thousand on August 11, 2023. By way of resolution on September 20, 2023, Rebecca BidCo SARL made a voluntary contribution to the capital reserves in the amount of the outstanding repayment claim of EUR 45,090 thousand (see Note 13).

(15) Contract liabilities

EUR thousand	Sep 30, 2023	Dec 31, 2022
Contractual liabilities from advance payments received	75,388	72,792
Contract liabilities, non-current	**75,388**	**72,792**
Contractual liabilities from advance payments received	138,983	134,192
Liabilities from customer prepayment receivables	4,989	7,078
Contract liabilities, current	**143,972**	**141,270**
	219,360	**214,062**

(16) Other provisions

EUR thousand	Sep 30, 2023	Dec 31, 2022
Warranties	28,657	44,368
Obligations to employees	12,961	15,609
Outstanding costs	2,671	5,426
Provision for impending contractual penalties	2,265	2,533
Provisions for onerous contracts	515	1,167
Miscellaneous other provisions	7,389	7,362
	54,458	**76,464**

Provisions for warranties relate to legal and contractual warranty obligations and to goodwill towards customers. The timing of the utilization of provisions for warranties is dependent on the occurrence of the warranty claim and can extend over the entire warranty and goodwill period. Provisions are recognized both for warranties on single-item production and as a lump sum for series production.

Provisions for outstanding costs comprise provisions for outstanding invoices and risks from customer contracts.

Non-current obligations to employees relate in particular to partial retirement and anniversaries. In addition, Rebecca LuxCo SARL a related party, directly bought shares from former management incentive program participants including key management personnel amounting to EUR 6.2 million in total and with no impact on the Company's financial statements for the period.

Other Disclosures

(17) Segment reporting

In accordance with the management approach comprised in IFRS 8 *Operating Segments,* the operating segments were identified based of the RENK's internal reporting and the assessment of business performance by the chief operating decision maker (CODM). The management is the chief operating decision maker of RENK Group. Considering this approach, the following three operating segments were identified based on product or market/customer logic:

The **Marine & Industry (M&I)** segment comprises large gear unit production at RENK GmbH, Augsburg, and RENK MAAG GmbH, Winterthur, Switzerland. The product range extends from stationary gear units for a wide variety of industrial applications to high-speed gear units and complex gear units for fast ferries and naval applications. The segment also includes the large gear unit production of RENK GmbH at the Rheine site. A key focus is on marine gear units for commercial vessels, liquefied gas tankers, special ships and offshore wind power gear units. In addition, gear units for turbine systems and couplings for industrial applications are manufactured.

The **Vehicle Mobility Solutions (VMS)** segment is a leading manufacturer of fully automatic transmissions for medium and heavy tracked vehicles and also offers a wide range of high-performance test systems for various industries. It comprises the corresponding activities at the Augsburg site of RENK GmbH, the French subsidiary RENK France S.A.S., Saint-Ouen-l'Aumône, France, RENK Test System GmbH (RTS) in Augsburg and its American sales company RENK Systems Corporation, Camby (IN), USA. In 2019, the Horstman Group was added with the companies Horstman Holdings Limited, Bath, UK, Horstman Defence Systems Limited, Bath, UK and Horstman Inc, Sterling Heights (MI), USA and Horstman Canada Inc, Brampton, Canada.

The **Slide Bearings** segment with the Hanover location of RENK GmbH and the American sales company RENK Corporation, Duncan (SC), USA, primarily supplies hydrodynamic lubricated slide bearings. Applications include electric motors, generators, pumps, blowers, water turbines, conveyor systems and maritime applications.

The consolidation between the business areas is shown separately.

The financial performance indicator of the segments and therefore the key performance indicator is an adjusted EBIT (operating profit before the effects from purchase price allocations and adjusted for certain items which management considers to be exceptional or non-recurring). However, management also receives information about revenue per segment as part of monthly reporting and thus information on revenue per segment is disclosed in the following. Until April 2023, RENK's steering key performance indicator was reported EBIT before PPA (rEBITA). Due to the change in management (CFO Christian Schulz started at RENK in June 2023) and with the progress of the Equity Offering process, RENK implemented the new steering key performance indicator adjusted EBIT for management reporting purposes. Significant deviations between rEBITA and adjusted

EBIT cannot be derived at segment level as the PPA effects and most adjustments are classified as "Others" and therefore have no material impact on the segments.

The operating segments are also deemed as the reportable segments of RENK Group. As RENK began applying IFRS 8 Segment Reporting for the first time in fiscal year 2023, the segment data for the nine months to September 30, 2022 are presented in the segment structure applicable since the first quarter of fiscal year 2023 for comparative purposes. The division Test Systems is part of the VMS Segment since the first quarter of fiscal year 2023. In the first quarter of fiscal year 2023, in connection with the further centralization of functions within RENK Group, the Group started to allocate costs for central functions to its segments to reflect and appropriate cost structure in its segments.

01.01.-30.09.2022

EUR thousand	VMS	M&I	SB	Others	Consolidation	Total
Revenue from third parties	336,375	192,541	65,049	0	0	593,965
Revenue from other segments	9	1,119	1,623	0	(2,751)	0
Revenue	336,384	193,660	66,672	0	(2,751)	593,965
Depreciation, amortization and impairment losses (excluding PPA depreciation and amortization)	10,308	9,758	1,825	(137)	0	21,754
rEBITA*	**72,980**	**14,109**	**9,394**	**(2,376)**	**202**	**94,308**
Adjusted EBIT	**73,212**	**15,918**	**9,649**	**(869)**	**202**	**98,112**
Non-recurring items***						(3,804)
Purchase price allocations****						(49,552)
EBIT						**44,756**
Net financial expenses/income						(15,928)**
Profit (+)/loss (-) before taxes						**28,828**
Income taxes						(535)**
Profit (+)/loss (-) after taxes						**28,293**

* rEBITA is defined as the operating profit presented in the consolidated income statement plus the effects from the purchase price allocation.

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of September 30, 2022 can be found in the “General principles” section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

*** Includes expenses for inflation compensation premium, severance expenses and other adjustments, which represent costs for the implementation of efficiency programs and professional advisory fees mainly related to strategic projects.

**** Purchase price allocation includes PPA depreciation and amortization (EUR 49,463 thousand for the nine months ended September 30, 2022) as well as income/losses from PPA asset disposal (EUR 89 thousand loss for the nine months ended September 30, 2022).

01.01.-30.09.2023						
EUR thousand	VMS	M&I	SB	Others	Consolidation	Total
Revenue from third parties	360,221	210,199	82,263	0	0	652,683
Revenue from other segments	247	1,734	999	0	(2,980)	0
Revenue	360,468	211,933	83,262	0	(2,980)	652,683
Depreciation, amortization and impairment losses (excluding PPA depreciation and amortization)	12,055	9,638	1,516	20	-	23,229
rEBITA*	**70,581**	**14,055**	**12,148**	**(4,606)**	**(38)**	**92,141**
Adjusted EBIT	72,383	16,997	12,544	2,072	(38)	103,957
Non-recurring items***						(11,816)
Purchase price allocations****						(35,112)
EBIT						57,029
Net financial expenses/income						(29,347)**
Profit (+)/loss (-) before taxes						**27,682**
Income taxes						(8,793)**
Profit (+)/loss (-) after taxes						**18,889**

* rEBITA is defined as the operating profit as presented in the consolidated income statement plus the effects from the purchase price allocation.

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of September 30, 2022 can be found in the "General principles" section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

***Includes expenses for inflation compensation premium, severance expenses and other adjustments, which represent costs for the implementation of efficiency programs and professional advisory fees mainly related to strategic projects, costs related to the 150-year celebration of the

Group, costs relating to marketing activities, costs relating to advisory fees for readiness assessments, costs related to the supplementary audit for fiscal years 2021 and as a consequence additional audit fees for fiscal year 2022, costs relating to professional advisory fees regarding the financing of the Group.

**** Purchase price allocation includes PPA depreciation and amortization (EUR 35,111 thousand for the nine months ended September 30, 2023) as well as income/losses from PPA asset disposals (EUR 1 thousand for the nine months ended September 30, 2023)

The Company did not allocate its assets to the different business segments for internal reporting purposes. All non-current assets are located in the following geographic areas:

EUR thousand	Germany	Americas	Other EU countries	Asia	Other European countries	Not allocated	
September 30, 2023	412,218**	244,453	7,836	660	47,561	30,280	743,008**
December 31, 2022	434,914**	220,625	8,760	–	49,045	38,605	751,949**

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of December 31, 2022 can be found in the "General principles" section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

Non-current assets comprise intangible assets, property, plant and equipment, other and financial investments, deferred tax assets, other non-current financial assets and other non-current receivables, which have been allocated to the above-mentioned regions, except for deferred tax assets and financial instruments.

Non-current assets amounting to EUR 743,008 thousand as of September 30, 2023 (EUR 751,949 thousand as of December 31, 2022) can be allocated to the following countries with a portion exceeding 10% of total non-current assets: Germany EUR 412,218 thousand (EUR 434,914 thousand as of December 31, 2022) and USA EUR 244,453 thousand (EUR 220,625 thousand as of December 31, 2022).

For further information on revenue please refer to Note 4 Revenue.

(18) Financial instruments

Financial assets and liabilities recognized at fair value or for which a fair value is disclosed in the notes to the annual financial statements are to be classified in the fair value hierarchy described below. They are allocated to levels of the fair value hierarchy on the basis of inputs used for the measurement:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for an asset or liability either directly (as a price) or indirectly (derived from prices). The fair values of level 2 financial instruments are calculated based on the conditions at the end of the reporting period, such as interest rates or exchange rates, and using recognized models, such as the discounted cash flow models or option pricing model.

Level 3 Input data used for the measurement of the asset or liability not based on observable market data (unobservable inputs).

In the nine months of fiscal years 2023 and 2022, there were no reclassifications between level 1 and level 2 and no reclassifications to or from level 3.

RENK divides financial instruments into the following categories:

- financial instruments at fair value
- financial instruments at amortized cost
- financial instruments not assigned to an IFRS 9 measurement category

The following tables illustrate the classes of financial instruments included in the statement of financial position items, broken down by the carrying amounts and fair values of the financial instruments, and their allocation to the measurement categories as of September 30, 2023 and as of December 31, 2022:

EUR thousand	At fair value through other comprehensive income	At fair value through profit or loss	At amortized cost		Not assigned to an IFRS 9 measurement category	Statement of financial position item as of Sep 30, 2023
	Carrying amount	Carrying amount	Carrying amount	Fair value	Carrying amount	
Non-current assets						
Other and financial investments	2,975	–	–	–	7,351	10,326
Other non-current financial assets	–	–	325	115	–	325
Current assets						
Trade receivables	–	–	133,224	133,224	–	133,224
Contract assets	–	–	–	–	105,565	105,565
Other current financial assets	–	165	13,702	13,702	–	13,867
Cash and cash equivalents	–	–	69,740	69,740	–	69,740
Total Assets	**2,975**	**165**	**216,991**	**216,781**	**112,916**	**333,046**
Non-current liabilities						
Non-current financial liabilities	**–**	**–**	**521,353****	**505,303****	**5,683**	**527,036****
of which bonds	*–*	*–*	*521,353***	*505,303***	*–*	*521,353***
of which lease liabilities	*–*	*–*	*–*	*–*	*5,683*	*5,683*
Other financial liabilities	**–**	**6,401****	**29**	**29**	**–**	**6,430****
of which embedded derivatives	*–*	*6,143***	*–*	*–*	*–*	*6,143***
of which miscellaneous financial liabilities	*–*	*258*	*29*	*29*	*–*	*287*
Current liabilities						
Current financial liabilities	–	–	8,925**	8,925**	2,318	11,243**
Trade payables	–	–	82,171	82,171	–	82,171
Other financial liabilities	–	376	711	711	–	1,087
Total Liabilities	**–**	**6,777**	**613,188**	**597,139**	**8,002**	**627,967**

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of December 31, 2022 can be found in the

“General principles” section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

EUR thousand	At fair value through other comprehensive income	At fair value through profit or loss	At amortized cost		Not assigned to an IFRS 9 measurement category	Statement of financial position item as of Dec 31, 2022
	Carrying amount	Carrying amount	Carrying amount	Fair value	Carrying amount	
Non-current assets						
Other and financial investments	2,975	-	-	-	18,949	21,924
Other non-current financial assets	-	1,452**	506	289	-	1,957**
of which embedded derivatives	-	*1,409***	-	-	-	*1,409***
of which miscellaneous non-current financial assets	-	*43*	*506*	289	-	*548*
Current assets						
Trade receivables	-	-	144,654	144,654	-	144,654
Contract assets	-	-	-	-	83,534	83,534
Other current financial assets	-	175	10,489	10,489	-	10,663
Cash and cash equivalents	-	-	158,678	158,678	-	158,678
Total Assets	**2,975**	**1,627**	**314,327**	**314,110**	**102,483**	**421,411**
Non-current liabilities						
Non-current financial liabilities	**-**	**-**	**613,319****	**571,618****	**4,374**	**617,694****
of which bonds	-	-	521,925**	483,735**	-	521,925**
of which loan liabilities	-	-	91,395	87,883	-	91,395
of which lease liabilities	-	-	-	-	4,374	4,374
Other non-current financial liabilities	-	237	28	28	-	265
Current liabilities						
Current financial liabilities	-	-	16,185**	16,185**	1,528	17,713**
Trade payables	-	-	66,631	66,631	-	66,631
Other current financial liabilities	-	1,678	952	952	-	2,630
Total Liabilities	–	**1,915**	**697,115**	**655,414**	**5,903**	**704,933**

** Figures have been adjusted, explanations regarding changes in the figures for the first nine months of fiscal year 2023 and the comparative period as of December 31, 2022 can be found in the "General principles" section of the notes. We also refer to the consolidated financial statements as of December 31, 2022.

All other current financial assets and other current and non-current financial liabilities measured at fair value through profit or loss are embedded derivatives and currency derivatives (current forwards). To measure fair value, contractual cash flows are calculated by discounting the forward cash flows based on FX spot and swap rates (using the interest difference method). Accordingly, they are allocated to level 2 of the fair value hierarchy.

In case of current financial assets and liabilities measured at amortized cost, the carrying amounts as of the end of the reporting period approximately match their fair value due to the maturities.

Other non-current financial assets measured at amortized cost include loans to affiliated companies and cash collateral. The loans are allocated to level 2 of the fair value hierarchy. Cash collateral is assigned to level 2.

The bond is listed on the TISE in Guernsey. The fair value of the separated embedded derivatives is deducted from this listed price. Therefore, the fair value of the bond is allocated to level 2 of the valuation hierarchy.

With exception of cash and cash equivalents and the bond, which are allocated to fair value level 1, all other financial assets and liabilities at amortized cost are allocated to fair value level 2. In the case of level 3 receivables, the fair value is determined taking account of individual loss expectations, which are largely based on the company's assumptions with regard to the counterparty's creditworthiness.

Additionally, the compound embedded derivative is classified as level 3 of fair value hierarchy. The fair value is calculated using a trinomial tree approach based on the Hull White 1 Factor Model. The primary inputs of the model include the interest rate and credit spread volatility, the market price at the valuation date, the credit spread and market interest rate, as well as the probability of the occurrence of a triggering event until the bonds maturity. The credit spread, its volatility, and the probability of any triggering event are not observable in the market and hence judgmental. The following sensitivity analysis shows the effect of reasonable changes of the unobservable input parameters on the fair value as well as financial result loss:

EUR thousand	Sep 30, 2023	Fair Value Embedded Derivative	Effect on financial result
Shift in probability of change in control	+1 percentage point	(6,979)	(836)
	-1 percentage point	(5,307)	836
Shift in credit spread	+10%	(6,841)	(698)
	-10%	(5,379)	764
Shift in volatility	+10%	(6,143)	0
	-10%	(6,143)	0

EUR thousand	Dec 31, 2022	Fair Value Embedded Derivative	Effect on financial result
Shift in probability of change in control	+1 percentage point	926	(484)
	-1 percentage point	1,893	484
Shift in credit spread	+10%	618	(791)
	-10%	2,261	851
Shift in volatility	+10%	2,012	603
	-10%	859	(551)

In the calculation of the sensitivities shown above, the other parameters remained constant for the calculation. A market change influencing one input may be correlated to other inputs as well, e.g. an increase of the credit spread may correlate to an increase of the volatility. Those effects may increase the changes or offset each other, depending on the respective movements. The model does take the implicit assumption of the correlation being constant over time.

The movements in level 3 fair values are as follows:

EUR thousand	Embedded derivative
January 1, 2022 (recognized in other non-current financial assets)	**19,968**
Issuance additional tranche	0
Changes from fair value measurement (recognized in other financial result)	(18,559)
December 31, 2022 (recognized in other non-current financial assets)	**1,409**
Issuance additional tranche	0
Changes from fair value measurement (recognized in other financial result)	(7,552)
September 30, 2023 (recognized in other non-current financial liabilities)	**(6,143)**

The fair value of loan liabilities is measured based on the relationship between the interest rate in question and the performance of the bond from the acquisition of the RENK Group and RENK America. It is thus allocated to level 2 of the fair value hierarchy.

Apart from the interest rate, there were no major changes in relation to the fair value calculation.

(19) Contingent liabilities

EUR thousand	Sep 30, 2023	Dec 31, 2022
Obligations from guarantees	–	130
Other contingent liabilities	328	2,181
	328	2,311

Obligations from guarantees relates to guarantees under trade obligations of equity investments.

Other contingent liabilities include contingent liabilities from penalties.

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

Contingent liabilities decreased compared to the balance sheet date as of December 31, 2022, due to declining contract penalties in the industrial sector.

(20) Related parties

Besides related entities, related parties of RENK also include persons who can influence or be influenced by RENK Group AG. These are members of the management of RENK Group AG, Rebecca BidCo SARL, Rebecca MidCo SARL and RENK GmbH and their immediate family members and, since the change to the structural organization of the RENK Group in fiscal year 2022, the newly added key management personnel in addition to the management of RENK Holding GmbH.

In addition to the management of RENK Group AG, these include the heads of the following administrative areas:

- HR

- Supply Chain Management

- Governance/Legal/Compliance and Operations

- as well as the heads of the new segments introduced in fiscal year 2022.

In the reporting period 2023, Mr. Niklas Beyes left the company as CFO by resolution as of June 2, 2023. He was succeeded by Mr. Christian Schulz as of June 7, 2023 (resolution as of June 2, 2023). In addition, the members of the Supervisory Board of RENK Group AG, which was formed in the course of the change of legal form to a stock corporation, are responsible for monitoring the company's activities and are therefore considered as key management personnel. The members of the Supervisory Board, which has been in place since October, are remunerated within the scope of the basic salary and attendance fees of EUR 31 thousand. The employee representatives on the Supervisory Board employed by RENK also receive their standard market remuneration.

Loan transactions were processed in the following amounts with Rebecca BidCo SARL in the current reporting period:

EUR thousand	2023 Jan 1 to Sep 30	2022 Jan 1 to Sep 30
		Rebecca BidCo SARL
Services rendered (income)	7	4
Services received (expense)	3,695	3,920

EUR thousand	Sep 30, 2023	Dec 31, 2022
		Rebecca BidCo SARL
Receivables	4,720	329
Liabilities	–	91,395

(21) Earnings per share

For calculating earnings per share, profit or loss attributable to ordinary equity holders of the parent entity is divided by the weighted average number of ordinary shares (including potential ordinary shares) that will be outstanding during the year. Dilution effects are not applicable during the periods presented.

The number of shares used for computation of earnings per share reflect the reorganization as if it had occurred on January 1, 2022. Since August 9, 2023, prior to the change of legal form, the capital stock of the company is increased to EUR 100 million, which is divided into total of 100 million shares with a notional par value of EUR 1.00 each. The representation of the earnings per share is consistent with the principles IAS 33.64, which requires calculation of earnings per share (undiluted and diluted) for all periods.

(22) Subsequent Events after the reporting period

A set of discussions on debt financing facility agreements were initiated with a consortium of financing banks to prepare for the maturation of the current bond used for debt Financing.

As part of a private placement, certain members of the management board, the supervisory board and selected employees of RENK Group (key management personnel) intend to purchase shares and will receive a preferential allocation in connection with this private placement.

Augsburg, February 1, 2024

RENK Group AG

Susanne Wiegand CEO	Christian Schulz CFO