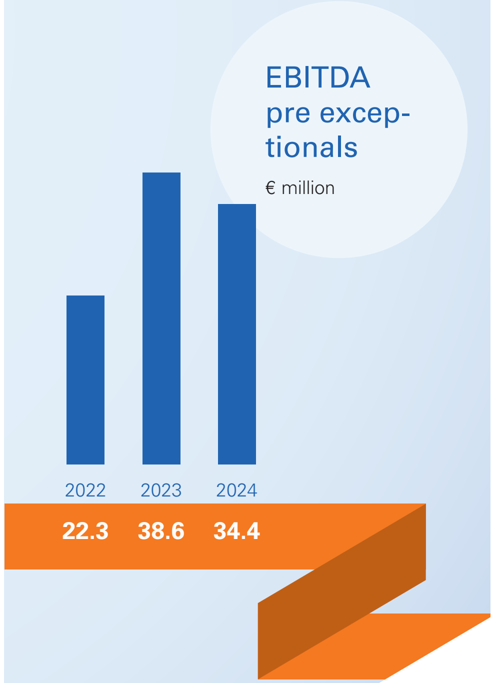
ANNUAL REPORT 2024

Key Figures

€ million	2024	2023	Change	2022	2021	2020
Sales	344.1	330.6	4.1%	274.3	248.1	246.5
Germany	79.7	83.5	-4.6%	71.8	67.1	62.6
Central region[1]	162.8	146.8	10.9%	117.6	107.6	111.5
Americas	40.2	34.3	17.2%	31.6	22.3	23.8
Asia/Pacific	61.4	65.9	-6.8%	53.3	51.1	48.6
EBITDA pre exceptionals[2]	34.4	38.6	-11.1%	22.3	17.9	19.0
EBITDA margin pre exceptionals	10.0%	11.7%		8.1%	7.2%	7.7%
EBITDA	33.8	36.6	-7.7%	20.6	16.8	17.2
EBIT	15.8	19.1	-17.1%	3.9	-0.1	0.5
Net profit	5.8	0.2	> +100%	1.9	-4.9	-3.5
Earnings per share (in €)	0.90	0.03	> +100%	0.30	-0.76	-0.54
Order intake	327.6	342.5	-4.4%	313.5	261.3	248.0
Order backlog as of 31 December	95.8	115.1	-16.8%	109.4	72.2	64.5
Dividend per share (in €)	0	0	n/a	0	0	0
Cash flow from operating activities	28.6	14.2	> +100%	6.0	11.9	17.9
Free Cash flow	14.7	0.3	> +100%	-4.4	-6.3	5.7
Deprectiation & amortization	18.0	17.5	2.6%	16.7	16.9	16.7
Capital expenditures[3]	13.8	13.9	-1.1%	14.1	15.2	12.7
Balance sheet total as of 31 December	265.2	271.4	-2.3%	259.7	246.0	256.2
Shareholders' equity as of 31 December	72.3	67.7	6.8%	71.3	49.8	48.1
Equity ratio as of 31 December	27.3%	25.0%		27.5%	20.2%	18.8%
Net financial liabilities as of 31 December[4]	28.8	38.8	-25.7%	29.2	18.3	5.8
Net financial liabilities incl. lease liabilities as of 31 December	45.0	55.4	-18.8%	48.9	41.4	33.1
Employees as of 31 December[5]	1,743	1,721	1.3%	1,676	1,672	1,690

[1] Africa and Europe without Germany
[2] Exceptionals: restructuring charges, unscheduled depreciation and amortization, charges for designing and implementing IT projects, M&A costs, gains and losses from deconsolidation processes as well as gains and losses from the disposal of assets no longer required for business operations.
[3] Payments for investments in intangible assets and property, plant & equipment
[4] Without pension provisions and without lease liabilities
[5] Not including apprentices.

Rounding differences and rates of change
Percentages and figures in this report may include rounding differences.
Symbols for the rates of change are shown mathematically.
Rates of change > +100% are shown as > +100%, rates of change < -100% as "n/a" (not applicable).



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This Annual Report is complemented by
→ **Safety. For certain.**
The magazine for the Annual Report 2024

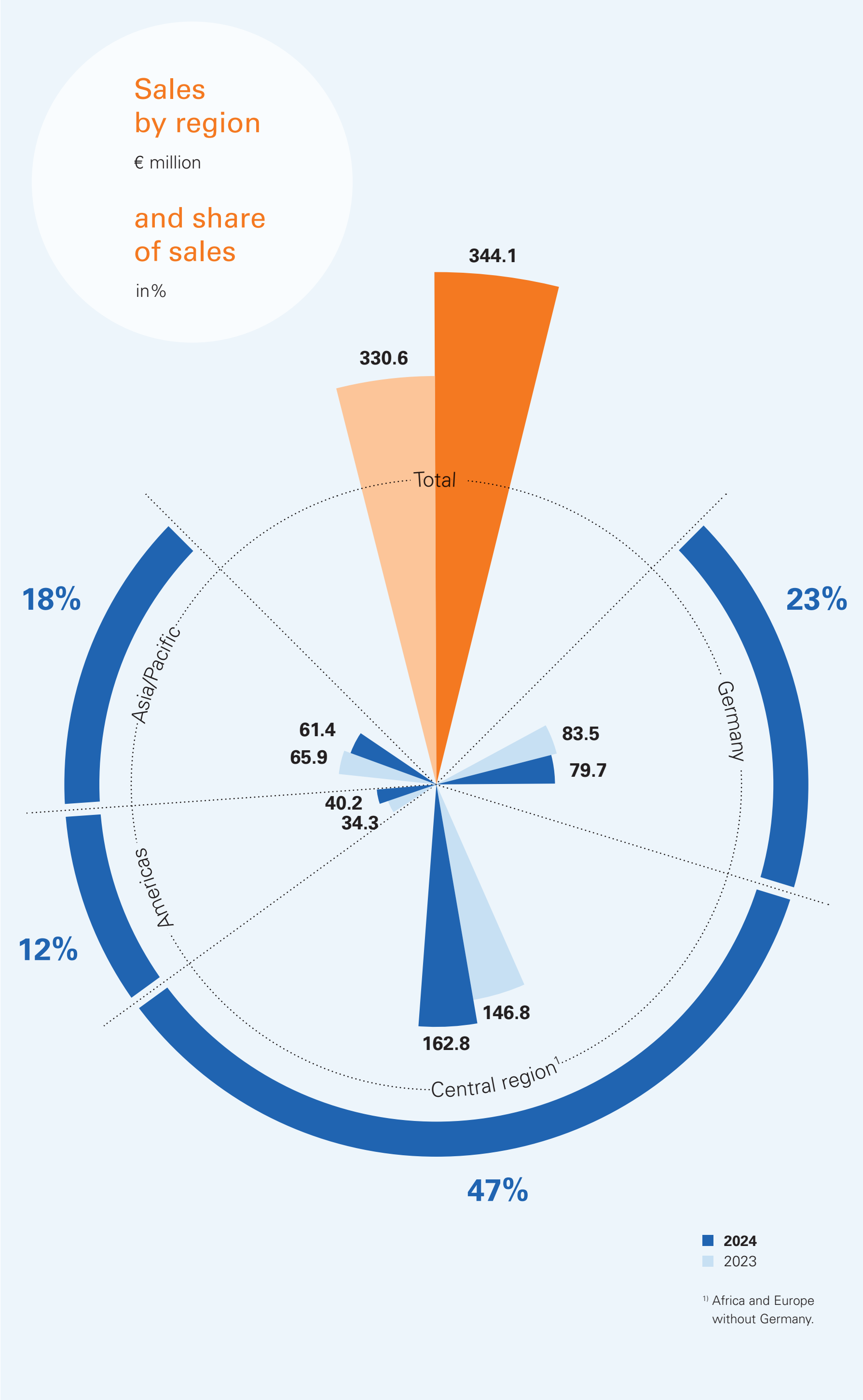
R. STAHL – A Leader in Explosion Protection

R. STAHL is among the leading global suppliers of products for electrical explosion protection in the world. With a comprehensive portfolio of electromechanical, electronic and automation technology components as well as customer-specific system solutions, we deliver uncompromising safety – even in highly demanding applications and extremely challenging locations. Our products from the areas of electrical, automation and lighting also impress in the most demanding applications and in extremely challenging locations. Extensive service and support activities complement the product range.

Our strong market position is the result of a high level of technological competence, market-leading products and innovative developments. With subsidiaries, production facilities and sales offices, R. STAHL is present in European markets, the Middle East and South Africa, the Asia-Pacific region as well as in America.

Strategic market development

Demand for electrical explosion protection solutions is increasing and is driven by global trends. In order to take advantage of the resulting growth options, we are pushing the expansion of our market share. The goal is to maintain R. STAHL's strong market position in Europe and in the Middle East and to sustainably expand market penetration in all other parts of the world, especially in America and Asia.



Key Events 2024

Apr

R. STAHL signs forward-looking collective bargaining agreement with Works Council and IG Metall
_ R. STAHL has reached a far-reaching collective bargaining agreement with the Works Council and IG Metall Baden-Württemberg for the main location in Waldenburg. The agreement's key elements include the establishment of a 37-hour working week for all employees covered by the collective bargaining agreement, as well as job and location safeguards for the entire workforce at the location until the end of 2030.

Jun

R. STAHL Supervisory Board appoints Tobias Popp as CCO
_ The Supervisory Board of R. STAHL AG has appointed Tobias Popp as new member of the Executive Board as of 1 September 2024. As Chief Commercial Officer (CCO), he will be responsible for Sales & Marketing, Technology & Portfolio as well as IT & Digitalization. His contract has a term of three years.

R. STAHL shareholders approve all agenda items at the Annual General Meeting with clear majorities
_ At the 31st Annual General Meeting of R. STAHL AG, all agenda items submitted to a vote were approved with clear majorities.

Aug

R. STAHL invests in expansion of logistics at Weimar site
_ R. STAHL invests over € 3 million in a logistics expansion at its Weimar site. By mid-2025, a logistics unit will be built at the site directly adjacent to the administration and production building in accordance with the latest climate standards, providing almost 2,000 square meters of additional space.

Sep

R. STAHL signs local collective bargaining agreement with IG Metall Baden-Württemberg for the Weimar site
_ R. STAHL has now also signed the forward-looking collective agreement concluded in April between the Works Council and IG Metall Baden-Württemberg for the Waldenburg headquarters for the employees at the Weimar site. In addition to safeguarding sites and jobs until 2030, the agreement also stipulates a gradual reduction in weekly work time to 37 hours.

Letter from the Executive Board

Ladies and Gentlemen, Dear Shareholders,

R. STAHL delivered a strong overall performance in financial year 2024 despite a challenging market environment. The first half of the year was characterized by a high level of demand from almost all industries and regions, and we recorded high order intake and sales. Around the middle of the year, however, economic and political uncertainties in our markets intensified sharply, leading to a significant decline in order intake. Despite this development, the Group's order intake for full-year 2024 was € 327.6 million, only slightly below the record level of the previous year, down 4.4%.

The high order backlog from the end of 2023 and the strong order volume from the first half of 2024 helped boost sales by 4.1% to € 344.1 million compared to the high figure for 2023. As a result, we closed the year within our sales forecast (€ 335 million to € 350 million). One-time expenses – including those for implementing the optimization program in the finance area and higher personnel costs due to collective bargaining agreements – had a negative impact on our earnings. EBITDA pre exceptionals fell by € 4.2 million to € 34.4 million, almost reaching the forecast range of € 35 million to € 40 million specified in November. Free cash flow developed very positively. At € 14.7 million, it was well above expectations.

Consistently and successfully implementing the Group strategy

The strong business performance in a difficult financial year 2024 shows that the Group strategy we have been consistently pursuing since 2018 is taking hold and making R. STAHL increasingly resistant to market fluctuations.

Last year, for example, the focus was on implementing a comprehensive optimization program in the finance area. The goal was to introduce a data-driven, globally uniform Group management system in order to make clearer, better and more efficient decisions in the future.

Beyond that, we have clearly aligned our production sites in strategic and operational terms and established globally standardized production and assembly lines, which will contribute to an increase in efficiency and flexibility in our operating units.

One of our strategic priorities in the current financial year is to implement our digitalization strategy. By the end of 2025, all significant R. STAHL Group companies will work with a standardized ERP system. What is more, we have initiated the implementation of a product lifecycle management system (PLM) that will be used to manage all information throughout the product lifecycle. In addition, the company will introduce a manufacturing execution system (MES) that will enable us to digitally plan and control all manufacturing processes. Both of these systems will further increase R. STAHL's efficiency.

Our focus for 2025 remains on the further digitalization and internationalization of our activities.

The second focus of our strategy is on further internationalizing the Group. R. STAHL has managed to establish an outstanding market position in Europe in recent years. We currently generate around 70% of our sales in Europe and 30% in Asia and America. This means that growth potential in markets outside Europe is correspondingly high. To capitalize on this potential, we will be expanding the company more aggressively to become an international group. To this end, R. STAHL will standardize its Group-wide structures and processes, address the various markets in a region-specific manner and strive for a global corporate culture.

Collective bargaining agreement provides planning security

In the reporting year, we were able to conclude a local collective bargaining agreement with the Works Council and IG Metall Baden-Württemberg for our German locations in Waldenburg and Weimar, providing both parties with extensive planning security. The core elements of this agreement include a 37-hour week for all employees covered by the agreement and job and site security until the end of 2030. For us as an employer, this is a clear commitment to Germany as a business location. What is more, we are sending a clear signal by offering attractive working conditions in a challenging market for skilled workers.

Investments in the future at German and international sites

In 2024, we made a further commitment to our location in Weimar: In Thuringia, which is home to our Luminaires product segment with product management, development and production, we are expanding the location with investments of more than € 3 million. The additional 2,000 square meters of space reflect our strong position in the growing luminaire sector. We are particularly impressed by the speed with which this construction project is progressing: The local approval procedure was completed in record time, the groundbreaking ceremony took place in August 2024 and we plan to begin operations at the expanded production facility in the summer of 2025.

As part of our internationalization strategy, we are strengthening our long-term activities in Chennai, India, as a hub for our Asian business. R. STAHL will build a completely new plant approximately 15 kilometers from the existing site in a state-subsidized economic zone. In the future, not only production tasks but also administrative activities for the Group will be managed from the site. The investment volume is around € 10 million. Production is scheduled to get underway in 2026. The 8.5 hectare site will allow existing capacity to be increased fivefold in later expansion stages.

Executive Board expanded

On 1 September, the Supervisory Board appointed Tobias Popp to the Executive Board as Chief Commercial Officer. This means that responsibility is once again shared between two people. Tobias Popp has been with R. STAHL since 2008 and has demonstrated his abilities in a number of different positions, especially in sales. Most recently, he was responsible for global sales activities as well as Marketing & Portfolio. His responsibilities on the Executive Board are Sales & Marketing, Technology & Portfolio as well as IT & Digitalization.

R. STAHL cautiously optimistic for financial year 2025

The new financial year has started well and is making us increasingly optimistic. The number of orders has been encouraging, with two major orders from the oil and gas industry that are particularly noteworthy. And there are clear indications of further interesting orders to come. But since sales are only realized with a significant time lag until an order is received in the case of project orders with an engineering component, we had to respond by temporarily adjusting capacity at some locations at the beginning of the year.

The uncertainties regarding forecasts will persist in 2025, mainly due to the unpredictable developments and consequences of geopolitical tensions and possible trade conflicts, which could have an impact on overall economic demand as well as supply chains and raw material prices.

Overall, however, the company is cautiously optimistic about the 2025 financial year, particularly the second half of the year. The Executive Board expects stable Group sales of between € 340 million and € 350 million (2024: € 344.1 million). Profitability should also develop in line with 2024 with a similar level of cost efficiency. R. STAHL expects EBITDA pre exceptionals to be between € 35 million and € 40 million in 2025 (2024: € 34.4 million).

We will continue to be supported in the achievement of our goals by the committed and motivated R. STAHL employees around the globe. We are grateful for their dedication and the Executive Board would like to express its thanks to all employees for their outstanding commitment in financial year 2024. Together, we will also overcome the challenges that lie ahead and always deliver the best possible solutions to our customers – for sustainable and profitable growth at R. STAHL.

We would like to thank you, our shareholders and business partners, some of whom have been with R. STAHL for many years, for your ongoing confidence in our company.

Dr. Mathias Hallmann
Chief Executive Officer / CEO

Tobias Popp
Chief Commercial Officer / COO

Dr. Mathias Hallmann
Chief Executive Officer / CEO

Dr. Mathias Hallmann was born in 1962 in Rheinfelden/Baden, Germany. Following his studies and after obtaining a doctorate in mechanical engineering from the University of Karlsruhe, he began his professional career in 1994 as a consultant at McKinsey & Company. From there, he joined Moeller GmbH in 2002 as Head of the Automation Business Unit (today: Eaton Industries GmbH). After various management positions in the Böhler Welding Group and the parent company Voestalpine, where Dr. Hallmann worked from 2005, he moved to Lincoln Electric in 2013. There, he was initially responsible for strategic development of the business outside the Americas and, shortly thereafter, he assumed overall responsibility for its management. On 1 October 2017, Dr. Hallmann joined R. STAHL AG as a member of the Executive Board, and he has been Chief Executive Officer (CEO) since 1 January 2018. In this role, he is responsible for Operations & Supply Chain Management, Human Resources, Finance, Quality Management, Governance & Sustainability as well as Corporate Communications. His contract runs until 2026.

Tobias Popp
Chief Commercial Officer / COO

Tobias Popp was born in Erbach, Germany in 1973. After holding positions at Veith Elektro, Cooper Industries, GSI and Gebhardt/Nicotra, the qualified master electrician and technical business economist began his career at R. STAHL in 2008 as Key Account Manager for system solutions. As manager of the 'Customized Application Solutions' department as well as 'System and Integrated Solutions' and 'Installation and Control', Tobias Popp continuously expanded his role. From 2018, he was responsible for global sales activities, most recently including the Marketing & Portfolio functions. Tobias Popp was appointed to the Executive Board as CCO (Chief Commercial Officer) with effect from 1 September 2024. In this role, he is responsible for Sales & Marketing, Technology & Portfolio as well as IT & Digitalization. His contract runs until 2027.

Supervisory Board Report

Ladies and Gentlemen, Dear Shareholders,

Financial year 2024 showed that R. STAHL has in recent years established the stability and resilience necessary to successfully navigate economically challenging times. This strong foundation has allowed the company to consistently implement its EXcellence 2030 strategy despite an increasingly challenging economic environment.

Even with the weak economy and the multitude of geopolitical uncertainties, R. STAHL managed to increase sales and successfully asserted itself against the negative economic trend in its core markets during the reporting year – though it was unable to match the level of profitability achieved in the previous year. On a positive note, however, development of free cash flow exceeded expectations.

R. STAHL managed to implement further important milestones of the Group strategy EXcellence 2030 in 2024. These include efficiency and digitalization measures as well as strategic investments and initiatives. Examples include the expansion of the lighting technology site in Weimar and the green light for a completely new plant in Chennai, India. Internal projects were also further advanced, enabling data-driven, faster and more efficient strategic and tactical decisions to be made in the future.

The newly-created Strategy Committee ensured that the "digitalization" component, which was included in the strategy in 2024, also received the necessary resources and attention from the Supervisory Board, making it possible to position the company for technological excellence and lead it efficiently into the future.

Successful implementation of the strategic measures is crucial for sustainable and profitable growth. R. STAHL's goal remains to further expand its technology leadership and to develop into a global player beyond Europe. Our qualified and motivated employees are a key success factor on this journey. Despite all its internationalization efforts, R. STAHL is committed to Germany as a business location and in 2024 signed an employment and location security agreement with the employees at the German sites in Waldenburg and Weimar that extends until 2030, providing planning security for both sides.

The entire global team will continue to work hard to lead R. STAHL into a sustainably successful future. On this journey, the Supervisory Board, as an integral part of the team, will continue to support the Executive Board in an advisory capacity, provide critical support and discuss and review important decisions in the best interests of the company.

Changes to the Supervisory Board and Executive Board

Tobias Popp was appointed Chief Commercial Officer (CCO) as of 1 September 2024. He assumed responsibility for the Sales & Marketing, Technology & Portfolio as well as IT & Digitalization. He was appointed for a period of three years. Tobias Popp has been with R. STAHL since 2008. He began his career as a key account manager in system solution sales. Since 2018, he has been responsible for global sales activities, most recently including the "Marketing & Portfolio" department. He made a significant contribution to the implementation of the Group strategy and has extensive experience in transformation processes and has had budget and management responsibility.

The composition of the Supervisory Board remained unchanged in financial year 2024.

Work of the Supervisory Board

The success of R. STAHL is based essentially on trusting cooperation between the Supervisory Board and Executive Board. In the 2024 reporting year, the Supervisory Board performed with great care the duties incumbent upon it in accordance with the law, the articles of association, the German Corporate Governance Code and the rules of procedure. It advised and continuously monitored the management of the company by the Executive Board. In a constant dialog, the Executive Board informed the Supervisory Board comprehensively and promptly regarding all significant events in the company and issues of importance to the company and the Group. The Executive Board also involved the Supervisory Board in all fundamental decisions. The Supervisory Board monitored the work of the Executive Board on the basis of regular oral and written reports. Members of the Supervisory Board were informed about the Group's key figures at least once a month. The Executive Board also explained those exceptional events that were of particular importance for R. STAHL. At personal meetings, as well as in verbal and written reports, the Executive Board regularly informed the Chair of the Supervisory Board – in addition to the information provided to the full Supervisory Board – about the company's development and discussed current issues with them.

Meetings of the Supervisory Board

The Supervisory Board convened for five regular meetings in the reporting year. There were also three extraordinary meetings held on 13 May 2024, 10 June 2024 and 18 October 2024. The five regular meetings on 5 March 2024, 16 April 2024, 26 June 2024, 17 September 2024 and 10 December 2024 were held in part as hybrid meetings (in person and by video). On four occasions, the Supervisory Board adopted resolutions on individual issues and transactions requiring approval by written circular procedure. Absences of individual members at the total of eight meetings were always excused. The Supervisory Board decided to also hold meetings at subsidiaries so that they could get an even better picture of the individual companies. Accordingly, the meeting on 17 September 2024 was held at the Weimar site of R. STAHL Schaltgeräte GmbH. All other face-to-face meetings of the Supervisory Board were held at the headquarters in Waldenburg.

The five ordinary Supervisory Board meetings were held as scheduled. The meetings focused on the economic position and development prospects of R. STAHL, as well as on important business events. The Executive Board reported regularly to the Supervisory Board on the sales, earnings and financial performance of the company. At all meetings convened in 2024, the Supervisory Board dealt intensively with the market situation and current developments of the R. STAHL Group, R. STAHL AG and R. STAHL subsidiaries associated with them. Other areas of focus included the company's strategy, opportunities and risks, personnel and financial matters, compliance issues, capital expenditures and Group planning. Issues related to Group financing and liquidity planning as well as earnings planning were always at the forefront of the discussions.

In a circular resolution on 13 February 2024, the Supervisory Board approved the conclusion of an amendment and consent agreement for the syndicated loan agreement.

On 5 March 2024, the Supervisory Board dealt, among other things, with the preliminary annual financial statements 2023, the results of the committee's self-assessment and the compensation of the Executive Board. Audit results for the non-financial Group statement (CSR report) for 2023 and the approval of the EU taxonomy report were discussed in detail. The CSR report was adopted immediately afterwards in circulation on 12 March 2024. Another focus of this meeting was the discussion of issues relating to the expansion of the Executive Board and changes in the area of Marketing & Innovation as well as the impact of the uncertainties with regard to the minority shareholding in ZAVOD Goreltex Co. Ltd. in Russia, which had already led to a postponement of the final resolution on the planning for financial year 2024 at the meeting in December 2023. The final resolution on planning was passed in a circular resolution on 18 March 2024.

At the balance sheet meeting on 16 April 2024, following detailed reporting by BDO AG Wirtschaftsprüfungsgesellschaft and discussion of the audit results, the Supervisory Board adopted R. STAHL AG's annual financial statements for 2023 and approved the consolidated financial statements for 2023. The Executive Board reported on the other mandatory publications. The non-financial statements, in particular the statements and disclosures on sustainability and corporate social responsibility, were also discussed and reviewed by the Supervisory Board. The report of the Supervisory Board for the 2023 financial year was also approved.

In addition to personnel issues, other topics discussed at the meeting included an adjustment to the remuneration system for the Executive Board and a vote on internal auditing and compliance management at R. STAHL. The establishment of a Strategy Committee of the Supervisory Board was also discussed. Other topics at the meeting included voting on the agenda for the 2024. Annual General Meeting and discussion about the election of the auditor of the financial statements and the auditor for reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD). The final resolution on the 2024 Annual General Meeting and its agenda was passed by circular resolution on 25 April 2024.

The main topics of the extraordinary meeting on 13 May 2024 included the definition of the specific tasks and objectives of the newly established Strategy Committee and the update of the Supervisory Board's rules of procedure. The Supervisory Board also dealt with the steps necessary in preparation of the appointment of the company's second Executive Board member.

At the extraordinary meeting on 10 June 2024, the Supervisory Board dealt with the appointment of Tobias Popp as the new member of the Executive Board and the conditions of his management service contract with the company.

The meeting on 26 June 2024 served to prepare for the Annual General Meeting. Among other things, the Supervisory Board discussed the current business situation of the R. STAHL Group. Other topics included the investment in the logistics expansion in Weimar, presentation of progress in the optimization program in the finance area and changes in the management of subsidiaries and in the second management level.

At the regular meeting on 17 September 2024 in Weimar, the production strategy in Weimar was outlined during an explanatory tour of the plant. Other topics discussed at the meeting included the company's business situation, preparation of planning for financial years 2025 to 2027, definition of individual targets for Executive Board member Tobias Popp, the status of investments in Weimar and India and the presentation of the forward-looking company agreement for robotics and AI.

At the extraordinary meeting on 18 October 2024, the Supervisory Board dealt with the medium and long-term succession planning for the Executive Board and the definition of a corresponding competence profile.

On 10 December 2024, the Supervisory Board dealt in detail with the corporate and financial planning for the 2025 financial year, the medium-term planning and further financial topics, among other things. In addition, the individual targets and the target total remuneration for the Executive Board for 2025 were discussed and resolved. Furthermore, the declaration on corporate governance, including the updated declaration of compliance in accordance with Section 161 AktG, was adopted and the form and procedure for the audit procedure for the CSR report for 2024 was discussed and determined, particularly after the failure to transpose the CSRD into national law meant that the audit of the sustainability declaration conditionally resolved by the company's Annual General Meeting did not take effect due to the fact that the conditions were not met. The meeting also dealt with the progress of the EXcelerate project and succession planning for company management in Norway, the resolution on the 2024 declaration of compliance, the diversity concept and the declaration of corporate governance.

The committee also took part in internal training on the topic of building a data-centric and AI-enabled organization.

Meetings of the committees

The Audit Committee convened three regular meetings in the reporting year on 4 March 2024, 15 April 2024 and 16 September 2024, as shown in the table below. The attendance rate was 100% for each of the meetings. The Committee dealt with issues relating to accounting, risk management and compliance, the audit of the annual financial statements and the consolidated financial statements of the company for financial year 2023 and the compensation report in accordance with Section 162 of the German Stock Corporation Act (AktG). Other key topics included the non-financial statement, questions regarding sustainability and EU Taxonomy as well as other mandatory reports as well as the necessary independence of the auditor, the issuing of the audit engagement to the auditor with the determination of the focus of the audit and the quality of the audit including the fee agreement.

The Administrative Committee convened for four meetings in 2024, each of which all members participated in. The committee prepared the compensation decisions of the full Supervisory Board, discussed the composition of the Executive Board and dealt with the search for an additional Executive Board member as well as long-term succession planning. The chairs of the committees regularly informed the Supervisory Board about the work of their committees in the subsequent meetings.

The Strategy Committee, which was newly established in 2024, convened for two meetings, as shown in the table below. In accordance with the rules of procedure, it dealt with the innovation and technology strategies and their implementation together with the strategic and fundamental positioning of the company as it related to current megatrends.

The following table provides an overview of attendance at meetings of the Supervisory Board and its committees in financial year 2024:

MEETINGS OF THE SUPERVISORY BOARD

			5 March 2024	**16 April 2024**	**13 May 2024**	**10 June 2024**	**26 June 2024**	**17 Sept. 2024**	**18 Oct. 2024**	**10 Dec. 2024**
			Regular meeting	Regular meeting	Extra-ordinary meeting	Extra-ordinary meeting	Regular meeting	Regular meeting	Extra-ordinary meeting	Regular meeting
			Waldenburg	Waldenburg	video conference	video conference	Waldenburg	Weimar	video conference	Waldenburg
	Meeting attendence	**%**	1	2	3	4	5	6	7	8
Peter Leischner (Chairman)	8/8	100	presence	presence	video	video	presence	presence	video	presence
Prof. Dr. Peter Hofmann (Deputy Chairman)	7/8	88	presence	–	video	video	presence	presence	video	presence
Bettina Beer	8/8	100	presence	presence	video	video	presence	video	video	presence
Klaus Erker	8/8	100	presence	presence	video	video	presence	video	video	presence
Andreas Müller	8/8	100	presence	presence	video	video	presence	presence	video	presence
Dr. Renate Neumann-Schäfer	8/8	100	presence	presence	video	video	presence	presence	video	presence
Harald Rönn	8/8	100	presence	presence	video	video	presence	presence	video	presence
Nikolaus Simeonidis	8/8	100	presence	presence	video	video	presence	video	video	presence
Dennis Stahl	8/8	100	presence	presence	video	video	presence	presence	video	presence

– not present

MEETINGS OF THE AUDIT COMMITTEE 2024

	Meeting attendence	%	4 March 2024	15 Apr 2024	16 Sept. 2024
			Regular meeting	Regular meeting	Regular meeting
			Waldenburg	Waldenburg	Weimar
			1	2	3
Dr. Renate Neumann-Schäfer (Chair)	3/3	100	presence	presence	presence
Peter Leischner	3/3	100	presence	presence	presence
Andreas Müller	3/3	100	presence	presence	presence
Nikolaus Simeonidis	3/3	100	presence	presence	video

MEETINGS OF THE ADMINISTRATION COMMITTEE 2024

	Meeting attendence	%	12 Feb. 2024	4 June 2024	18 Nov. 2024	11 Dec. 2024
			Regular meeting	Regular meeting	Regular meeting	Regular meeting
			Waldenburg	video conference	Waldenburg	Waldenburg
			1	2	3	4
Peter Leischner (Chairman)	4/4	100	presence	video	presence	presence
Klaus Erker	4/4	100	presence	video	presence	presence
Prof. Dr. Peter Hofmann	4/4	100	presence	video	presence	presence
Harald Rönn	4/4	100	video	video	presence	presence

MEETINGS OF THE STRATEGY COMMITTEE 2024

			7 May 2024	18 Nov. 2024
			Regular meeting	Regular meeting
	Meeting attendance	**%**	Mulfingen 1	Waldenburg 2
Prof. Dr. Peter Hofmann (Chairman)	2/2	100	presence	presence
Klaus Erker	1/2	50	–	presence
Peter Leischner	2/2	100	presence	presence
Harald Rönn	1/2	50	–	presence
Dennis Stahl	2/2	100	presence	presence

– not present

Auditing of the annual and consolidated financial statements

The annual financial statements of R. STAHL AG as of 31 December 2024, as well as the consolidated financial statements, were audited by the auditing firm selected by the Annual General Meeting on 27 June 2024 and appointed by the Audit Committee of the Supervisory Board, BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, and were both certified without qualification. The auditor responsible in accordance with Section 316a (1) HGB in conjunction with Section 43 (6) sentence 2 WPO was Andreas Gebert.

The chief auditor confirmed that the consolidated financial statements comply with IFRS as mandated for EU companies and the supplementary provisions applicable under commercial law as set forth in Section 315e HGB. The auditor did not raise any objections to the annual financial statements and consolidated financial statements of R. STAHL AG as of 31 December 2024, and confirmed this in the unqualified audit opinions. The compensation report was also formally audited by the auditor in accordance with Section 162 of the German Stock Corporation Act (AktG). The annual financial statements of the company and the Group, the combined management reports and the auditor's reports as well as the statements not to be audited by the auditor and to be published in the Annual Report, the compensation report and the sustainability report were made available to all members of the Supervisory Board in good time.

The Audit Committee discussed the financial statements and audit reports in great detail with the auditors and dealt in particular with the key audit matters. At its balance sheet meeting on 8 April 2025, the Supervisory Board subsequently dealt with all issues relating to the audit of the financial statements. The Audit Committee reported to all members of the Supervisory Board on its findings. The auditor was present and available for discussion during the meeting of the Audit Committee and the Supervisory Board. The auditors confirmed to the Supervisory Board the effectiveness of the monitoring system in accordance with Section 91 (2) AktG. The auditors also provided assurance that they had not performed any significant services for the company in the reporting year beyond the audit of the financial statements and that there were no circumstances that could impair their independence. On the basis of the Audit Committee's review and its own examination, the Supervisory Board concurred with the audit opinion after further discussion and raised no objections to the annual and consolidated financial statements or the management report. In accordance with Sections 170, 171 AktG, the Supervisory Board therefore resolved to approve the annual financial statements of R. STAHL AG and the consolidated financial statements for financial year 2024, together with the management reports as prepared by the Executive Board. The company's annual financial statements for financial year 2024 are thus adopted in accordance with Section 172 AktG. A dividend for financial year 2024 cannot be distributed due to the accumulated loss resulting from the loss situation of R. STAHL AG in previous financial years.

At its meeting on 4 March 2025, the Supervisory Board examined the lawful, proper and expedient preparation of the CSR report and critically examined the methods, procedures and processes used by the Executive Board to collect information and data. No objections were raised. The Supervisory Board therefore approved the CSR report. The CSR report is an integrated part of the combined management report.

The Supervisory Board would like to thank the Executive Board, the employees, and the staff representatives of R. STAHL, in Germany and abroad, for their hard work and dedication in what continue to be challenging times. The strong business figures demonstrate that the entire R. STAHL team has mastered the challenges together and continues to intensively pursue its successful strategy of profitable international growth.

Peter Leischner
Chairman of the Supervisory Board at R. STAHL AG

Peter Leischner
Chairman of the Supervisory Board

Peter Leischner has a degree in business administration from the Johannes Gutenberg University in Mainz. He began his career at BfG Bank AG as a money market, foreign exchange and derivatives trader, providing companies and investors with advice on currency and interest rate management. In 1998, he assumed the position of Risk Manager in the Corporate Finance division of Wella AG. From there, he moved to Gutmark, Radtke & Company AG in 2005, where he was an Authorized Officer and Director for Treasury, Corporate Management and Risk Management and worked in an advisory capacity as well as in project development and management for international financial institutions. He has been an independent management consultant since August 2018. Peter Leischner joined the R. STAHL Supervisory Board in 2008 and became Chairman in August 2018.

R. STAHL Share

Record year on many stock markets despite recession concerns – small caps fail to benefit

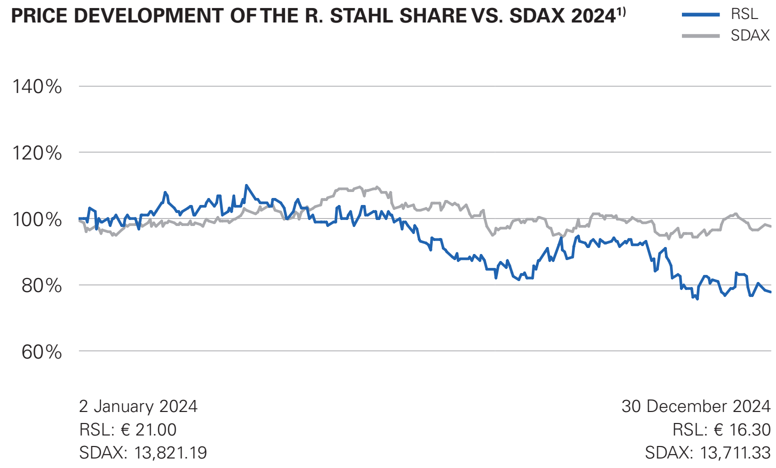
After a surprisingly strong previous year, 2024 was in many ways a record year for major stock markets, with returns of over 20%. The trending global topic was artificial intelligence. All major indices reached record highs: the S&P 500 topped 6,000 points for the first time, while the NASDAQ100, Dow Jones and Nikkei also surpassed previous records. Given the geopolitical crises, the increases were certainly not expected at the beginning of the year. The economy is weakening, particularly in the eurozone, and Germany was unable to escape stagnation. Nonetheless, the DAX also reached a new record of 20,426 points, an increase of 20%. German equities with an international focus are once again attracting interest. Strong interest rates, a strong US economy and Donald Trump's election victory all boosted the stock markets.

In Europe, however, economic momentum slowed significantly over the course of the year. The manufacturing sector suffered from high energy costs, harmful regulations and a lack of export demand, combined with competition from China, which benefited from state subsidies. Political turmoil in France and Germany, the weak economy and a small share of the AI market exacerbated the trend. This is clearly reflected in the development of the small-cap index; unlike its big brother, the SDAX was down by 1.8% over the course of the year. This also highlights the volatility and specific challenges that smaller companies face in the stock market. Some companies in the SDAX were able to post positive developments, while others lost ground, which further underscores the dependence of companies on the health of their respective industries.

R. STAHL Share under pressure over the course of the year

After a pleasing 2023, the R. STAHL share kicked off the stock market year 2024 at a price of € 21.00. In the first four months of 2024, the R. STAHL share price shifted sideways in line with the SDAX. It recorded positive swings after participating in two investor conferences in early February and mid-March, reaching its high for the year of € 23.80 on 26 March. It was unable to hold its own against the difficult market environment over the course of the rest of the year and also lost ground against the SDAX from May onward, at some points significantly. In August, the R. STAHL share recovered somewhat, but still reached its low for the year of € 15.20 on 20 November. It closed out the year at € 16.30, a slight recovery but 22% below the value at the beginning of the year and 20% behind the SDAX performance.

PRICE DEVELOPMENT OF THE R. STAHL SHARE VS. SDAX 2024[1]



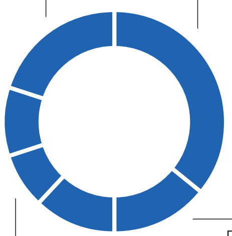
[1] All stock exchange information relates the XETRA trading platform.

WKN	A1PHBB
ISIN	DE000A1PHBB
Ticker symbol	RSL2 (Bloomberg), RSL2.DE (Reuters)
Trading segment	Regulated Market/Prime Standard
Indices	CDAX, Classic All Share, DAXplus Family, DAXsector All Industrial, DAXsector Industrial, DAXsubsector All Industrial Products and Services, DAXsubsector Industrial Products and Services, Prime All Share
Stock markets	XETRA, Frankfurt, Stuttgart, Düsseldorf, Munich, Berlin, Hamburg

Roughly half of R. STAHL's shares held by the founding families

About 46% of R. STAHL shares are held by shareholders from the extended circle of the founding families Stahl and Zaiser, with 36% of those held by members of the family consortium. The RAG-Stiftung holds over 14% through its holding company RSBG SE; 12% is held by Norman Rentrop. The Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte (Baden-Württemberg Pension Fund for Doctors, Dentists and Veterinarians) holds approximately 8%. At year-end, shareholders in the family consortium and institutional investors with voting rights subject to mandatory reporting requirements of 3% or more held a total of approximately 70% of share capital. 98% of R. STAHL's share capital is held by shareholders from Germany.

R. STAHL SHAREHOLDER STRUCTURE
As of March 2025



In dialog with shareholders

Regular communication with our shareholders is extremely important to us, which is why we continued such communication in the reporting year. As was the case in the previous year, our focus remained on smaller events where we met investors who were more compatible with us and explicitly interested in small caps and niche stocks. In addition to Designated Sponsor, which we changed at the end of the reporting year, one other institution covered us in 2024, i.e. published regular updates on the company and the share. Interested shareholders thus have another external perspective at their disposal. In addition, background discussions were held with investors and analysts at company headquarters in Waldenburg. We made a conscious decision to our Annual General Meeting as an in-person event to give our shareholders another platform for dialog with their company; we will continue to do so in 2025. We publish comprehensive and up-to-date information in the form of interim, semi-annual and annual reports, as well as presentation materials, on our corporate website. We also provide all interested investors access to our conference calls, which are held regularly by the Executive Board. Detailed information on this and on the R. STAHL share can be found on our website www.r-stahl.com under the heading Company/ Investor Relations.

KEY FIGURES OF THE R. STAHL SHARE[1]

in €	2024	2023
High for the year (26 March 2024, 20 September 2023)	23.80	26.00
Low for the year (20 November 2024, 28 March 2023)	15.20	16.10
Year-end price (31 December)	16.30	20.80
Average daily trading volume (number of shares)	670	1,089
Number of shares	6,440,000	6,440,000
Market capitalization as of 31 December (in € million)	108.19	133.95
Earnings per Share	0.90	0.03
Dividend per share	0	0
Dividend yield at year-end price (in %)	–	–

[1] All stock exchange data mentioned refers to the XETRA trading platform.

Combined Management Report

of the R. STAHL Group
and R. STAHL AG

BASIC PRINCIPLES OF THE GROUP

BUSINESS MODEL

R. STAHL is a leading international technology company specializing in electrical explosion protection, a sector of electrical engineering the development of which we have been advancing for almost a century and which has been the sole focus of our business activities since 2006. The purpose of electrical explosion protection is to ensure the safe operation of electrical equipment and systems in ex-zones (potentially explosive areas) at all times through the application of suitable technical solutions – and thus to protect people as well as systems and the environment with a maximum degree of reliability.

These solutions are used wherever flammable gases, liquids and dusts are industrially produced, transported, stored and processed or when these are generated during processing. For R. STAHL, the chemical, pharmaceutical industries, the liquefied natural gas (LNG), natural gas as well as the petroleum industries, but also shipbuilding represent key markets. At this time, the hydrogen economy does not yet account for a significant share of sales, but is becoming a stronger focus for R. STAHL from a strategic perspective. We expect a development similar to that of LNG in the future.

Product portfolio

The objective of electrical explosion protection is either to avoid the potential of sparks emanating from electrical and electronic parts or to keep electrical sparks safely away from the explosive mixture of fuel and oxygen. On the basis of the products and services we offer, R. STAHL is one of the world’s top three suppliers of explosion protection solutions. The entire value chain in explosion protection is covered, from individual components like switches and signaling devices for simple applications, to control boxes and system controls for the distribution of electrical energy, to complex systems for large-scale projects in the field of gas production or the (petro) chemical industry, for example. R. STAHL also offers an extensive portfolio of lighting solutions for hazardous areas using energy-efficient LED technology – from hand-held spotlights to dedicated lighting systems for helidecks on oil rigs. The portfolio of automation solutions for controlling and monitoring technical equipment, including the IS1+ remote I/O system as well as operator panels and camera systems, are the answer to increasing digitalization and automation of industrial processes: commonly known by the buzzword “Industry 4.0”. The portfolio is rounded off by a high level of engineering and consulting expertise, which R. STAHL applies to support its customers with individual system solutions. We are also continuously expanding our services business.

The product portfolio also includes explosion protection solutions for the manufacturing process of products in the chemical and pharmaceutical industries as well as explosion-proof equipment for plants in the natural gas or liquefied natural gas (LNG) environment. R. STAHL also supplies the international oil industry. Today, R. STAHL already offers the appropriate products for the large-scale production and processing of hydrogen.

Standards and regulations in electrical explosion protection

Due to the serious consequences that inadequate explosion protection can have, technical requirements for the commercial handling of combustible materials are highly regulated, although these regulations differ greatly from region to region around the world. In electrical explosion protection, for example, member states of the European Union are governed by the directives 2014/34/EU and 1999/92/EC (ATEX directives), whereas the primary regulation for the construction of electrical systems – including explosion protection equipment – in the USA is the National Electrical Code (NEC) and in Canada the Canadian Electrical Code (CEC). Further national regulations increase the diversity of applicable standards and guidelines. With the objective of facilitating free movement of goods worldwide, the International Electrotechnical Commission (IEC) – which is responsible for global standardization in the field of electrical engineering – is working on internationally valid approval conditions for electrical equipment in the field of explosion protection. And they have been doing so very successfully: The IEC 60079 standards and related compliance assessment system IECEx based on its work, which is technically very similar to the EU’s ATEX directives, have established themselves as the increasingly accepted standard with global validity. For some years now, the US Coast Guard – which is responsible for US offshore installations – has also accepted IECEx-certified products for offshore facilities. For the hydrogen sector, there are a large number of safety-relevant international standards that refer to the above-mentioned standards with regard to explosion protection without any deviations. This means that we can also use our products for new hydrogen technologies without making any adjustments.

GROUP STRUCTURE

The parent company of R. STAHL Group is R. STAHL Aktiengesellschaft in Waldenburg, Germany (hereinafter referred to as R. STAHL AG). It mainly serves as a strategic holding company, which controls the Group's domestic and foreign investments. As a management company, it determines the long-term orientation and performs management and governance functions. At Group level, it performs functions such as Finance, Governance & Sustainability, Taxes, Human Resources, Investor Relations & Corporate Communications.

The Executive Board of R. STAHL AG, which has once again consisted of two people since September 2024, is the management body of the R. STAHL Group. Together with the management team (second management level), the Executive Board defines the Group's strategy and corporate objectives and manages its organization, infrastructure and resource allocation. An overview of the sites belonging to the Group can be found in the [47] List of shareholdings.

At the end of 2024, 30 companies were a part of the R. STAHL Group. Of these, 18 are operationally active in explosion protection in Europe, the Asia-Pacific region and North America. In addition, we are represented by 39 sales offices around the world. With this network in place, we ensure direct market access in more than 50 countries. We have bundled our production capacities at seven locations with various core competences: Lighting and signaling devices are produced in Weimar, Germany and Chennai, India, while automation technology products are developed and manufactured in Cologne and our main location in Waldenburg. This site is also home to most of the component production for installation needs, such as switches, terminal boxes and connectors. Customized equipment and more complex explosion protection systems are produced in Waldenburg as well as by the subsidiaries Electromach B. V. (Hengelo, Netherlands), R. STAHL TRANBERG AS (Stavanger, Norway) and R. STAHL Inc. (Houston, USA). A particular focus of expertise at the Stavanger site is also on products for shipbuilding as well as the oil and gas industry.

GROUP OBJECTIVES AND STRATEGY

It is our goal to further expand R. STAHL's strong position in the electrical explosion protection market. Our Group strategy, EXcellence 2030 , serves as a roadmap for implementation.

Against the backdrop of the growing public debate regarding the consequences of global climate change, we see potential along the value chain of liquefied natural gas (LNG) – in both the short and medium term. LNG is currently becoming more and more important. We therefore intend to use our already strong market position in the LNG tanker segment to expand our business in natural gas production and liquefaction, as well as in the downstream processes of unloading and regasification. Long-term, we also see strong potential with alternative non-fossil energy sources in the associated fields of hydrogen technology and synthetic fuels. We already have technologies to equip the necessary largescale industrial infrastructures. With our core business, we can already make an important contribution to greater sustainability and thus support the goals of decarbonization and climate neutrality.

Group strategy shows success in 2024

By consistently pursuing the strategic core elements of EXcellence 2030, we again achieved notable successes in the reporting year. R. STAHL's profitability was increased as a result of the more efficient structures and processes that are part of the Group strategy. The long-term orientation of the individual dimensions combined with their step-by-step further development will ensure the company's future viability. A Finance & Controlling program launched and implemented in 2023 supports all dimensions of the strategy. In addition to the standardization of processes and structures, Group management was elevated to a new level and now allows for more precise management of the entire Group.

Dimensions of our Excellence 2030 growth strategy

Our activities are currently focusied on an even stronger customer orientation and pressing ahead with our internationalization. These steps are being supplemented with the promotion of a performance and growth-oriented corporate culture.

Efficiency and technology

The EXcellence 2030 Group strategy is defined by six complementary dimensions that leverage potential in a wide variety of areas. These include, for example, a comprehensive operations program which separates our global production areas into component and assembly plants and at the same time optimizes and standardizes all core processes. This is also accompanied by the digitalization of almost all processes, which enables us to further exploit considerable efficiency potential.

In the area of technology, we are also currently focusing on the global standardization and digitalization of our product development and product maintenance processes. To this end, we will be implementing a PLM (product lifecycle management) system in the years ahead, in which we will digitally record and process all relevant processes and the associated data. This allows us to significantly improve both the transparency and efficiency of our processes, while at the same time laying the groundwork for future AI applications.

Sustainably and growth

The sustainability and growth dimensions have also been among the company's strategic value drivers for quite some time. The focus is on developing technological solutions for the specific requirements of our core segments, but also on the growing interest of our stakeholders (shareholders, customers, suppliers and employees) in sustainable business practices. We are continuously working on detailing and implementing our sustainability strategy and last year, for example, we carried out a comprehensive materiality analysis for R. STAHL to define the aspects with the greatest impact on the environment and society.

Growth is vital for our company. Internal levers are processes and structures that we are consistently standardizing and harmonizing, while external levers are existing and new markets that we are tapping into. We also benefit from long-term social developments such as the strong growth of the LNG industry or investments in automation – in the pharmaceutical sector, for example.

Internationalization and digitalization

Now that we have successfully implemented the first four dimensions of the EXcellence 2023 strategy in the company and are focusing on them, we are now looking at digitalization and internationalization. Within the framework of the internationalization strategy, we are charting a clear course for the global expansion of our market share. The focus is on further harmonizing our structures and processes and strengthening our corporate culture across national borders. A new location with production, development and administrative functions is being established in India, which we are expanding into a hub for our growth in the Asian market. We see further potential in the Americas.

In the area of digitalization, we are pursuing three main areas: promoting digital business processes, digital products and digital business models. We are consistently driving this digitalization transformation forward and were able to advance and implement numerous projects in the past year. Digital features have become indispensable in the product area and we are increasingly gaining ground in the field of digital business models.

MANAGEMENT SYSTEM

Principles and objectives of financial management

The principal aim of our financial management is to secure the financial independence of the R. STAHL Group. This function is performed centrally by R. STAHL AG and includes all Group companies in which R. STAHL directly or indirectly holds a majority stake. The objectives of financial management include a sufficient level of liquidity for R. STAHL AG and its subsidiaries, compliance with financial covenants agreed with banks and the limitation of financial risks from fluctuations in exchange rates and interest rates. As in previous years, we did not commission any liquidity analyses from external rating agencies in the reporting period.

Securing liquidity

Within the scope of the annual Group planning, R. STAHL develops a multiyear financial plan on which the long-term financing and refinancing requirements are based. This fundamental information and the monitoring of financial markets to identify financing opportunities form the decision-making basis for financing investments in the long-term, using suitable financing instruments for corporate financing at an early stage and limiting financial risks. The Group's funding requirements are managed from company headquarters in Waldenburg.

For R. STAHL AG and some of its subsidiaries, there is an intra-group financial clearing within the framework of cash pooling. The surplus liquidity of companies outside the cash pool is used for funding by means of a needs oriented distribution policy and internal Group lending. In the course of Group-wide financial management, liquidity surpluses of individual Group companies are concentrated at R. STAHL AG.

As of 31 December 2024, there was a liquidity reserve (consisting of cash and cash equivalents and unused syndicated and bilateral credit lines) of € 98.5 million (31 December 2023: € 76.4 million). The Increase compared to the previous year is due to lower utilization of loans and higher cash and cash equivalents. As part of the EXcellence 2030 strategy program, R. STAHL is aiming for an average liquidity reserve of € 40 million. The basis for the disposition with the banks is a rolling liquidity planning system. The new syndicated loan agreement concluded in 2023 with a term until 2026 and the option to extend it by up to two further years serves to secure the Group's operating liquidity requirements. The available credit volume was directly increased by € 45 million from the previous € 70 million to € 115 million. In addition, there is an increase option of a further € 25 million for a total of € 140 million.

Maintaining financial covenants

Under loan agreements, R. STAHL is obligated to comply with certain financial indicators, so-called financial covenants, at Group level. For the most part, these relate to maintaining an appropriate ratio of net debt to earning power on the one hand and equity capitalization on the other. All financial covenants were complied with at all times on all specified test dates during the reporting period.

Limiting financial risks

In some of our global markets, business is invoiced and payment transactions are processed in local currencies. R. STAHL's reporting currency, on the other hand, is the euro. In addition, as a European company, R. STAHL incurs a significant portion of its costs in euros. Currency risks are hedged using derivative financial instruments where this makes economic sense. Where possible, price increases in raw materials are passed on to customers on the basis of contractual agreements or, depending on the competitive situation, compensated for through higher selling prices of finished products. Price risks from raw material purchases are also partially hedged by means of longer price agreements.

Interest rate risks from liquidity procurement on the international money and capital markets are monitored as part of an interest rate management system and, if necessary, limited by derivative interest rate hedging instruments.

Sound equity capitalization targeted

Group equity amounted to € 72.3 million as of the balance sheet date (31 December 2023: € 67.7 million). By partially retaining future profits, we aim to strengthen our equity base. In the medium to long-term, R. STAHL aims for an equity ratio of at least 30%. As of 31 December 2024, the equity ratio was 27.3% (31 December 2023: 25.0%).

Monitoring the gearing ratio

The net gearing ratio (ratio of net financial debt including lease liabilities to equity) was 0.62 at the end of the reporting period (2023: 0.82). The dynamic gearing ratio, measured by the ratio of net debt to EBITDA, improved slightly in the reporting period, amounting to 1.3 at year-end 2024 (2023: 1.5). Reducing debt and maintaining an appropriate net gearing ratio remain priorities.

Shareholder participation in the company's success

The basis for distribution is R. STAHL AG's balance sheet profit under commercial law, the appropriation of which is decided by the Annual General Meeting in accordance with German law. As a result of R. STAHL AG's net loss in the reporting year, the Executive Board's proposal for the appropriation of profits for 2024 no longer applies. R. STAHL generally pursues a sustainable dividend policy intended to enable shareholders to participate in the company's business development while maintaining an appropriate capital structure. Key figures for the determination of dividends are net income, equity ratio and the expected future market development.

Planning process

On the basis of the Group's strategic objectives, we prepare a plan for the next three years in the final quarter of the current reporting year. This plan is then submitted to the Supervisory Board, discussed and approved by that board. The main component of this planning is an estimation of the expected development of our individual subsidiaries, which is also based on general economic and sector-specific forecasts. The Group planning process is coordinated by Group Controlling. Budget figures of Group companies are consolidated and monthly deviations from these figures are analyzed and discussed with the Executive Board and the Supervisory Board.

Financial performance indicators and control parameters

We manage the R. STAHL Group on the basis of selected control parameters. The Executive Board bases its decisions and measures primarily on financial performance indicators. On the basis of budget figures, as well as any resulting deviations in actual and targeted figures, we define the extent to which our objectives have been achieved and the necessary measures to be introduced.

Our financial business success is essentially reflected in our earning power and in the generation of liquidity – hence our financial management system is geared to sales, EBITDA pre exceptionals, free cash flow and the equity ratio in the reporting period. Other key financial figures serve as indicators of expected financial development, including the development of order intake, as well as liquidity-influencing indicators such as net working capital.

The earnings indicator EBITDA pre exceptionals is calculated from earnings before interest, taxes, depreciation and amortization (EBITDA), without consideration of special items (exceptionals). Exceptionals are earnings-relevant effects that are not an inherent and regular part of our business model, in particular restructuring expenses, unscheduled depreciation and amortization, expenses for the design and implementation of IT projects, M&A expenses, gains and losses from deconsolidation processes and income and losses from the disposal of non-operating assets. As part of the annual planning process, we defined targets for the objectives mentioned above. These were then continuously monitored on the basis of monthly plan/actual comparisons and, as an integral part of monthly reporting, formed the basis for the timely steering of the Group's overall performance together with suitable measures.

A key lever for managing EBITDA pre exceptionals as a key performance indicator is efficient cost management, for which we collect the necessary IT-based data at an early stage and use it to manage as well as implement and track cost-cutting measures. Our cost base, however, is also dependent to a significant extent on external factors. Exchange rate fluctuations due to our global operating activities, for example, have an impact on the level of costs. The operating cost base is also influenced by the price development for raw materials, which in many cases are subject to annual cost increases. In the previous section Principles and objectives of financial management, we discuss the measures we use to limit the resulting negative effects for R. STAHL.

In the Economic report and Outlook, we comment on and forecast the financial performance indicators sales, EBITDA pre exceptionals, free cash flow and the equity ratio.

Non-financial performance indicators

We believe that sustainable and profitable growth also requires the consideration of non-financial performance indicators as information metrics. As a manufacturer of electromechanical and electronic products, non-financial performance indicators, particularly from the areas of sales, production and purchasing, play an important role for us. Initiatives are also underway in other areas of the Group organization to establish non-financial performance indicators, particularly in relation to sustainability reporting, in order to achieve our sustainability goals as formulated in the section Group objectives and strategy.

The non-financial principles listed below represent important information for understanding R. STAHL as a manufacturing industrial company.

Selected performance indicators in sales

R. STAHL's goal remains to set itself apart as a technology leader and quality supplier in the global market for explosion protection solutions. Key elements of R. STAHL's market presence are the high quality, consulting competence and long-term reliability of the products, solutions and services we offer and deliver. The final steps in the digitalization of the global sales management model were carried out in financial year 2024. The main KPIs (key performance indicators) now support the strategic sales orientation of the individual regions by means of a BI (business intelligence) tool. In addition to financial indicators, efficiency and effectiveness indicators are also provided here. The progress of process-related efficiency and effectiveness in the course of comprehensive market and customer development is regularly discussed both within the individual sales units as well as in the functional matrix and reflected in the budget and strategy. The goal of providing customers with a globally standardized performance promise at a high level remains unchanged.

Selected performance indicators in production

Non-financial performance indicators are regularly recorded at all global sites and visualized in the form of balanced scorecards. The most important parameters or KPIs from a production perspective include delivery punctuality, capacity utilization and key figures on quality and occupational safety.

Selected performance indicators in purchasing

In addition to operational tasks to cover the R. STAHL Group's ongoing material and service requirements, the focus of its work is on purchasing in strategic supplier management. Using an IT solution, financial performance indicators in this area are monitored and controlled while purchasing negotiations are prepared more efficiently. We are also identifying non-financial performance indicators, including on-time delivery performance, supplier quality and the proportion of framework purchasing agreements.

We present further information on performance indicators used in the Group in the non-financial Group statement, which forms part of this management report.

RESEARCH AND DEVELOPMENT

The focus in the area of research and development in financial year 2024 was primarily on operationalizing key topics in the respective product areas, but also on revising the accompanying product development processes.

In automation technology, the "Orca" HMI series (Human Machine Interface) was successfully launched on the market. The underlying modular platform consistently follows our digitalization strategy and lays the foundation for additional future HMI applications with maximum user-friendliness.

In the switchgear portfolio, a new generation of explosion-proof conductor feedthroughs makes the user's work significantly easier. Thanks to a flexible concept largely based on the industry standard that does not require any complex potting, typical tasks can be solved in a time and cost-efficient manner.

In lighting technology, the "Yodalex" series has now been completed. This series is also based on a modular concept that allows extensive applications of visual and acoustic signaling.

This are just a few examples of R. STAHL's clear ambition regarding:

- User-oriented and efficient product solutions
- Platform-based development structures
- Increasing digitalization of the portfolio

The "MY R. STAHL Internet portal" enables simple, customer-specific navigation within the product landscape. An online customer platform is now also available for the "digital nameplate" on the R. STAHL website. This makes customer interaction much easier and represents another important step towards the upcoming Digital Product Passport (DPP – requirement from the future ESPR – Ecodesign for Sustainable Products Regulation – EU).

In addition to the product level, the customer-specific portfolio was also systematically expanded. This includes modern configurators and the further development of selected applications. R. STAHL actively supports global certification and standards. Both on the product side, for example with APL-capable products (advanced physical layer), and on the solution side, for example with UPS (uninterruptible power supply).

Our research and development expenses amounted to € 22.7 million in the reporting year (2023: € 23.5 million), corresponding to 6.6% of sales (2023: 7.1% of sales). Included in that total is own work capitalized of € 3.3 million (2023: € 3.7 million) which corresponds to share of 14.7% (2023: 15.8%).

EMPLOYEES

The success of our company is founded on the commitment and performance of our employees. Our employees are in direct contact with our customers. They drive innovation, develop forward-looking strategies and shape our identity. As an employer, we therefore believe in the importance of long-term cooperation and a motivating working environment. We offer flexible working time models that facilitate a good work-life balance. In order to provide our employees with the best possible support in their personal and professional development, we offer customized training programs, support measures for specialists and managers, flexible flexitime arrangements and much more. With these efforts, we are creating the ideal conditions for all employees to realize their professional and personal goals.

A key aspect in financial year 2024 was the conclusion of the forward-looking collective bargaining agreement for the German locations. Here, R. STAHL has reached an important milestone in the harmonization of collective bargaining agreements. The agreement at the Weimar site was successfully adapted to the collective bargaining agreement in the German state of Baden-Württemberg. A similar step is also planned for the Cologne location. This puts the company on the path to a uniform company wage agreement that creates long-term stability and transparency. The forward-looking collective bargaining agreement offers a number of different advantages. A term until 2030 means that both the company and its employees have a reliable basis for planning. Employees also benefit from improved working conditions, including an additional day of vacation and an extended bonus scheme.

A central concern of R. STAHL is the equal treatment of all employees. With the introduction of the new tariff model, this objective is being consistently implemented. In taking this step, R. STAHL is not only strengthening its position as an attractive employer, but also creating the basis for a successful and future-oriented cooperation.

Standards were also established in operational HR work and processes were specified and digitalized. Additional company agreements have served to expand and consolidate the existing regulatory framework.

The transfer of the recruitment process to an external service provider in the previous year has been extremely effective in helping us to fill our vacancies in the current reporting year and has allowed us to counteract the shortage of skilled workers.

In 2025, personnel recruitment and training will also be expanded and further developed throughout the Group. Dealing with the shortage of skilled workers remains one of the central issues of future HR work. In addition to recruiting new specialists, R. STAHL is also continuing its focus on retaining current employees. By introducing a digital qualification matrix, expanding the range of internal training courses and offering internal knowledge transfer, we are convinced that we will be able to successfully counteract the shortage of skilled workers in the future.

The general goal of our HR work is to drive forward consistent further development towards a globally standardized HR system. Our vision is to standardize and optimize all relevant HR processes worldwide in order to ensure a high level of efficiency and transparency. Such a system should not only facilitate cooperation and communication across national borders, but also create a strong basis for strategic personnel decisions and secure the global competitiveness of our company in the long term.

As of 31 December 2024, the R. STAHL Group had 1,743 employees (31 December 2023: 1,721). A further 119 were in apprenticeships (31 December 2023: 107).

ECONOMIC REPORT

As an internationally-positioned specialist supplier in the electronics industry, we produce and market our products and services worldwide. Our business therefore depends on global economic trends as well as the development of certain major foreign currencies, particularly the US dollar. On the client side, in addition to the chemical and pharmaceutical industries, the LNG and gas industries are of particular importance for R. STAHL, and the oil industry also continues to be a customer group.

GENERAL CONDITIONS

Global economy remains stable, economic and political uncertainties increase

According to the International Monetary Fund (IMF), after the overall economic climate recovered by +3.3% in 2023, global economic growth continued at a slightly lower level of +3.2% in 2024. The global decline in inflation continued in 2024, even though inflation remained stubbornly high in individual countries. According to the International Monetary Fund, economic and political uncertainty increased significantly in 2024, particularly in the areas of trade and fiscal policy. Expectations of policy changes under newly elected governments have recently had a strong impact on pricing on the financial markets. Geopolitical tensions, including those in the Middle East, and global trade conflicts will continue in 2024.

At the beginning of the year, the IMF forecast a recovery in the global economy in 2024 and thus growth of +3.1%, which was initially increased to +3.2% in April 2024 and confirmed in July and again in October. The report presented in January 2025 now anticipates economic growth of +3.2% in 2024. Overall, economic growth still lags behind the historical growth rates of 3.7%. The industrialized countries, which recovered at an average rate of +1.7% in 2023, also grew by +1.7% in 2024. Growth in the eurozone was subdued at 0.8%, mainly due to the ongoing weakness in manufacturing and the export of goods. Of the largest European economies, Spain achieved the strongest growth at +3.1%. The Germany economy, on the other hand, again recorded a -0.2% decline. In contrast, momentum in the United States remained robust, with the economy growing at an annual rate of 2.8%, driven by strong consumer spending.

CHANGE IN GROSS DOMESTIC PRODUCT COMPARED TO PREVIOUS YEAR[1]

in%	2024[2]	2023
World	**+3.2**	**+3.3**
Industrialized countries	+1.7	+1.7
USA	+2.8	+2.9
Euro zone	+0.8	+0.4
Germany	-0.2	-0.3
France	+1.1	+1.1
Italy	+0.6	+0.7
Spain	+3.1	+2.7
Japan	-0.2	+1.5
United Kingdom	+0.9	+0.3
Canada	+1.3	+1.5
Emerging markets	+4.2	+4.4
Asia	+5.2	+5.7
China	+4.8	+5.2
India	+6.5	+8.2
Russia	+3.8	+3.6
Latin America	+2.4	+2.4

[1] International Monetary Fund (IMF); World Economic Outlook Update January 2025.
[2] Preliminary estimate by the IMF, January 2025.

Compared with the major industrialized countries, the emerging economies achieved significantly higher economic growth in 2024 with a plus of 4.2%. At 4.8% year-on-year, growth in China was below expectations. Faster than expected growth in net exports only partially offset a faster than expected slowdown in consumption due to a delayed stabilization of the real estate market and persistently low consumer confidence. Growth in India also slowed more than expected at 6.5%, which is attributable to a sharper than expected slowdown in industrial activity.

US election results strengthen US dollar

The US dollar appreciated against the euro over the course of the year. After the euro had risen to a 13-month high by the end of September, the situation changed in October with the upcoming US elections. Following the US elections at the beginning of November, the appreciation of the US dollar against the euro accelerated noticeably. In addition, the US Federal Reserve signaled a more restrained reduction in the key interest rate for 2025, which also strengthened the dollar exchange rate. In the reporting period, this led to an appreciation of the U.S. dollar against the euro from EUR/USD 1.10 at the beginning of the year to EUR/USD 1.03.

SECTOR-SPECIFIC CONDITIONS

Chemical production up worldwide – positive impetus from Asia and Europe

According to the German Chemical Industry Association (VCI) in February 2025, global chemical production rose by 4.7% in the reporting year ,following growth of just 2.1% in the previous year. In the European Union, production rose by 2.0%, following a significant decline in the previous year. Although the chemical industry in Europe benefited from the global economic upturn, high production costs are hampering a faster recovery. Chemical production stagnated in the USA. In China, on the other hand, chemical production managed to grow at an above-average rate of 9.1% in 2024 compared with the previous year. Demand impulses came in particular from abroad.

Demand for pharmaceutical products picks up again

Global production of pharmaceutical products increased significantly again in 2024 compared to the previous year. According to VCI estimates in February 2025, production rose by 3.6%, while it only grew by 1.9% in 2023. In the European Union, production increased at a disproportionately high rate of 4.1%. While growth rates in France and Austria exceeded 10%, production in Germany fell by -2.6%. The increase in demand for pharmaceutical products in China and India, on the other hand, was disproportionately low at just 3.1% and 0.2% respectively.

Lower growth in global oil demand

While global demand for crude oil was just under 102 million barrels per day in 2023, demand increased to roughly 104 million barrels in 2024, representing +1.6% growth, according to data released by the Organization of Petroleum Exporting Countries (OPEC) in February 2025. The average price of Brent crude peaked at USD 91.17 per barrel in April. The development of the oil price in 2024 was characterized by several factors. While demand for oil remained stable over the course of the year, supply was influenced by production cuts by some OPEC member states. In contrast, the recovery of the global economy had a stabilizing effect on oil prices, while geopolitical tensions repeatedly led to price fluctuations over the course of the year. The strength of the US dollar also influenced the oil price. Overall, the oil price remained stable, despite some fluctuations due to the factors mentioned above. The annual average oil price fell by -2.8% compared to the previous year.

CHANGE IN INDUSTRY-SPECIFIC KEY FIGURES COMPARED WITH PREVIOUS YEAR

in %	2024	2023
Oil demand, world[1,2]	+1.6	+2.5
Oil price, world (Brent, change vs. annual average)[3]	-2.8	-17.0
Chemical industry (production), world[4]	+4.7	+2.1
Chemical industry (production), European Union[4]	+2.0	-8.5
Pharmaceutical industry (production), world[4]	+3.6	+1.9
Pharmaceutical industry (production), European Union[4]	+4.1	+7.6
Electrical industry, world[5]	+1.0	+4.0
Electrical industry, Germany[5]	-4.0	+4.0

1) OPEC Monthly Oil Market Report – February 2025.
2) OPEC Monthly Oil Market Report – February 2024.
3) finanzen.net: Oil price development (BRENT) in US-Dollar, February 2025.
4) VCI, World Chemistry Report, February 2025, data for 2024 from January to December.
5) ZVEI, The Global Electrical and Digital Industry – Data, Figures and Facts, September 2024.

Global demand for electrical and electronic products continued at a low level in 2024

In its assessment from September 2024, the German Electrical and Electronic Manufacturers' Association (ZVEI) assumed that the global electrical and electronics industry would grow by 1.0% over the course of the year, following growth of 4.0% in the previous year. The expectation for the Asia region was 2.0%, with above-average growth in China at 3.0% and India at 5.0%. Growth stagnated in America, while it declined in Europe at -1.0%. A decline of -4.0% was recorded in Germany. In terms of the breakdown of growth by the various electrical markets, the largest growth was in energy technology, electromedicine and information technology, at around 3% each.

Gas and LNG prices stabilize as demand remains high

After prices for natural gas and LNG stabilized at a moderate level in 2023, prices rose again towards the end of 2024. The combination of cold weather in the USA and Europe and rising demand due to a greater need from the industrial and energy sectors in Asia drove prices up. There were regional differences on both the gas and LNG markets, which, like oil prices, were significantly influenced by geopolitical events and production cuts. Europe's dependence on US LNG increased, particularly after the expiry of the gas transit agreement between Ukraine and Russia. The International Energy Agency estimates that global demand for gas and LNG will grow by 0.5% and 2.5% respectively in 2024 compared to the previous year.

Overview of business development

Consistent pursuit of strategy ensures record sales, economic uncertainties increasingly weigh on demand over the course of the year

The 2024 financial year was characterized by positive sales development, but also by economic uncertainties and declining demand for electrical explosion protection at R. STAHL. The consistent implementation of the Group strategy, particularly in the area of operations and sales activities, continued to prove successful. Global demand for electrical explosion protection was at a very high level in the first two quarters, something that had a positive impact on sales in the second and third quarters. The significant increase in performance in our production areas was crucial to meeting increased demand from our customers. Order intake remained at a high level until mid-2024, while the economic uncertainties and our customers' reduced willingness to invest became noticeable in the second half of the year. While a few major investment projects were generated again in the oil and gas industry and the nuclear sector in 2023, demand for electrical explosion protection weakened in the second half of 2024. Overall, R. STAHL's order intake amounted to € 327.6 million in 2024 and was therefore below the previous year level (2023: € 342.5 million). The high order backlog at the beginning of the year and the good order intake in the first half of the year contributed to an overall stable sales trend in the 2024 financial year. R. STAHL was able to increase sales by 4.1% to € 344.1 million (2023: € 330.6 million) despite increasing uncertainty.

The situation in the procurement markets was stable in the 2024 financial year. At € 34.4 million (2023: € 38.6 million), EBITDA pre exceptionals was just below the forecast corridor that was adjusted in November 2024. With net profit of € 5.8 million (2023: € 0.2 million) or € 0.90 per share (2023: € 0.03 per share), the 2024 financial year ended on a clearly positive note. Free cash flow improved by € 14.5 million to € 14.7 million (2023: € 0.3 million). Net financial liabilities declined to € 28.8 million as of 31 December 2024 (31 December 2023: € 38.8 million). The equity ratio improved to 27.3% (31 December 2023: 25.0%), mainly due to the increase in net profit.

Significant events

Supervisory Board appoints Tobias Popp as CCO

The Supervisory Board of R. STAHL AG appointed Tobias Popp as new member of the Executive Board from 1 September 2024. As Chief Commercial Officer (CCO), he will now be responsible for Sales & Marketing, Technology & Portfolio as well as IT & Digitalization. His contract has a term of three years.

R. STAHL invests in logistics expansion at Weimar site

R. STAHL is investing over € 3 million in an expansion of its Weimar site. By mid-2025, a new warehouse with additional office space consisting of almost 2,000 square meters will be built in accordance with the latest climate standards.

Earnings positions

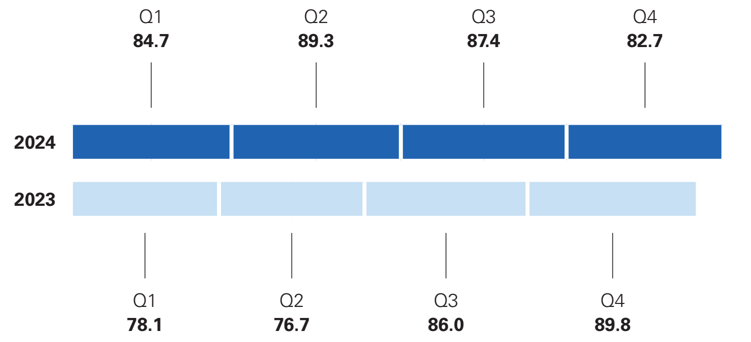
Sales

Significant sales growth in the second and third quarters

R. STAHL generated sales of € 344.1 million in the reporting year, an increase of 4.1% on the previous year (2023: € 330.6 million). The high order backlog at the beginning of the year and good production capacity utilization, particularly in the first half of the year, ensured stable sales development over the full year.

Increased demand in the second half of 2023 and the associated order backlog at the end of 2023 had a positive impact on the first quarter of 2024 and led to an increase in sales of 8.5% to € 84.7 million compared to the same period of the previous year (Q1 2023: € 78.1 million). In the second quarter, sales reached € 89.3 million, which corresponds to an increase of 16.4% compared to the previous year (Q2 2023: € 76.7 million). In the second half of the year, sales remained at a high level, reaching € 87.4 million in the third quarter – an increase of 1.7% compared to the previous year (Q3 2023: € 86.0 million). At € 82.7 million, sales in the fourth quarter were slightly lower than in the previous year (Q4 2023: € 89.8 million).

SALES BY QUARTER
€ million



Due to the nature of R. STAHL's sales markets, sales developed unevenly in the various regions. In Germany, R. STAHL's strong market position and high share of business in the chemical and pharmaceutical industries led to continued high sales. At € 79.7 million (2023: € 83.5 million), sales were down by 4.6%. The Central region (comprising Africa and Europe excluding Germany) was 10.9% above the level of the previous year at € 162.8 million in the reporting year (2023: € 146.8 million). In addition to the chemical and pharmaceutical industries, the main sales drivers included stronger demand from the oil and gas industry. In the Americas region, sales growth was significantly better than in the previous year. Thanks to a sustained positive economic trend, in particular a sustained strong order situation in the oil and gas sector, sales increased by 17.2% to € 40.2 million (2023: € 34.3 million). There was also good demand from the chemical and pharmaceutical sectors. In the Asia/Pacific region, sales amounted to € 61.4 million (2023: € 65.9 million), a decrease of 6.8%.

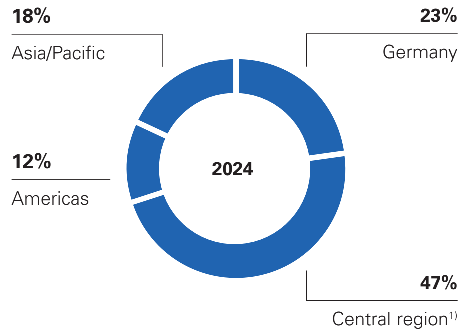
EBITDA and EBIT

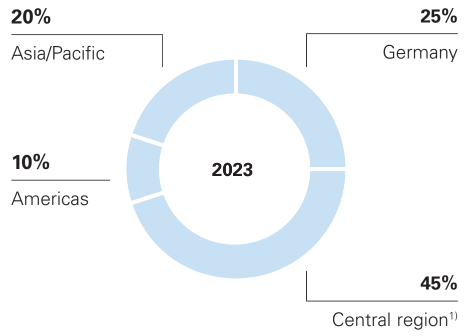
Profitability down due to one-time items

Earnings before interest, taxes, depreciation and amortization pre exceptionals showed a year-on-year decline of € 4.3 million to € 34.4 million in financial year 2024. This corresponds to a margin in relation to sales of 10.0% (2023: 11.7%). Exceptionals fell by € 1.5 million to € -0.5 million in the reporting period (2023: € -2.0 million).

Total operating performance increased by 0.6% to € 342.5 million in the reporting year (2023: € 340.4 million). While inventories of finished and unfinished goods increased by € 5.8 million in the previous year, inventories fell by € 5.5 million as a result of sales generation from orders in progress and orders awaiting delivery. Own work capitalized, which was mainly attributable to development projects, fell slightly to € 3.9 million in 2024 (2023: € 4.1 million). The cost of materials decreased by nearly 2% to € -113.9 million in the reporting period (2023: € -116.2 million). The cost of materials ratio improved year-on-year to 33.3% of total operating performance (2023: 34.1% of total operating performance). Personnel expenses increased by 2.2% year-on-year to € -137.5 million (2023: € -134.5 million). Both the increase in the number of employees and salary adjustments resulting from collective bargaining agreements led to the higher cost position. The balance of other operating income and expenses increased by € 4.2 million to € -57.3 million (2023: € -53.1 million). The increase is mainly due to higher expenses for services and consulting as well as temporary workers.

SALES BY REGION





1) Africa, Europe without Germany.

This resulted in EBITDA of € 33.8 million in the reporting period (2023: € 36.6 million), a decrease of 7.7% over the previous year.

RECONCILIATION OF EBITDA PRE EXCEPTIONALS TO EBIT

€ million	2024	2023	Change	in income statement contained in
EBITDA pre exceptionals[1]	**34.4**	**38.6**	**-4.2**	
Exceptionals[1]	**-0.5**	**-2.0**	**+1.5**	
Restructuring charges	**-0.5**	**-1.2**	**+0.7**	
Write-down and scrapping of inventories	0	0	0	Change in finished and unfinished goods and cost of materials
Severance pay	-0.5	-1.2	+0.7	Personnel costs
Legal and consultancy costs	0	0	0	Other operating expenses
Other expenses	0	-0.8	+0.8	Other operating expenses and other operating income
EBITDA	**33.8**	**36.6**	**-2.8**	
Depreciation and amortization	-18.0	-17.5	-0.5	
EBIT	**15.8**	**19.1**	**-3.3**	

[1] Exceptionals: restructuring charges, unscheduled depreciation and amortization, charges for designing and implementing IT projects, M&A costs, gains and losses from deconsolidation processes as well as gains and losses from the disposal of assets no longer required for business operations.

Depreciation and amortization increased by € 0.5 million to € -18.0 million (2023: € -17.5 million).

This resulted in EBIT of € 15.8 million in the reporting period (2023: € 19.1 million), a decrease of € 3.3 million compared to the previous year. A reconciliation of EBITDA pre exceptionals to EBIT for the reporting year and the prior period is presented above.

Financial result

After the full impairment of the 25% stake in ZAVOD Goreltex, St. Petersburg, Russia, amounting to € 10.3 million, had a negative impact on the investment result in the previous year, the financial result normalized in the reporting year. The interest result increased by € -0.7 million compared to the previous year to € -7.5 million (2023: € -6.8 million). This mainly reflects the higher interest expense for additions to pension provisions and increased interest on loans.

Earnings before income taxes

Earnings before taxes (EBT) amounted to € 8.4 million in the reporting period (2023: € 2.0 million).

Income taxes

Income taxes of € -2.5 million were incurred in the reporting year (2023: € -1.8 million), of which € -2.2 million were effective taxes and € -0.4 million deferred taxes. The decrease in effective taxes to € -2.2 million compared with the previous year (2023: € -3.2 million) is mainly attributable to the lower taxable earnings at the subsidiaries. Deferred taxes were down € -1.7 million to € -0.4 million (2023: € 1.4 million). The capitalization of deferred taxes on loss carryforwards was lower than in the previous year.

Net profit/earnings per share

In 2024, net profit amounted to € 5.8 million (2023: € 0.2 million). This corresponds to earnings per share of € 0.90 (2023: € 0.03).

Asset position

Balance sheet structure

As of 31 December 2024, the R. STAHL Group's balance sheet total decreased by € 6.2 million compared to the end of the previous year to € 265.2 million (31 December 2023: € 271.4 million). Non-current assets increased by € 1.4 million, while current assets decreased by € 7.7 million.

The increase in non-current assets to € 139.3 million (31 December 2023: € 137.9 million) is mainly due to the increase in property, plant and equipment, in particular right-of-use assets, advance payments and assets under construction.

Current assets amounted to € 125.8 million as of 31 December 2024 (31 December 2023: € 133.5 million). Raw materials and supplies and operating materials decreased by € 8.1 million. Unfinished goods were down € 3.1 million. Overall, inventories fell by € 14.9 million to € 48.9 million (31 December 2023: € 63.8 million). Receivables and other assets increased by € 1.9 million to € 57.6 million as of 31 December 2024 (31 December 2023: € 55.7 million). This is mainly due to trade receivables, which increased as a result of the improved sales performance. Cash and cash equivalents were up at € 16.3 million at the reporting date (31 December 2023: € 11.5 million).

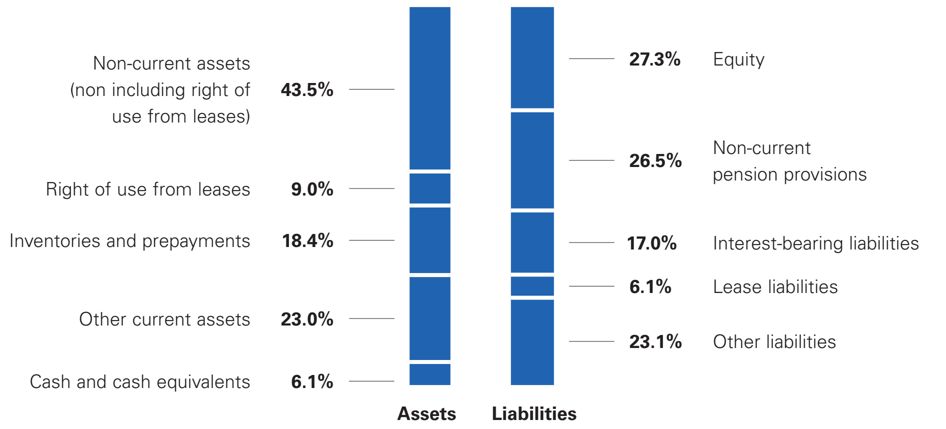
Non-current liabilities increased by € 2.8 million to € 95.3 million as of the reporting date (31 December 2023: € 92.5 million). Provisions for pension obligations increased by € 1.1 million in the reporting period. Furthermore, the recognition of a long-term loan to finance the expansion of the Weimar site led to an increase in non-current liabilities. Lease liabilities, on the other hand, decreased by € 1.0 million.

At the end of the year, current liabilities decreased by € 13.6 million to € 97.6 million compared to the previous year (31 December 2023: € 111.2 million). In particular, lower utilization of short-term loans and lower other current liabilities as well as accrued liabilities contributed to this development.

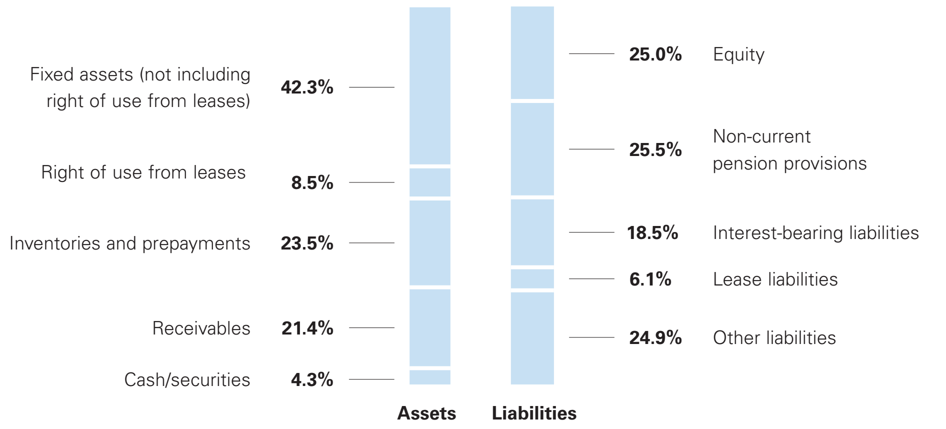
Equity improved by € 4.6 million compared to the end of the previous year to € 72.3 million (31 December 2023: € 67.7 million). The positive net profit increased equity. Effects recognized directly in equity, on the other hand, which resulted from the lower interest rate for the valuation of pension provisions, had the effect of reducing equity. The equity ratio increased to 27.3% (31 December 2023: 25.0%).

ASSET AND CAPITAL STRUCTURE

31 December 2024 **Balance sheet total € 265.2 million**



31 December 2023 **Balance sheet total € 271.4 million**



Financial position

Cash flow statement

With net profit of € 5.8 million (2023: € 0.2 million) together with non-cash expenses and income, cash flow amounted to € 28.7 million (2023: € 33.3 million).

Working capital declined by € 1.3 million in the reporting year (2023: increase of € 19.0 million). The decrease is mainly due to the drop in the inventory position. Together with other cash inflows and outflows from operating activities, this resulted in cash flow from operating activities of € 28.6 million (2023: € 14.2 million).

At € -6.2 million (2023: € -7.1 million), investments in intangible assets were below the level of the previous year. Together with investments in property, plant and equipment of € -7.6 million (2023: € -6.9 million), this resulted in cash flow from investing activities of € -13.8 million (2023: € -13.9 million). In total, free cash flow of € 14.7 million was generated in the reporting period (2023: € 0.3 million).

Cash flow from financing activities was € -9.8 million in the reporting year (2023: € -4.4 million). The repayment of interest-bearing financial liabilities and lease liabilities totaling € -26.0 million (2023: € -12.1 million) was offset by cash inflows from the raising of interest-bearing financial liabilities amounting to € 16.3 million (2023: € 7.7 million).

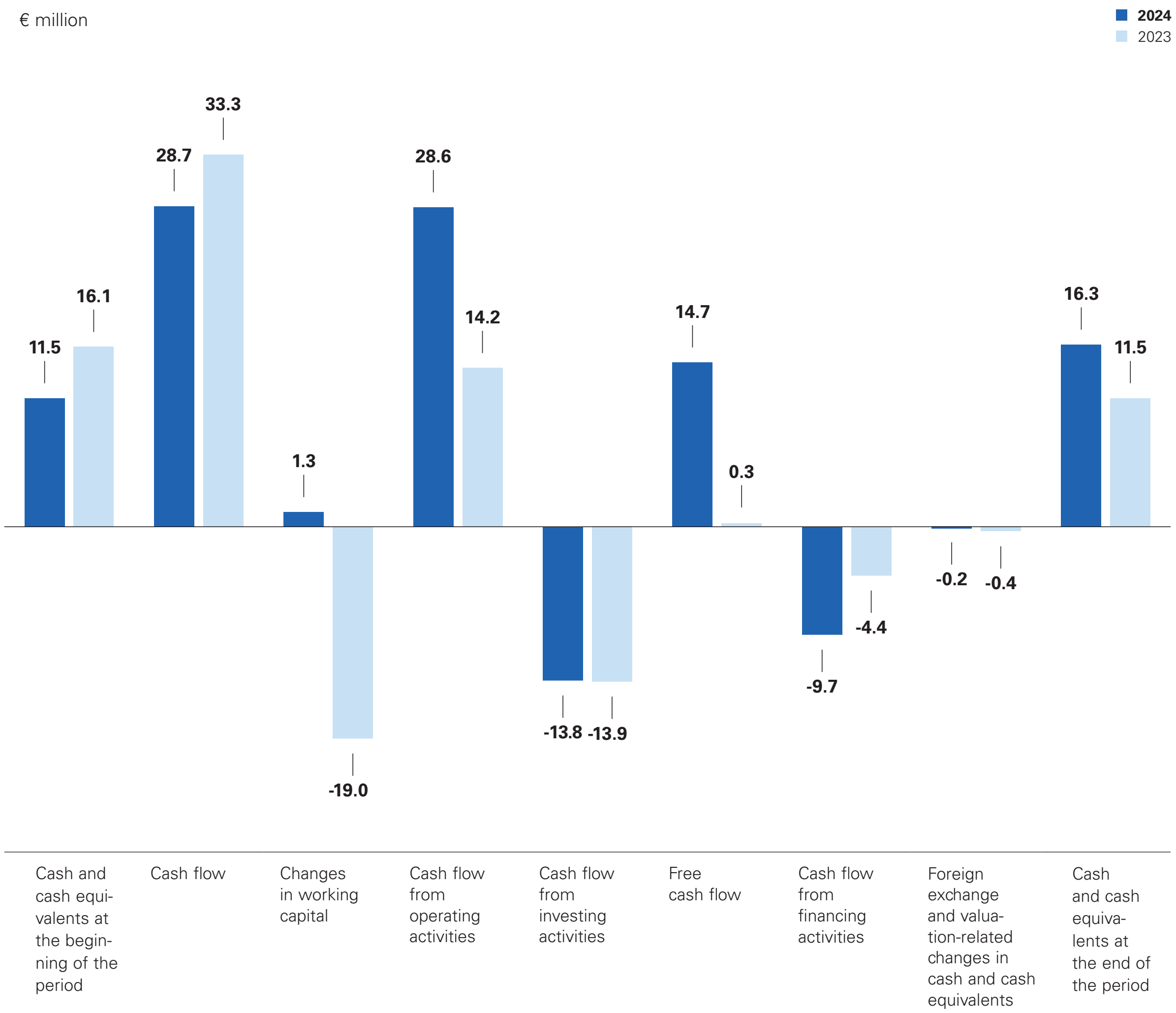
At the end of the reporting period, the R. STAHL Group had cash and cash equivalents of € 16.3 million at its disposal (2023: € 11.5 million). The positive free cash flow allowed for the repayment of interest-bearing financial liabilities and a decrease in net debt (excluding pension provisions and lease liabilities) by € 10.0 million to € 28.8 million compared to the end of the previous year (31 December 2023: € 38.8 million). Net debt including lease liabilities (but excluding pension provisions) decreased to € 45.0 million (31 December 2023: € 55.4 million).

Capital expenditures

The R. STAHL Group's capital expenditures for intangible assets decreased by € 0.9 million in 2024 compared to the previous year. Capitalized development expenses in particular decreased by € 0.7 million to € 5.2 million (2023: € 5.9 million). Additions to industrial property rights and similar rights declined by € 0.4 million in the reporting year (2023: € 0.9 million) and amounted to € 0.5 million. At € 7.6 million, investments in property, plant and equipment were slightly higher than the previous year's level (2023: € 6.9 million).

RECONCILIATION OF CASH AND CASH EQUIVALENTS AT BEGINNING AND END OF THE PERIOD

€ million



FINANCIAL POSITION AND PERFORMANCE OF R. STAHL AG

R. STAHL AG primarily serves as a strategic holding company for the R. STAHL Group. The key management functions of the company as a whole are the responsibility of the Executive Board. The Executive Board, in consultation with the Supervisory Board, defines Group strategy and steers the organization and the Group's allocation of resources. In addition, the corporate management company determines financing and communication with the key target groups of the corporate environment. The economic development of R. STAHL AG is essentially determined by the operating units of R. STAHL Group. The investment income resulting from profit transfers and profit distributions of the Group companies is of central importance for the future dividend potential of R. STAHL AG. For this reason, the statements in the Risk and opportunity report essentially also apply to R. STAHL AG.

The annual financial statements of R. STAHL AG have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (Aktiengesetz – AktG).

Earnings positions

Sales

R. STAHL AG generates sales from rentals and from the invoicing of commercial and organizational services provided for its subsidiaries. In 2024, R. STAHL AG's sales increased by € 2.3 million to € 12.0 million (2023: € 9.7 million).

EBITDA and EBIT

Earnings before interest, taxes, depreciation and amortization (EBITDA) declined in the reporting year to € -14.8 million (2023: € -12.6 million). On the one hand, other operating income of € 3.4 million was lower than in the previous year (2023: € 5.3 million). On the other hand, personnel expenses increased by € 2.9 million to € 13.8 million due to higher employee numbers and collectively agreed salary increases (2023: € 10.9 million). At € 16.5 million, other operating expenses were slightly below the previous year's level (2023: € 16.7 million). As in the previous year, amortization of intangible assets and depreciation of property, plant and equipment were low. Overall, EBIT of € -14.9 million was generated in the reporting year (2023: € -12.7 million).

Financial result

The financial result was lower in the reporting year by € 0.9 million at € 13.0 million (2023: € 13.9 million). Investment income decreased by € 1.6 million year-on-year to € 3.2 million (2023: € 4.8 million). Income from profit transfer agreements fell to € 14.8 million in the reporting year due to the improved earnings situation at consolidated subsidiaries (2023: € 19.4 million). Impairment losses on financial assets amounting to € 0.5 million are attributable to shares in associates. In the previous year, financial assets were impaired by € 6.4 million and related to the investment in ZAVOD Goreltex Co. Ltd, Saint Petersburg, Russia. At € -4.5 million, the interest result decreased compared with the previous year (2023: € -4.0 million), mainly due to higher financing costs.

Earnings before taxes

Due to the lower EBIT and the lower financial result, earnings before taxes (EBT) amounted to € -1.9 million (2023: € 1.2 million).

Income taxes

Income taxes of € -0.2 million were incurred in the reporting year (2023: € -0.4 million).

Result for the year

R. STAHL AG's result for the year amounts to € -2.1 million in 2024 (2023: € 0.8 million).

Asset position

Balance sheet structure

As of 31 December 2024, the balance sheet total of R. STAHL AG increased to € 107.3 million (31 December 2023: € 107.0 million).

Non-current assets increased by € 6.9 million to € 84.0 million as of the reporting date compared with the end of the previous year (31 December 2023: € 77.1 million). This is mainly due to an increase in loans to associates. Current assets decreased by € 6.3 million to € 22.8 million (31 December 2023: € 29.1 million). This is mainly due to the decrease in receivables from associates to € 22.7 million (2023: € 26.4 million).

R. STAHL AG's equity was down € 2.1 million to € 14.8 million as of the balance sheet date due to the result for the year (31 December 2023: € 16.9 million). The equity ratio fell in line with this development to 13.8% at the end of 2024 (31 December 2023: 15.8%).

At € 20.3 million, provisions were above the level at the end of the previous year (31 December 2023: € 18.8 million). Pension provisions increased by € 1.0 million and other provisions by € 0.6 million.

Liabilities increased to € 72.3 million as at the balance sheet date (31 December 2023: € 71.4 million). While liabilities to associates increased to € 30.7 million (31 December 2023: € 25.4 million), liabilities to banks decreased by € 4.2 million to € 40.5 million (31 December 2023: € 44.7 million).

Financial position

At R. STAHL AG, the cash and cash equivalents of the consolidated German and international subsidiaries are pooled using cash pooling. The cash inflows are mainly from R. STAHL Schaltgeräte GmbH, Waldenburg. A share of more than 30% of cash inflows as of 31 December 2024 comes from international subsidiaries. Cash and cash equivalents amounted to € 0.0 million as of the balance sheet date (31 December 2023: € 0.0 million). No dividends were paid to shareholders of R. STAHL AG in either the reporting year or the previous year.

TARGET ACHIEVEMENT 2024

We published our forecast for 2024 for the first time with the presentation of the Annual Report 2023 on 17 April 2023. Based on estimates from the International Monetary Fund and various industry associations and organizations, which forecast a recovery in all relevant key markets at a lower level in 2024 as well as the high order backlog, we expected sales of between € 335 million and € 350 million for 2024. Assuming constant cost efficiency and a stable materials ratio, we expected EBITDA pre exceptionals in the range of € 35 million to € 45 million for the 2024 financial year and a significant improvement in net profit compared to 2023. Assuming a constant interest rate level for the valuation of pension obligations, we expected an increase in the equity ratio for financial year 2024. For free cash flow, we expected a mid single-digit positive million euro amount and, as a result, a decrease in net debt.

For R. STAHL AG, we expected a positive annual result under commercial law for 2024. Due to higher cost items combined with lower income from investments and profit transfers, this target could not be achieved. R. STAHL AG closed the 2024 financial year with a net loss for the year of € -2.1 million.

With the presentation of the reporting for the third quarter on 6 November 2024, we specified the annual forecast for 2024. While the sales forecast was confirmed, increasing investments for additional growth, increasing price sensitivity on the part of customers as well as rising personnel costs and one-time items led to a more concrete earnings forecast. We now expected EBITDA pre exceptionals to be between € 35 million and € 40 million in the 2024 financial year. The forecasts for equity and free cash flow, on the other hand, remained unchanged.

As in the previous year, the 2024 financial year was a pleasing one for the R. STAHL Group. With sales of € 344.1 million in the 2024 financial year, the record sales from the previous year was exceeded once again, delivering on the forecast in the middle of the corridor. EBITDA pre exceptionals, which we expected to be between € 35 million and € 40 million, was just below the forecast corridor at € 34.4 million. The equity ratio increased by more than 2 percentage points, mainly due to the clearly positive net profit. At the end of the year, the equity ratio was 27.3%.

In terms of free cash flow, we were able to significantly exceed the forecast. Working capital was significantly reduced at the end of the year, which substantially improved cash flow from operating activities. With cash flow from investing activities remaining almost unchanged, free cash flow was positive at € 14.7 million as of 31 December 2024.

FORECAST DEVELOPMENT AND BUSINESS DEVELOPMENT 2024

€ million	**Full-year 2023**	**April 2024**	**November 2024**	**Full-year 2024**
Sales	**330.6**	**335 – 350**	**335 – 350**	**344.1**
EBITDA pre exceptionals	**38.6**	**35 – 45**	**35 – 40**	**34.4**
Free cash flow	0.3	mid single-digit positive million euro amount	mid single-digit positive million euro amount	14.7
Equity ratio	25.0%	Increase	Increase	27.3%

RISK AND OPPORTUNITY REPORT

This report considers risks as internal and external events or developments that may adversely affect the achievement of objectives and budgeted figures of R. STAHL Group. Conversely, opportunities represent internal and external events or developments that may have a positive effect on the achievement of targets and plan values of the R. STAHL Group.

RISKS

Description of risk management system

The risk management system (RMS) included in the operational and organizational structure of R. STAHL Group is an integral part of our business processes and corporate decisions for all companies and central functions. It includes the entirety of the installed IT systems, processes, activities, instructions and rules of conduct that are implemented in all our companies worldwide as applicable standards and it is subject to a constant process of improvement and further development. Part of the risk management system especially is a group-wide risk reporting on the basis of the German Law on Control and Transparency in Businesses (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich – KonTraG), a uniform planning and controlling process and the internal monitoring system consisting of the internal controlling system with guidelines that are applicable across the Group and internal auditing. In addition, a compliance management system complements the risk management system. The entirety of the systems implemented enables Group management to take counter-measures for identified risks at an early stage. The effectiveness and efficiency of the risk management system is also continuously checked and enhanced and also examined by the auditor in accordance with statutory requirements.

Risk reporting/early warning system

Current risk reporting is based on a risk catalog divided into nine risk areas: Macro environment/country risks, market/competition, strategy, supporting processes/IT, performance management, human resources, financial management, environmental/social/governance (ESG) and compliance.

The risk owners in the subsidiaries and the division managers of the corporate departments are included in this early warning system and report identified, existing and eliminated risks once per quarter. In addition, ad hoc reports are submitted to the Risk Management Officer and the company's management if significant or critical risks are identified or significant changes in risks already identified occur. The risk management process is supported by an IT application.

Based on the information provided by the risk owners, the risk manager prepares a risk report which describes, in addition to the risks themselves, the potential risk values, their probability of occurrence and the action plan to avoid or reduce the risks.

The risk assessment is based on information from the reporting period, which is identical to the reporting period of the management report.

Risk assessment

Within the scope of risk reporting, both gross and net risks are disclosed by the respective reporting units. The gross risk describes the maximum loss potential without consideration of hedging and risk reduction measures. The residual risk after counter-measures is the net risk. In order to determine which risks pose a threat to the Group's continued existence, they are classified according to their estimated probability of occurrence and extent of damage. The scales used to measure these two indicators at both the divisional and individual company levels are shown in the tables below.

The risk assessment is based on the Monte Carlo simulation of the individual risk areas. Occurrence within the coming year is certain. Because the risk analysis and assessment methodology has been adjusted compared to the previous reporting period, no meaningful basis for comparison is possible for a statement on changes in the material impacts, risks and opportunities compared to the previous reporting period.

In accordance with the results of the Monte Carlo simulation, risks at Group level are classified as "critical", "high", "medium" or "low". This classification is based on the following value intervals for the expected loss:

- low < € 5.0 million
- medium < € 7.5 million
- high < € 15.0 million
- critical > € 15.0 million

The following table shows the classification in relation to the individual risk areas:

RISK ASSESSMENT

Risk area	Expected damage (net)
Macroenvironment/country risks	low
Market/competition	high
Supporting processes/information technology	high
Strategy	low
Performance-related risks	high
Personnel	low
Financial risks	low
Environmental/social/governance	low
Compliance	low

Significant risks, and in particular risks that could jeopardize the company's continued existence, are reported immediately to the Executive Board or Group management. The risk owners of the reporting units are obligated to inform the Executive Board and the Risk Management Officer without delay about time-critical or significant risks. The quarterly evaluation of risks serves as a basis for management to react swiftly to critical situations and take the appropriate counter-measures. A summary of all risks of the Group companies – in which all reported and assessed risks are aggregated – is regularly prepared in order to determine the overall risk for the Group. Regular reporting ensures that the Supervisory Board and its Audit Committee are also permanently informed about the current risk situation of R. STAHL Group and its development over time. As part of its monitoring of the Executive Board, the Supervisory Board examines the effectiveness of the risk management system.

Controlling

Group Controlling staff are the contacts for our subsidiaries in Germany and abroad. Group Controlling provides the IT systems needed to collect and evaluate business data. The financial position and performance of the companies are analyzed during monthly reporting, whereby a special focus is placed on the comparison of plan/actual figures.

Internal monitoring system

Another component of our risk management system is the internal control system, which includes the principles, procedures and measures introduced by the Executive Board at the R. STAHL Group, the objectives of which are:

- securing the effectiveness and efficiency of business operations,
- the correctness and reliability of internal and external reporting as well as
- compliance with Group-wide guidelines and standards as well as the relevant statutory regulations.

Internal Audit regularly checks compliance with these objectives.

Internal control system based on the accounting process

A key element of the internal control system with regard to the consolidated accounting process is the IFRS accounting guideline which is valid throughout the Group and describes the standard accounting and measurement principles for all companies included in the consolidated financial statements. Preparation of the consolidated financial statements is supported by standardized reporting and consolidation software. All companies belonging to the consolidated group report in the same way to the parent company.

Further key instruments for controlling the accounting process are:

- the Group-wide standards applicable for financial and administrative areas,
- the clear separation of functions and assignment of responsibilities,
- the use of uniform ERP systems and standard software as well as
- detailed authorization concepts

These measures and processes are constantly monitored by the staff responsible for these tasks in the Group companies and by the Group's Internal Audit department.

The same internal control system that is used for the consolidated financial statements also applies to the separate financial statements of R. STAHL AG, which are prepared in accordance with the German Commercial Code (HGB).

Internal Audit

Internal Audit provides independent and objective auditing and advisory services aimed at improving business processes, thus creating added value. It serves the organization's objectives by evaluating the effectiveness and efficiency of the internal management and monitoring processes with a systematic and targeted approach and thus helps to continuously improve them. Internal Audit reports directly to the Chief Executive Officer of R. STAHL AG. Audits are conducted on the basis of an annual risk-oriented audit plan.

Compliance management, Code of Conduct

In order to avoid violations of anti-corruption, anti-trust or data protection laws and prevent business crimes, we have introduced the corresponding regulations as part of our existing compliance management. Our compliance organization reports directly to the Executive Board and the Compliance Officer is integrated into business processes as well as reporting and controlling. Compliance is part of our company culture and is a self-evident component of our daily activities.

Effectiveness of monitoring systems (not audited)

The above-mentioned internal monitoring systems are dynamic systems that are continuously adapted to reflect changes in the business model, the nature and scope of business transactions or responsibilities. As a result, internal and external audits reveal potential for improvement in individual cases with respect to the appropriateness and effectiveness of controls.

With regard to the assessment of these management systems, the Executive Board has no knowledge that they are not appropriate or effective in their entirety.

GROUP'S RISK SITUATION

Below, we describe risks that could have significant adverse effects on our business, net assets, financial position (including effects on assets, liabilities and cash flows) and results of operations, as well as on our reputation. The order of the presented risks within the categories reflects the current assessment of the relative risk magnitude for R. STAHL and therefore provides an indication of the current significance of these risks for us. Additional risks that we are not currently aware of, or risks that we now consider immaterial, may also negatively impact our business activities and objectives. Unless stated otherwise, the following risks relate to all our organizational units.

Macro environment and country risks

Due to the international nature of our business activities, risks may arise due to political and economic instability in individual regions or countries and this may, in turn, influence the R. STAHL Group's sales and earnings position.

Our business activities are partially impaired by geopolitical conflicts. As a manufacturer and supplier of electrical and electronic products and systems for explosion protection with customers in the oil and gas industry, R. STAHL is directly affected by sanctions, which also has a direct impact on the Eurasion Conformity (EAC) certificates of our products. Thanks to our international diversification, we can react flexibly to this market development and thus compensate for the unfavorable course of development as far as possible. In order to be able to react as quickly as possible to changing developments, internal processes are regularly adapted so that the organization can react quickly and, in particular, in a targeted manner to any changes that might occur.

Against the backdrop of challenging global economic and political conditions, we focus on our cost structures in order to ensure the long-term competitiveness of R. STAHL.

Finally, our international alignment in different jurisdictions also represents a legal risk. In the course of our business activities, it cannot be ruled out that R. STAHL AG and its subsidiaries become parties to court proceedings. Negative rulings at the expense of the respective company cannot be ruled out in individual cases. In the past, such cases rarely occurred. However, R. STAHL companies defend themselves in such proceedings in the manner that is actually and legally required; if necessary, we take account of an impending cost risk by establishing appropriate provisions.

At present, however, we do not expect any material adverse effects on the financial position and performance of the R. STAHL Group from this risk.

Market and competition

With its range of attractive products and services, R. STAHL operates in dynamic markets. Our business depends heavily on the investment climate in our client sectors, which comprise the oil and gas sector, the chemical and pharmaceutical industry, the food industry and shipbuilding. Because sales and earnings of companies active in the oil and gas sector are by nature highly dependent on the often volatile market price development of crude oil and natural gas, changes in the prices of these commodities can generally also impact the investment decisions of these companies. In both the oil and gas sector and the processing industries, the cost of producing crude oil and natural gas is a factor that influences a company's willingness to invest, in addition to price trends.

In order to counter the increasing competition also from new providers in the components business, we seek to consolidate our market position by continuously expanding our technological expertise, regional diversification as well as the development of products, also in the growing digitalization area.

Although entry barriers are higher in our systems business and the risk of competition correspondingly lower, the possibility of new competitors appearing on the market cannot be generally excluded. We meet the challenges of the market with engineering expertise, many years of experience with customer-specific solutions our high quality standards.

We have a very good position in the worldwide market for explosion protection solutions, in which above all the safety of the products used has the highest priority. In relation to the total investment costs of customer plants, the cost contribution for electrical explosion protection is often only in the low single-digit percentage range. Against the background of the high value added that R. STAHL's solutions offer our customers, the business is not dramatically price-driven. Nevertheless, depending on the economic situation of our client industries and the market activities of our competitors, there is still a fundamental risk of price pressure, which could have a negative impact on our sales and earnings performance. We counter this risk on the one hand by continuously developing technically varied solutions that generate additional benefits for our customers. Further, within the scope of our ongoing measures under strategic program, we are establishing efficiency and cost structures that will secure profitability for the long-term, even in periods of economic weakness.

Strategic risks

Tapping into new markets and sectors and the expansion of existing sales areas may give rise to new risks that cannot be fully assessed in advance. We analyze the risk potential of individual markets and industries in a wide range of regions and take this into account when assessing risks and deriving actions. We treat the risks associated with the further development of the company with the appropriate care.

There are also procurement risks relating to the availability of raw materials and their purchase costs, in particular purchase prices, transport costs, customs duties and currency fluctuations. Availability can be impacted by specific problems on the supplier side, general bottlenecks in certain industry segments and bottle-necks or delays in transport and customs clearance. We counter the risks of short-term bottlenecks by maintaining reasonable inventory levels rather than procuring raw materials for our standard products on a just-in-time basis. As our suppliers produce predominantly in industrialized countries (a large number of which are in the European Union) and in geographically secure areas, political risks and natural disasters play a subordinate role in our procurement processes.

A further challenge is presented by the bottlenecks and interruptions in transport and issues related to customs clearance.

Purchase prices – like logistics costs – can be subject to market-dependent fluctuations and influence our cost structures. We avoid this risk by applying rigorous cost management. Because we have a very diverse procurement portfolio, the overall effect of market price fluctuations for individual materials on our over-all cost structure is relatively low. This also applies to the risk of unforeseen customs duties, which we also limit by maintaining a high proportion of regional suppliers.

Risks from supporting processes

The field of explosion protection is primarily about the safety of man, equipment and the environment – the quality of our products therefore has top priority. Product defects do not necessarily lead to life-threatening situations but they can significantly damage our reputation. Systematic analysis and evaluation of identified risks plays a central role in minimizing risks in the area of product quality. Product safety-related incidents are communicated within the organization and managed by a task force based on the resulting findings. Product quality is ensured through stringent quality assurance measures in production and cooperative collaboration with our suppliers. The Quality Management department focuses on relevant processes and their compliance and further development. Lessons learned are used to immediately correct identified errors in both processes and products and sustainably improve products and processes as part of a preventative approach.

In the course of increasing competitive pressure in all sectors of the electronics industry, delivery time and delivery reliability are becoming more and more important for the cooperation with our customers. Excessive delivery times or non-compliance with delivery dates pose general risks for customer loyalty and thus our further business trend. Further expanding our competitiveness, as well as our logistics, manufacturing and handling processes in order to achieve market-leading delivery reliability is an essential component of our lean management measures and something that are continuously pursued.

The efficiency measures summarized in our strategic development program are far-reaching in terms of structure and processes and involve all major functional areas of the Group. Such extensive changes generally involve the risk of temporary disruptions to operating processes with a subsequent negative impact on sales and earnings. We counter this risk by closely monitoring and controlling individual measures and regularly comparing the planned and actual statuses. Appropriate action is taken as required.

Risks in connection with information technology

Digitalization of processes is steadily increasing in international trade and industrial production. Consequently, the amount of data essential for the processing of our business processes which is digitally recorded, processed and stored is also rising. IT systems and applications can fail due to both technical errors and external influences (e.g. fire, flood, theft). To ensure the necessary level of availability, suitable safeguards must be taken against this risk. Our solution: centralized data processing on redundant server systems and data storage at separate locations as well as data backup and recovery processes that allow us get back to work quickly.

Despite the increased risk of cyber attacks throughout the world, R. STAHL has so far managed to avoid damaging security incidents. We have also taken into account the possibility of increased cyber attacks due to the Russia-Ukraine crisis. In order to continue to protect the Group from such risks as loss or falsification of data and the resulting interruptions to business, we work hard on our IT security processes, as well as preventive and defensive measures, and regularly adapt them to the changing requirements and risks.

In doing so, we work closely with external IT security specialists in order to review our measures with regard to their effectiveness and to utilize their findings from other security incidents in our processes and actions.

In addition to information security, R. STAHL attaches great importance to data privacy. Protecting personal data has always been one of the basic principles of our business policy and we work continuously on the implementation and monitoring of the requirements of the German Data Protection Regulation (GDPR) and other country-specific data protection legislation.

In addition to processes and technical organizational measures, employees play a key role in data security and data protection. We provide our employees with training on data security and data protection issues when they are hired and when changes occur in order to familiarize them with the handling of data, IT systems and risks and to achieve an appropriate level of caution.

Performance-related risks

The results of our operating units depend on reliable and effective management of our supply chain for components, parts and materials. Capacity restrictions and supply bottlenecks resulting from ineffective supply chain management could lead to production bottlenecks, delivery delays, quality issues and additional costs. We also rely on third-party suppliers for the supply of intermediate products, components and services. Although we work closely with our suppliers to avoid supply-related problems, there are no guarantees that we will not experience supply difficulties in the future. This applies in particular to vendor components that we can only procure from one supplier due to the regulated supplier structure and availability. Bottlenecks or delays could significantly harm our business operations. Sudden price increases of components and raw materials due to market bottlenecks or other reasons could also have a negative impact on our performance. Furthermore, we could face the risk of supply chain delays and disruptions as a result of disasters cyber incidents, or financial problems experienced by some suppliers, particularly if we are unable to obtain alternative sources of supply or transportation in a timely manner or at all. We counter the risk of rising raw material prices with a variety of measures, including passing some of the increase on to our customers by means of inflation surcharges.

Personnel risks

The expert knowledge and commitment of our employees are key to the economic success of our company. Given current demographic trends, the shortage of skilled workers and intense competition on the labor market, there are risks involved in recruiting and retaining qualified employees in the long term.

Competition for a diverse and highly qualified workforce, particularly in specialized areas such as digitalization, remains very high in the markets and regions in which we operate. To ensure our future success, we require a continuous supply of highly-qualified employees and believe that promoting diversity, inclusion and a strong sense of belonging within our company are extremely important factors. Our long-term success depends largely on how well we succeed in recruiting, assessing and retaining engineers, digitalization experts and other specialists.

We focus on training in order to manage our human resources sustainably. With a clear focus on technical skills, R. STAHL also provides training in commercial professions in order to counteract the shortage of skilled workers and close any gaps that may arise.

Risks may also arise due to the fluctuation of employees in key positions. We mitigate these risks with personnel development measures aimed at keeping top performers at the company.

Financial risks

In the course of our business activities, various currency, interest rate, credit and liquidity risks may arise. We counter these using customary financial instruments.

Because exchange rate trends are often marked by high volatility, it is generally difficult to make reliable forecasts. Unpredictable changes in the exchange rates of major currencies give rise to risks that we counter with a number of actions: Long-term and strategic measures mainly relate to production capacities that we create in the currency areas that are important for us, such as the USA. Changes in our sales trend due to adverse currency developments are thus offset by the corresponding local cost advantages (natural hedge). Existing and planned foreign currency volumes are hedged opportunistically with forward exchange transactions. Of particular relevance for us is the development of the US dollar – which accounts for the major share of our foreign exchange positions and also influences the development of other currencies.

As a basic principle, we borrow capital at matching maturities to finance our business activities. If necessary, we hedge any risk arising from varying interest rates via derivative financial instruments. Our real estate is regularly financed at fixed rates of interest. Generally, the duration of currency and interest hedges is aligned with the underlying transactions. The operational framework, the persons responsible, financial reporting and the control mechanisms for financial instruments are determined uniformly throughout the Group.

We counter the risk of insolvency on the part of our customers by means of targeted monitoring of payment behavior. If necessary, we set appropriate credit limits for customers or make value adjustments.

Due to its worldwide business activities, the R. STAHL Group is subject to a large number of country-specific tax laws and regulations. Changes in the relevant tax legislation and a possibly different interpretation of the legal regulations by tax authorities may have a negative impact on the taxation of Group companies.

To minimize such risks, tax-relevant issues are analyzed and assessed by the Group's corporate tax department, and where necessary in cooperation with external consultants. R. STAHL is also working on the implementation of a viable tax compliance management system to ensure that all relevant tax laws are observed and all tax obligations fulfilled in future.

Compliance risks

As a listed stock corporation headquartered in Germany, R. STAHL is subject to German corporate governance laws and the requirements of other legal systems. The regulatory environment has intensified significantly in recent years – especially due to more rigorous application of existing laws and the expansion and tightening of criminal offenses. Examples include anti-corruption laws in Germany, the USA (Foreign Corrupt Practices Act) and the UK (Bribery Act). All these regulations are very complex. Any failure to comply with relevant laws and regulations or any allegation of a violation of law made against our company, whether justified or not, could have a material adverse effect on our reputation and on our business success.

A thorough assessment of these risks is difficult due to the large number of relevant statutory and legal requirements and the large number of possible violations. We continually monitor the current legal requirements and new developments in the field of compliance which arise in our industry or the economy. In an international context, we are supported in part by specialized local law firms, and in part by local cooperation partners of renowned German law firms or the local offices of international law firms. Based on this information and other available sources, we continuously update our compliance rules. In addition, R.STAHL plans to support these developments in the future through the application of a suitable software solution in order to further improve the management and control of our compliance efficiently and across all sites. In order to ensure as effectively as possible that our employees know and comply with our Code of Conduct, we inform our managers once a year about our anti-corruption guidelines as well as their obligation to train their employees in these matters. This also includes the obligation to participate in appropriate training.

Environmental/social/governance

Increasing environmental, social and governance requirements from governments and customers as well as financing restrictions from governments, customer requirements and financing restrictions for technologies that emit greenhouse gases could lead to additional costs and risks. Furthermore, a business commitment that affects sensitive environmental, social or governance activities may be perceived negatively and generate negative headlines. This could result in damage to our reputation and impact the achievement of our business objectives. We operate in a number of highly regulated industries. Current or future environmental, health or safety or other government regulations, or changes to such regulations, could require us to adjust our operations and could result in an increase in our operating costs. We also face the risk of potential environmental, health or safety incidents as well as risks from non-compliance with environmental, health or safety regulations by R. STAHL and our contractors or suppliers, resulting in, for example, serious injury, disruption of operations, penalties, loss of reputation or internal or external investigations. Although we have procedures in place to ensure that we are in compliance with various applicable government regulations in the conduct of our business, it cannot be ruled out that violations of applicable government regulations may occur, both on our part and on the part of third parties with whom we have a contractual relationship, including suppliers and service providers.

OVERALL STATEMENT ON THE RISK SITUATION OF R. STAHL AG AND THE R. STAHL GROUP

The most significant challenges were identified first in each of the risk categories. While our assessment of individual risks has changed in financial year 2024 due to the development of external conditions, changes in our business portfolio, the impact of our own counter-measures and the adjustment of our risk assessment, the overall risk situation for R. STAHL has not changed significantly compared to the previous year.

At present, no risks have been identified that, either individually or collectively, could endanger the continued existence of our company.

RISK REPORTING WITH REGARD TO THE USE OF FINANCIAL INSTRUMENTS IN THE ANNUAL FINANCIAL STATEMENTS OF THE PARENT COMPANY AND GROUP

The Group's main risks arising from financial instruments include cash flow risks as well as liquidity, currency, credit and interest rate risks. The company's policy is to avoid or limit these risks to as great an extent as possible. The handling of currency, liquidity, credit and interest rate risks was already described in detail in the Risk Report in the Financial risks section. In addition, the company uses derivative financial instruments whose purpose is to hedge against interest rate and currency risks. Upon commencement of the hedge, both the hedging relationships and the Group's risk management objectives with regard to the hedge are formally defined and documented. A detailed description can be found in the notes to the consolidated financial statements under [36] Derivative financial instruments.

OPPORTUNITIES

As part of our strategy process, we regularly identify and assess opportunities arising in our business areas and act accordingly. In the following, we describe our most significant opportunities. Unless stated otherwise, the opportunities relate to all our organizational units. The order of the presented opportunities reflects the current assessment of the relative magnitude for R. STAHL and therefore provides an indication of the current significance of these opportunities for us. The opportunities described are not necessarily the only ones we are presented with. Also, our assessment of opportunities is subject to change because the company, our markets and technologies are continuously evolving. It is also possible that opportunities we see today may never materialize.

Long-term opportunities

The growing world population and the resulting steady increase in the demand for energy offer long-term growth opportunities for R. STAHL. In addition to the ongoing industrial development in the emerging countries in particular, the improvement of living conditions in developing countries is a main factor driving the growing demand for energy. Since coal and oil as an energy source is becoming less and less socially acceptable in western industrial nations, power supplies are increasingly reliant on natural gas and LNG. We also continue to see the expansion of renewable energies, which is required by climate policy, as an opportunity: To ensure a stable supply with these volatile sources of energy, efficient technical options must be created that can store the electrical energy from wind and solar power over a longer period of time. This power is dependent on the weather and time of day. One of the most promising opportunities for the future is the conversion and storage of electrical energy in the form of hydrogen, methane or methanol and their reconversion into electricity as required. Since these materials are highly explosive, in the long-term there may be a corresponding need for both the production of explosion protection solutions and for their transport and regeneration. To avoid dependence on a pipeline-bound transport by land, ship transport by means of LNG tankers is becoming increasingly important and R. STAHL offers a wide range of explosion-proof equipment for this approach. In this context, there are also opportunities in the upstream and downstream processes of the liquefied gas value chain (gas liquefaction and regasification).

In addition to the rising demand for energy, global population growth also leads to greater demand for products from all other areas of life, such as food, housing, clothing and mobility. This will benefit both the food and chemical industry, for whose production facilities R. STAHL offers tailored explosion protection solutions. We expect an even greater increase in demand for pharmaceutical products, as not only the world's population is growing but also their life expectancy and health awareness.

Finally, the political and social desire to establish and enforce sufficiently strict safety standards in the process industry, as well as the increasing importance of climate protection is also leading to growing demand for explosion protection solutions throughout the world. Here, too, R. STAHL has the opportunity to meet these requirements with sustainable products.

Medium-term opportunities

In the medium term, opportunities arise for R. STAHL from the expansion of its market position and from tapping into new markets. To this end, we defined a series of measures for strategic market development in the reporting period which aim to quantify the regional market potential and allocate resources appropriately and in a targeted manner. In this connection, we are also pursuing the necessary approval procedures to qualify as a supplier for new customers, thereby creating new opportunities to expand our regional market shares in the medium term. Moreover, our continuous and targeted research and development work, which has enabled us to establish strong positions in numerous product areas, will continue to play a key role.

Due to the increasing safety requirements for operators of technical equipment, we also see the opportunity to generate growth with our range of holistic and tailored system solutions. R. STAHL is already a global leader in this field. We plan to take a similar direction with the expansion of our offerings to include services that our customers are requesting as a result of increasing regulation and their own limited capacities. In addition, opportunities arise from our customers' focus on their own core business and the associated outsourcing of engineering and maintenance functions through to new digital services that facilitate the safety management of process plants and enable them to be performed remotely. Training offerings also represent attractive growth opportunities for us.

In terms of regional expansion, the ongoing opening of further markets for IECEx-certified products and solutions – which are becoming increasingly popular also for international projects – offers additional growth potential. We also see opportunities in African countries in the medium term. Initial organizational measures have already been taken to assess the potential more precisely.

We see significant opportunities to increase our productivity and profit in the medium term by optimizing our operational structures and processes as part of our efficiency program EXcelerate. The measures currently being implemented to establish uniform standards throughout the Group and to digitalize and streamline internal processes enable us to ensure short delivery times worldwide and thus address the key needs of our customers. We are pursuing the same objectives with the further automation of our production facilities and toward digitalization.

Short-term opportunities

Assuming the global economy continues to grow, short-term opportunities for us will arise from increasing investment activity in plants for the production and processing of crude oil and natural gas and their downstream products. We continue to expect an economic recovery in all of our core markets, which means that demand for explosion-protected electrical and electronic devices is also expected to pick up in the current year.

In the short term, we see the demand potential for our automation solutions, which we believe will establish themselves largely independently of economic influences, as an opportunity in connection with advancing industrial digitalization.

Digitalization, decarbonization and demographic change could lead to further business opportunities. One of the success factors is a balanced and flexible workforce strategy.

In pursuing our opportunities, we always take account of our financial possibilities. Unfavorable economic conditions may mean that we cannot take full advantage of existing opportunities, or only with a certain delay.

Summary of the opportunity situation

The most important opportunity for R. STAHL is the creation of value through innovation, as described above. While our assessment of the individual opportunities in 2024 changed due to developments in the internal environment and changes in our business portfolio as well as through our own efforts to seize opportunities and by adjusting our own strategic plans, the overall opportunity situation for R. STAHL compared to previous year has not significantly changed.

NON-FINANCIAL GROUP STATEMENT (NOT AUDITED)

GENERAL DISCLOSURES

Basis for preparation

General principles for the preparation of the non-financial Group statement

The non-financial Group statement for the financial year from 1 January to 31 December 2024 was prepared on a consolidated basis for the R. STAHL Group. The scope of consolidation for the non-financial Group statement corresponds to the scope of consolidation of the consolidated financial statements.

The non-financial Group statement has been prepared in accordance with the provisions of the German Commercial Code (HGB). These apply for R. STAHL AG (Sections 289b – 289e HGB) and the R. STAHL Group (Sections 315b, 315c HGB). As part of the audit of the financial statements, the non-financial Group statement including the information on EU Taxonomy was submitted to the auditing firm BDO. An audit by BDO (or any other auditor) did not take place.

The CSR Directive Implementation Act (CSR-RUG), which took effect on 19 April 2017, to implement Directive 2014/95/EU, required R. STAHL to include a non-financial Group statement in the Group management report for the first time in financial year 2017 in accordance with Section 315b HGB. In accordance with Section 315c in conjunction with Section 289c HGB, company-related disclosures must be made on five aspects: Environment, employees, social, respect for human rights and combating corruption and bribery. As in the past, the Supervisory Board of R. STAHL AG reviewed this non-financial Group statement.

Mandatory disclosures in accordance with Sections 289 c – e HGB	Section in the non-financial Group statement
Combating corruption and bribery	Governance
Business model	Strategy
Environmental matters	Environmental information
Employee matters	Social information
Social matters	Social information
Respect for human rights	Social information

Due to the EU Corporate Sustainability Reporting Directive (CSRD), which took effect in 2023, R. STAHL has taken extensive precautions to ensure that its reporting is in line with the European Sustainability Reporting Standards (ESRS). No recognized framework was used in the preparation of this report, as R. STAHL is currently focusing on fully implementing the requirements of the ESRS. Because the CSRD had not yet been implemented into German law as of 31 December 2024, R. STAHL is reporting on the basis of the current version of the ESRS dated 9 August 2024. For the standards ESRS 2, E1, S1, S2, S4, R. STAHL has oriented itself to the ESRS as follows:

- Consideration of double materiality in accordance with ESRS 1
- Assessment of actual / potential negative and positive impacts, risks and opportunities (over short, medium and long-term time horizons) according to the criteria defined in ESRS 1
- Inclusion of the value chain
- Inclusion of affected stakeholders and users
- Consideration of the due diligence procedures of R. STAHL

As soon as the CSRD has been implemented into German law, R. STAHL will fully comply with the requirements of the ESRS. As a result of the gradual alignment with the ESRS and the associated interruption with the principle of consistency, this year's report will contain new information that may not have been used in previous reports, while other previously known information will be omitted. A similar trend is also expected for the following year 2025.

The non-financial Group statement covers R. STAHL's own business activities as well as the upstream and downstream value chain: In the upstream value chain, suppliers responsible for the procurement of raw materials and the delivery of components were taken into account. In the downstream value chain, attention was paid to customers from the oil and gas industry, the chemical as well as end pharmaceutical industries and end users and consumers, among others. The entire value chain was taken into account in the materiality analysis in order to identify material impacts, risks and opportunities. Further information on the value chain can be found in the section Group objectives and strategy.

In preparing this report, the option to omit specific information relating to intellectual property, expertise or the results of innovation in accordance with ESRS 1 section 7.7 has not been applied. For R. STAHL, the exception from the disclosure of upcoming developments or negotiations is not permitted and was therefore not used.

Disclosures in relation to specific circumstances

The definition of time horizons is in line with the ESRS definition and is categorized as short-term (0 – 1 year), medium-term (1 – 5 years) and long-term (> 5 years), meaning that there are no deviations.

Given the gradual adaptation of sustainability reporting to the ESRS, there have been changes in the preparation or presentation of sustainability information compared to previous reporting periods. Because the materiality analysis for the sections on Pollution and Resource use and circular economy have not yet been completed, reporting in these sections is based on the German Commercial Code (HGB).

Governance

The role of management and supervisory bodies

R. STAHL AG is the parent company of the Group and is based on a two-tiered management body. In accordance with the German Stock Corporation Act (AktG), it consists of the Supervisory Board and the Executive Board.

COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BODIES

		2024	2023
Executive members[1]	Number	2	1
Non-executive members[2]	Number	9	9
Total	**Number**	**11**	**10**

[1] Executive Board members
[2] Supervisory Board members

DIVERSITY METRICS EXECUTIVE BOARD

	Number	Share in %
Age		
< 30	0	0.0
30 – 50	0	0.0
> 50	2	100.0
Gender		
Female	0	0.0
Male	2	100.0
Total	**2**	**100.0**

DIVERSITY METRICS SUPERVISORY BOARD

	Number	Share in %
Age		
< 30	0	0.0
30 – 50	2	22.2
> 50	7	77.8
Gender		
Female	2	22.2
Male	7	77.8
Total	**9**	**100.0**

Tobias Popp was appointed to the Executive Board as Chief Commercial Officer (CCO) in the reporting year. Since 1 September 2024, the Executive Board of R. STAHL AG has thus consisted of CEO Dr. Mathias Hallmann and Tobias Popp.

The Supervisory Board consists of nine members, 33% of whom are considered independent in accordance with the definition in the German Corporate Governance Code. A Supervisory Board member is independent if he or she is independent of the company and its Executive Board and independent of a controlling shareholder. In addition to the interests of the shareholders, the interests of the employees are also represented on the Supervisory Board. Three members of the Waldenburg site Works Council assume the role of employee representatives on the Supervisory Board. The Supervisory Board is responsible for the general monitoring of impacts, risks and opportunities.

Under the control of the Supervisory Board, the Executive Board is responsible for the overall strategic direction of the Group and ultimately decides on the procedures, controls and processes in the area of governance for monitoring, managing and supervising impacts, risks and opportunities, including the allocation of resources to implement necessary actions. The monitoring of material risks in the context of ESRS is part of the Group-wide risk management system, which is described in greater detail in the Risk and opportunity report. R. STAHL considers the integration of sustainability-related matters at the most senior corporate level to be a duty and a prerequisite for consistent implementation of the strategy. To this end, the Governance & Sustainability department, which is responsible for coordinating ESG topics, regularly reports to the Executive Board on current sustainability matters. The same applies to regular updates provided to the Supervisory Board on current sustainability matters relevant to the company. No specific controls and procedures have yet been implemented to manage and monitor the management of impacts, risks and opportunities in accordance with the requirements of the ESRS. The procedures already implemented in the area of risk management and ESG already cover these matters in part and are to be adapted. The main impacts, risks and opportunities are described in the section Material impacts, risks and opportunities and their interaction with strategy and business model.

Annual strategic and operational objectives are defined by the specialist departments and approved by the CEO for the locations that are part of the integrated management system. To date, there has been no generally-defined process for setting targets in relation to the individual material impacts, risks and opportunities and for monitoring progress by the Executive Board and Supervisory Board in accordance with the requirements of the ESRS. The management and supervisory bodies and senior management plan to implement processes for setting such targets in the future. These processes will define clear responsibilities for monitoring objectives and progress to ensure the effective implementation of strategic priorities.

All members of the Executive Board and Supervisory Board have the relevant experience in the respective sectors, products and geographical regions that is necessary for the conduct of R. STAHL's business. Among other things, the criteria related to expertise in sustainability topics of importance to the Group of companies plays a key role in the composition of the Supervisory Board. The employee side is represented by three site works councils who have basic knowledge of the legal requirements of works constitution and labor law as well as the applicable collective bargaining agreements.

Information and sustainability matters dealt with by the Executive Board and Supervisory Board

A reporting line from the Senior Vice President (SVP) Governance & Sustainability to the CEO ensures that the Executive Board is informed on an ad hoc basis and at least once a year about material impacts, risks, opportunities, the implementation of due diligence and the results and effectiveness of policies, actions, metrics and defined targets. In addition, the monthly management meetings are used as a communication channel to the upper management level as required. ESG topics are also dealt with at the regular meetings of the Audit Committee of the Supervisory Board. In consultation with the CEO, reports on ESG topics are submitted to the Supervisory Board at the end of each year. The committees consider the impacts, risks and opportunities when monitoring the strategy, deciding on significant transactions and managing risks. Further information on the work and meetings of the Supervisory Board and its committees can be found in the Supervisory Board Report in the section Supervisory Board meetings.

Integration of sustainability related performance in incentive schemes

In 2024, structures for sustainability-related incentive and compensation systems for the Executive Board were planned. Under this system, ESG targets will be integrated into the long-term variable compensation. The definition and integration of specific, measurable targets in line with the ESRS is still pending.

Statement on due diligence

The following table shows how and where the application of the material matters and steps of the due diligence process is reflected in the non-financial Group statement:

Core elements of due diligence	Section in the non-financial Group statement
a) Embedding due diligence in governance, strategy and business model	Governance Strategy
b) Engaging with affected stakeholders in all key due diligence steps	Strategy Impact, risk and opportunity management
c) Identifying and assessing adverse impacts	Impact, risk and opportunity management
d) Taking actions to address those adverse impacts	Topic-specific sections
e) Tracking the effectiveness of these efforts and communicating	Topic-specific sections

Risk management and internal control systems over sustainability reporting

Information on the risk management system and a description of the internal control system can be found in the Risk and opportunity report. Risk and ESG management are both part of the Governance & Sustainability department, which promotes a close exchange of ideas and information. The full harmonization of processes relating to materiality analysis and risk management is to be completed in the 2025 reporting year.

Strategy

Strategy, business model and value chain

R. STAHL specializes in the development and manufacture of products and systems for electrical explosion protection. To the best of our knowledge, none of the products or services offered are prohibited in certain markets. All information on the product portfolio and key markets can be found in the section Basic principles of the Group and in the Economic report. Key figures on employees by geographical area can be found in the section on Equal treatment and equal opportunities for all. Information on sales, which is used to calculate various key figures in the environmental section, can be found in the Consolidated income statement.

Based on the primary activities of R. STAHL, an initial allocation is made to the “Electronics” sector under the sector group “Manufacturing” of the current ESRS sector classification standard. Because these standards are currently still in draft form and no sector-specific reporting standards are yet available, this information should be viewed with reservations.

Information on the Group’s objectives and strategy can be found in the corresponding section Group objectives and strategy. Sustainability is one of the six dimensions of the EXcellence 2030 growth strategy. R. STAHL’s actions should always be guided by environmental, social, governance (ESG) considerations; they are the overriding priority for responsible corporate governance. This is complemented by conscientious and efficient data management. The definition and evaluation of comprehensive, specific and measurable sustainability targets in line with the ESRS are planned for the 2025 financial year. To date, therefore, no assessment of the currently most important products and/or services or significant markets and customer groups has been carried out with regard to sustainability targets. The objectives are to be developed on the basis of the findings of the materiality analysis and the requirements of the ESRS. In particular, the most important products and services, customer categories, geographical areas and relationships with stakeholders should be taken into account. Further information on the process and the results of the materiality analysis can be found in the sections Material impacts, risks and opportunities and their interaction with the strategy and business model and Impact, risk and opportunity management.

Information on company-related challenges that influence the content of sustainability reporting and their mitigation approaches can be found in the Risk and opportunity report.

The main features of R. STAHL’s upstream and downstream value chains lie in the business areas of explosion protection solutions and automation technology. R. STAHL’s value chain originates from raw materials such as aluminum, steel and copper, which are processed by upstream suppliers into intermediate products and electronic components. R. STAHL’s direct suppliers are primarily located in Germany and Europe or in the regional vicinity of the production sites. The goods are then usually transported by road to R. STAHL's production sites. As a result, long-term partnerships provide planning security for both sides. At R. STAHL's own production sites, including the headquarters in Waldenburg (Germany) and the locations in Weimar (Germany), Cologne (Germany), Chennai (India), Houston (USA), Hengelo (Netherlands) and Tranberg (Norway), prefabricated materials are processed into finished products, assembled, packaged and prepared for shipment. The emphasis here is on safe workplaces and fair working conditions for employees. The downstream activities in R. STAHL's value chain begin with the assembly of the manufactured products by qualified external partners. After successful assembly, the products are transported to the customer. The products are sold worldwide through the headquarters, sales offices and distributors, who also provide after-sales services. The products are used by customers in ex-zones (potentially explosive areas) and guarantee safe operation of electrical devices and systems, for example in the pharmaceutical and chemical industries. At the end of the product life cycle, take-back offers help to return the materials to suitable recycling systems. In order to guarantee the high quality and safety standards, industry-independent training and further education courses are regularly offered for people working in ex-zones. The business model provides investors with opportunities to achieve growth potential in emerging markets and integrated solutions for explosion protection. Further details on R. STAHL's business activities and group structure can be found in the sections Business model and Group structure. Details on the development of the scope of the value chain can be found in the section Description of the process to identify and assess material impacts, risks and opportunities.

Data and information from last year's non-financial statement as well as various other internal and external sources were used in the course of preparing the basis for this year's sustainability reporting, in particular for carrying out the materiality analysis. For example, important business partners, resources and products were identified in cooperation with the specialist departments in order to outline the entire value chain as well as the impacts, opportunities and risks of R. STAHL. Detailed information on the materiality analysis methodology can be found in the Strategy section.

Interests and views of stakeholders

R. STAHL attaches great importance to integrating the interests and views of its most important stakeholders into the corporate strategy and business model. As part of the due diligence process and the materiality assessment, the concerns of stakeholders, including customers, suppliers, employees, investors and regulators, are analyzed. R. STAHL conducts comprehensive stakeholder surveys and workshops to better understand their expectations and concerns. The Group uses a variety of channels to communicate effectively with stakeholders: Customers are involved through customer support, surveys, trade fairs and training courses in order to gather feedback and present solutions. For suppliers, the focus is on direct contact with the purchasing department, regular audits and performance evaluations to ensure transparency and quality. Employees are actively involved via internal communication channels such as the intranet and newsletter, feedback meetings, training programs and company events. Annual reports and investor conferences provide investors with transparent insights into the company's development. R. STAHL maintains a dialog with regulatory authorities via compliance reports, regular consultations, reporting and active participation in industry initiatives in order to meet and help shape legal requirements. Comprehensible findings are incorporated into strategic planning and have a significant influence on decision-making processes. For example, we responded to customer feedback by further developing product lines in the area of explosion protection solutions and focusing more on sustainability and efficiency. This continuous dialog ensures that the business strategy not only meets current market requirements, but also takes into account the long-term interests of stakeholders.

The views and interests of the relevant stakeholders with regard to the company's sustainability-related impact are discussed at the monthly management meetings, which are attended by the Executive Board and senior management. Various ESG topics are also dealt with at the regular meetings of the Audit Committee of the Supervisory Board. In consultation with the CEO, full reporting is carried out annually at the end of the year and, if necessary, to the Supervisory Board on an ad hoc basis.

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

R. STAHL carried out a double materiality assessment to identify the main impacts on people and the environment as well as sustainability-related risks and opportunities. The process of carrying out the analysis is explained in the section Impacts, risk and opportunity management. The following table shows the summarized results:

Material impact on people and the environment

Topic standard	Description	Relevant stage of value chain	Time horizon
ESRS E1	The procurement of goods for the manufacture of R. STAHL products generates significant indirect GHG emissions that contribute to climate change.	Upstream and downstream value chain	medium-term (1 – 5 years)
ESRS E1	GHG emissions in the context of the company's activities, which are particularly significant at R. STAHL's production sites, contribute to climate change.	Own business area	medium-term (1 – 5 years)
ESRS E1	The use of fossil fuels in all R. STAHL energy generation plants contributes to climate change through the release of GHG emissions.	Entire value chain	medium-term (1 – 5 years)
ESRS S1	The majority of employees are covered by collective bargaining agreements, which can help to ensure and promote fair working conditions for employees.	Own business area	medium-term (1 – 5 years)
ESRS S1	The work steps and processes required to manufacture products at R. STAHL can endanger the safety and health of employees.	Own business area	medium-term (1 – 5 years)
ESRS S2	In the supply chains of selected goods required for the manufacture of R. STAHL's products, such as certain minerals and metals, there are country and industry risks for the occurrence of child labor.	Upstream value chain	medium-term (1 – 5 years)
ESRS S2	In the supply chains of selected goods required for the manufacture of R. STAHL's products, such as certain minerals and metals, there are country and industry risks for the occurrence of forced labor.	Upstream value chain	medium-term (1 – 5 years)
ESRS G1	Insufficient protection for whistleblowers could lead to people refraining from reporting for fear of reprisals and social conflict. This could subsequently contribute to further human rights violations if incidents are not dealt with.	Entire value chain	medium-term (1 – 5 years)

The impacts described in connection with the ESRS E1 topics are actual negative impacts. The other impacts identified are potential negative impacts. The impacts result from the manufacturing activities and associated processes in the company's own business activities as well as the upstream and downstream value chain and are therefore based on or related to the company's strategy and business model.

Material sustainability-related risks and opportunities

Topic standard	Description	Relevant stage of value chain
ESRS E1	Risk: Increasing global regulation in the area of GHG emissions can pose supply chain risks for R. STAHL, as a significant proportion of the Group's total emissions are generated in the upstream value chain. Increased resource expenditures for reporting obligations and the fulfillment of customer requirements as well as taxes and duties incurred can lead to rising operating and production costs for suppliers, which could be passed on to R. STAHL.	Entire value chain
ESRS E1	Risk: The increasing tightening of climate protection criteria on the part of the capital market in relation to the gas, oil and nuclear power sectors can lead to a significant reduction in investments and an associated increase in financing costs for customers. This could result in a decline in customer purchasing power and consequently to falling orders for R. STAHL.	Entire value chain
ESRS E1	Opportunity: Implementing climate protection actions can help to reduce costs through energy efficiency, provide access to new markets and capital and increase the company's attractiveness as an employer.	Own business area, downstream value chain
ESRS E1	Opportunity: By engaging with suppliers and customers in sustainable procurement strategies through synergy building, cooperation and peer learning, R. STAHL could not only improve environmental sustainability but also achieve financial benefits, which can increase R. STAHL's long-term competitiveness and profitability.	Own business area, downstream value chain
ESRS E1	Risk: Increases in the cost of energy and raw materials can lead to higher costs in the manufacture and filling of products along R. STAHL's entire value chain.	Entire value chain
ESRS S1	Opportunity: A high degree of diversity in the own workforce can have a positive effect on the corporate culture. This can increase employer attractiveness and employee satisfaction, which can contribute to corporate growth.	Own business area
ESRS S4	Opportunity: Ensuring health, safety and consumer protection aspects in the course of the products and training offered can contribute to maintaining safe work processes for customers and preserving their business models in the downstream value chain. In this way, R. STAHL can contribute to long-term customer loyalty and benefit from growing markets and business areas.	Downstream value chain

There were no material risks and opportunities identified that pose a significant risk of a material adjustment to the carrying amounts of the assets and liabilities reported in the associated financial statements in the next reporting period. Because the materiality analysis has been adjusted compared to the previous reporting period, no meaningful basis for comparison is possible for a statement on changes in the material impacts, risks and opportunities compared to the previous reporting period.

Impact, risk and opportunity management

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

The materiality analysis serves as the basis for the alignment of the sustainability strategy and for reporting on material sustainability matters. The materiality analysis involves a comprehensive process aimed at identifying, assessing and prioritizing potential and actual impacts on people and the environment as well as risks and opportunities. The entire process was carried out together with other companies from different sectors and professionally supported by sustainability experts.

As part of the materiality analysis, all companies of the R. STAHL Group, including all production and sales locations, as well as the entire value chain were taken into account. The procedure therefore includes activities, business relationships and geographical circumstances that could lead to an increased risk of adverse effects. As soon as a topic was classified as material for a company, it was also included in the final evaluation. The analysis process started at the Waldenburg site (Germany), where all core functions are located (including Purchasing, Human Resources, Finance and Sales). Many central processes are controlled internationally from Waldenburg, which is why comprehensive insights into the companies of the R. STAHL Group are available. Additional workshops were held at the next two largest production sites in Chennai (India) and Hengelo (Netherlands) to confirm and expand on the results of the central materiality analysis.

At the beginning of the process, the business model and value chain were defined in collaboration with the specialist departments and presented to the management team. In the context of the business model, data and information from last year's non-financial Group statement were used, among other things. Detailed information on the business model can be found in the section Strategy, business model and value chain. In addition, the specialist departments jointly identified the key business partners, resources and products. Based on these efforts, the upstream and downstream value chain was analyzed.

The involvement of the company's stakeholders is a core element of the materiality analysis. A stakeholder analysis was used to identify those actors who are influenced by the company's activities and direct and indirect business relationships throughout the value chain, who exert an influence on the ESG strategy or who have relevant knowledge for assessing impacts, risks and opportunities. The interests of external stakeholders were taken into account by representatives from Sales and Purchasing and with the involvement of the Executive Board. The results agreed with the management team formed the basis for carrying out the pre-assessment.

As part of the workshops, key sustainability aspects were identified and analyzed based on the business model and the value chain. To this end, the sustainability matters listed in the ESRS were examined together with the relevant stakeholders or their representatives. An exception to this are the matters from the topics "Resource use and circular economy" and "Pollution", for which no final materiality assessment could be carried out due to a lack of data availability. The associated matters will be taken into account from the following reporting year. In the course of the pre-assessment, the overview of all sustainability matters was reduced to potential material matters based on the required criteria and taking into account the business model and the value chain. In addition to the specialist qualifications and professional experience of the participants, the channels mentioned in the section Interests and views of stakeholders were also used as input parameters.

For the potential material matters, the status quo of existing concepts and actions was first recorded with the involvement of the relevant stakeholders. On this basis, the impacts, risks and opportunities arising from the current situation were then identified.

Impact materiality

Positive and negative potential and actual impacts on people and the environment were analyzed as part of the assessment of the impact materiality. To this end, the impacts and associated time horizons were first identified together with the stakeholders and their representatives. The definition of the time horizons is based on the requirements of the ESRS and is described in the section Disclosures in relation to specific circumstances. Negative impacts on human rights were labeled separately.

The impacts were then assessed, taking into account the ESRS criteria of severity (scale, scope, irreversibility) and probability of occurrence depending on the type of impact. The average value of all three categories for negative impacts and the two criteria of scale and scope for positive impacts were used to calculate the severity. The severity (scale, irreversibility and scope) is multiplied by the likelihood of occurrence to calculate the measurement value for the impact materiality.

Financial materiality

As part of the assessment of the financial materiality, risks and opportunities arising from the identified impacts and other dependencies were analyzed. To this end, the risks and opportunities and associated time horizons were first identified together with the stakeholders and their representatives. The definition of the time horizons is based on the requirements of the ESRS and is described in the section Disclosures in relation to specific circumstances.

In the course of the analysis process, the relationships between the identified impacts and dependencies on natural, human and social resources were considered. On this basis, risks and opportunities that could arise from these effects and dependencies were identified together with the stakeholders or their representatives. The focus here was on information that is considered essential for the primary users of the general financial reporting when making decisions regarding the provision of resources to R. STAHL. This would be the case, for example, if there are impacts on the company's development, financial position, results of operations, cash flows, access to funds or cost of capital.

The impact was then assessed, taking into account the criteria specified in the ESRS regarding the potential magnitude of the financial impacts and the probability of occurrence of the opportunity or risk. To calculate the value for financial materiality, the magnitude is multiplied by the likelihood of occurrence.

R. STAHL does not prioritize sustainability-related risks in relation to other types of risk. Information on the Group-wide risk management system and the integration of sustainability-related risks can be found in the Risk and opportunity report.

The process for identifying, assessing and managing impacts and risks in the context of ESRS is integrated into the company's risk management process. Significant risks identified as part of the materiality analysis are reported to the risk manager and included in the Group-wide risk management system (RMS) after review. At the same time, the risks contained in the RMS were taken into account in the course of the materiality analysis. With regard to the interfaces to the RMS, however, it should be noted that different definitions are currently used for the extent of damage and the probability of occurrence. In addition, the focus of RMS reporting is primarily on net risks, while the ESRS approach is geared toward gross risks. A harmonization of processes is planned for the coming reporting year.

To identify and assess impacts, risks and opportunities, experts from various specialist areas were interviewed in workshops to ensure that the business model and value chain were taken into account. The next review of the materiality assessment is scheduled for the third quarter of 2025 as part of the preparations for reporting for 2025.

Minimum disclosure requirements for policies, actions, metrics and targets

The minimum disclosure requirements for policies, actions, metrics and targets are taken into account within the reporting of the respective topics. All disclosures (e.g. policies, actions and targets) at Group level are generally monitored at parent company level.

ENVIRONMENTAL INFORMATION

Disclosures in accordance with the Taxonomy Regulation

EU Taxonomy is a central component of the EU Action Plan for the Financing of Sustainable Growth, the objectives of which are to redirect capital flows into sustainable investments, to integrate sustainability into risk management and to promote transparency and a long-term approach in financial and economic activity. With the EU Taxonomy, the necessary uniform classification system for environmentally sustainable economic activities was developed. For the 2024 financial year, the proportion of taxonomy-eligible and taxonomy-aligned sales, capital expenditure („CapEx") and operating expenditure („OpEx") in relation to the environmental objectives (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) prevention and reduction of pollution and (6) protection and restoration of biodiversity and ecosystems is to be reviewed and reported.

Economic activities that are described in the delegated legal acts and are specified for the technical assessment criteria are considered taxonomy-eligible in accordance with Article 1 (5) of the Delegated Act of 6 July 2021 on Article 8 of Regulation (EU) 2020/ 852. Activities that are not defined in the annexes, or business activities that do not comply with the description of activities, are considered taxonomy non-eligible. Economic activities are taxonomy-aligned and thus "environmentally sustainable" within the meaning of the Taxonomy Regulation if they meet the following requirements:

- make a substantial contribution to one or more of the six environmental objectives,
- do no significant harm to the achievement of other EU environmental objectives (DNSH)
- and comply with the established minimum safeguards on human rights, anti-corruption, taxation and fair competition.

The dynamic development of regulations and interpretation decisions may result in adjustments to economic activities and the calculation of key financial figures in subsequent years.

Taxonomy-eligible and taxonomy-aligned economic activities in the R. STAHL Group

The basis of the EU Taxonomy Reporting is the analysis of the activity descriptions of the economic activities from selected sectors in Annex I and II of the Delegated Act with regard to an alignment with the corporate activities of R. STAHL Group. Here, we have identified the following core business activities of R. STAHL in the sector "manufacturing industry/production of goods" with regard to environmental target (1).

TAXONOMY-ELIGIBLE CORE BUSINESS ACTIVITIES IN THE R. STAHL GROUP

Economic activity pursuant to EU taxonomy	Description of R. STAHL activity
3.2 Manufacture of equipment for the production and use of hydrogen	Manufacture and sale of products to the hydrogen industry for the production and use of hydrogen
3.5 Manufacture of energy efficiency equipment for buildings (g)	Manufacture and sale of LED luminaires
3.5 Manufacture of energy efficiency equipment for buildings (j)	Manufacture and sale of presence and daylight sensors for lighting systems (DALI technology)
3.6 Manufacture of other low carbon technologies	Development of lightweight technology

In addition, the activity analysis identified economic activities that cannot be allocated to R. STAHL's core business activities but which also constitute economic activities in accordance with the EU Taxonomy. These activities fall under the "Transport", "Energy" and "Construction and real estate" areas. These are the individual measures by R. STAHL through which target activities are carried out in a low-carbon manner or the emission of greenhouse gases is reduced (e.g. car leasing with low greenhouse gas emissions or maintenance measures taken). The activity analysis covers all six environmental objectives (1) to (6).

OTHER TAXONOMY-ELIGIBLE ACTIVITIES IN THE R. STAHL GROUP

Economic activity pursuant to EU taxonomy		Description of R. STAHL activity
6.5	Transport by motorbikes, passenger cars and light commercial vehicles	Vehicle leasing
7.3	Installation, maintenance and repair of energy-efficiency equipment (d)	Measures for the modernization of building equipment
7.3	Installation, maintenance and repair of energy-efficiency equipment (f)	Measures for the modernization of building equipment
7.6	Installation, maintenance and repair of renewable energy technologies	Maintenance of the photovoltaic system installed in the previous year
7.7	Acquisition and ownership of buildings	Leasing of new buildings/rooms

Compared to the previous year, there have been changes at R. STAHL with regard to one activity: Activity 4.1 is no longer relevant as the construction of the photovoltaic system was completed last year.

Other new activities were also identified in the "Construction and real estate" area.

We assign our business activities solely to the environmental goal (1) of climate change mitigation. We do not disclose any taxonomy-eligible activities under the second environmental goal (2), climate change adaptation, because we do not generate any sales from enabling activities related to this environmental goal and did not identify any separable CapEx (or OpEx) in the reporting year that specifically contribute to climate change adaptation. In the following, the further explanation of the taxonomy-eligibility and taxonomy-alignment of the individual activities will therefore only deal with the criteria within the framework of the environmental goal (1) climate change mitigation.

Activity 3.2: Manufacture of equipment for the production and use of hydrogen

A significant portion of R. STAHL's products are already certified for the use of hydrogen. Despite low sales in financial year 2024, we see great growth potential for our products in the medium to long term, which we are actively driving forward through existing research collaborations.

Taxonomy eligibility

Our products are largely suitable for hydrogen and are used in the manufacture of systems for the production and use of hydrogen. Once again in this reporting year, we came to the conclusion that we can continue to achieve taxonomy-eligibility on the basis of current data.

Taxonomy alignment

Substantial contribution

For the examination of the significant contribution, a differentiation must be made as to whether the products are used for the production or the use of hydrogen. Products that are used for the production of hydrogen must be reviewed in accordance with the significant contribution criteria of Activity 3.10 Production of hydrogen. This requires achieving a minimum level of lifecycle greenhouse gas emissions savings. Proof of compliance with the significant contribution criteria is to be provided as part of Activity 3.10 at the level of our customer.

By contrast, a life cycle analysis does not need to be conducted for products that are used for the application of hydrogen as part of the substantial contribution review. This is already fulfilled by definition of the activity in accordance with Annex I Regulation 2021/2139.

For financial year 2024, a definitive product allocation is currently not possible due to a lack of available data relating to the purpose of "production" or "use", which is why it continues to be impossible to complete the review of the substantial contribution criteria.

DNSH

Because it is currently not possible to differentiate between "production" and "use", it is not possible to carry out a sufficient examination of the DNSH criteria.

Activity 3.5: Manufacture of energy efficiency equipment for buildings

a) Manufacture and sale of LED luminaires

As part of the Manufacture of energy efficiency equipment for buildings, R. STAHL produces and sells explosion-proof luminaires with LED technology. The use of LED technologies leads to a significant reduction in environmental impact due to significantly lower power consumption and longer service life compared to conventional light sources.

R. STAHL also produces luminaires with LED technology in Norway, which are not used for explosion protection.

Taxonomy-eligibility

The production of energy-efficient LED luminaires can be classified under activity 3.5 Manufacture of energy efficiency equipment for buildings of the EU Taxonomy.

Taxonomy-alignment

Substantial contribution

To meet the substantial contribution for environmental objective (1), the LED luminaires sold must be classified in the highest two populated classes of energy efficiency in accordance with Annex I Regulation 2021/2139 Activity 3.5 section substantial contribution to climate change mitigation (letter g). Regulation 2017/1369 and complementary regulations define the corresponding energy efficiency classes A to G. For the analysis of the substantial contribution, it was taken into account whether the LED luminaires are used for explosion protection or not.

According to our current estimate, it will not be possible to achieve a higher energy efficiency class than C or D in the foreseeable future in explosion protection from a technical perspective. This is also reflected in a direct market comparison. The LED luminaires from R. STAHL included in the product portfolio are primarily intended for safety within the scope of reliable explosion protection. The durability of the luminaire is of major importance in the industrial environment.

Taking the previously-mentioned requirements into account, we succeeded in optimizing the majority of products in the LED portfolio with explosion protection to energy efficiency class C in the reporting year. Another exception is a product that falls into energy efficiency class D. Overall, the portfolio currently meets the substantial contribution criteria of the EU Taxonomy. However, it should be noted that the industry-specific interpretation of the substantial contribution criteria is subject to future clarification within the framework of the EU Taxonomy and could change in the coming years based on new findings.

The luminaires with LED technology produced in Norway, which are not produced for explosion protection, achieve energy efficiency class B. Therefore, according to our current assessment, the substantial contribution criteria is also met for these luminaires with LED technology.

b) Manufacture and sale of presence and daylight sensors for lighting systems (DALI technology)

DALI technology, which is used as part of our LED portfolio, is a digital lighting solution that enables significant energy savings for our customers. Centralized and intelligent lighting control, including presence and daylight control, achieves energy savings in lighting systems.

Because DALI technology only accounts for a minor share of sales compared to LED luminaires, the share of sales for DALI technology is not shown separately from LED luminaires. In addition, the criteria for taxonomy-eligibility and taxonomy-alignment are identical for DALI and luminaires with LED technology.

Taxonomy-eligibility

With the help of the presence and daylight sensors, the light intensity can be automatically adjusted to operating processes and the ambient brightness, so that energy efficiency is increased. Therefore, the manufacture and progress of intelligent lighting control can also be classified under taxonomy-eligible Activity 3.5 Manufacture of energy efficiency equipment for buildings.

Taxonomy-alignment

Substantial contribution

The substantial contribution criteria for Activity 3.5 (i) has already been met by definition of the activity under Annex I Regulation 2021/2139.

DNSH

For both our explosion-proof luminaires with LED technology and DALI technology, we addressed compliance with the technical evaluation criteria during the financial year. Due to the small proportion of non-explosion-proof luminaires, these were not included in the DNSH analysis.

The analysis was carried out at product and location level. The production sites for luminaires with LED technology for explosion protection in Weimar and Chennai were taken into account. As in the previous year, the Norwegian location was not taken into account as part of the EU Taxonomy. The EU Taxonomy is subject to interpretation uncertainties with regard to the DNSH criteria and in some cases goes beyond the underlying regulations in regular business operations. The analysis of the DNSH criteria in Weimar and Chennai was based on the rules, regulations and internal guidelines and processes applicable in the EU in the 2024 financial year. Once the DNSH analysis was completed, we came to the conclusion that we cannot fully comply with the DNSH criteria for the luminaires with LED technology at the Weimar and Chennai sites.

In the current reporting year, the adjustments to climate-related economic activities to be applied for the first time in 2024 and the modified technical assessment criteria, which require adjustments to Annex I and II of Delegated Regulation (EU) 2023/2485, could not fully meet the DNSH criterion "Pollution".

Following the adaptation of Article 27 in Appendix C, the activity in the final product will no longer contain substances meeting certain hazard criteria set out in Regulation (EC) No 1272/2008 in a concentration greater than 0.1% by mass, unless it can be demonstrated that no alternatives are available and the substances are used under controlled conditions.

Our analysis has shown that due to the changes in Article 27, a large number of substances of concern need to be assessed. At present, R. STAHL is not yet able to fully carry out these tests. To ensure compliance in subsequent periods, we are planning to implement a system-based process that will enable these substances to be fully recorded.

R. STAHL's approach to assessing the DNSH criteria is explained in detail below in order to further demonstrate the taxonomy eligibility of the remaining DNSH criteria.

Climate change adaptation

The focus of the analysis is on the production sites for luminaires with LED technology in Weimar and Chennai as well as on the headquarters in Waldenburg, where a photovoltaic system was installed for the company's own electricity production in financial year 2023.

In accordance with the principle of proportionality, the focus of the analysis is on the economic activity of R. STAHL's operating activities and does not fully cover dependencies in the value chain. Economic activities related to the supply chain or downstream activities are not expected to be exposed to any significant physical climate risks, because balancing and compensating effects exist in the global supplier and customer market.

In the 2023 reporting year, the 28 acute and chronic climate risks were taken into account in the climate risk analysis and analyzed with regard to their relevance for R. STAHL. The analysis remains valid for the current reporting year, as the Intergovernmental Panel on Climate Change (IPCC) has not yet published a new report that would require any adjustments or changes.

Assessment of the identified physical risks was carried out in accordance with an expected service life of more than ten years with regard to economic activities and a time horizon up to 2050. Our climate-based DNSH assessment is based on the current state of climate science according to the latest IPCC report and peer-reviewed scientific publications. These relate to the Representative-Concentration-Pathway (RCP) 8.5 scenario and the Shared Socio-economic Pathways (SSP) 5-8.5 scenario. The examination of the measures already implemented on the basis of the identified threats revealed that the measures are either sufficient and no further adjustments are required for the 2025 financial year or that the risks identified from the analysis as potentially material are not vulnerable for the respective locations and therefore no adjustment measures need to be examined or installed.

Sustainable use and protection of water and marine resources

ISO 14001 certificates, local legislation and regulations, internal guidelines and processes as well as external data sources were used for compliance with the DNSH criteria. Risks of environmental damage in relation to the preservation of water quality and the prevention of water shortages were identified and analyzed. For the Weimar and Chennai production sites, we were unable to identify any adverse effects on the good status of water bodies or other adverse effects on this basis. Chennai is a special case because it is a high water stress area. Various water reuse and storage measures are in place, so the risk of water scarcity for the Chennai production site is low.

Transition to a circular economy

A long service life and robustness of the luminaires with LED technology is essential for the explosion protection sector. In addition, local legislation and internal processes regarding the recyclability or take-back processes of old luminaires were analyzed. Existing management systems are already aimed at the transition to a circular economy.

Protection and restoration of biodiversity and ecosystems

To analyze compliance with biodiversity and ecosystem requirements, the databases specified in the EU Taxonomy for the Weimar and Chennai production sites were checked. None of the production sites are located near biodiversity-sensitive areas or sensitive ecosystems.

Activity 3.6: Manufacture of other low carbon technologies

We further developed lighweight technology in the 2024 reporting year. This technology includes our newly developed enclosure line, which allows for significant material and weight savings in metal enclosures. This enables us to achieve considerable resource savings both in our own production and for our customers, thus contributing to a reduction in greenhouse gas emissions over the entire life cycle. In the 2024 reporting year, we were able to generate a small amount of sales with this technology for the first time, in contrast to the 2023 reporting year.

Taxonomy-eligibility

Based on resource savings at the level of our customers, the technology aims to significantly reduce greenhouse gas emissions in other sectors of the economy and can thus be classified under taxonomy-eligible Activity 3.6 Manufacture of other low carbon technologies.

Taxonomy-alignment

Substantial contribution

The significant reduction in greenhouse gas emissions compared to the best performing alternative technology available on the market is quantified over the life cycle under the substantial contribution criteria of the EU Taxonomy for environmental goal (1) and verified by an independent third party. Due to the immaterial sales, R. STAHL has waived an audit of the substantial contribution for financial year 2024.

DNSH
Because the development has not yet been completed and no significant sales were generated in the 2024 financial year, the DNSH criteria were not audited.

Activity 6.5: Transport by motorbikes, passenger cars and light commercial vehicles

Within the scope of Activity 6.5, the R. STAHL Group leases vehicles for the employee fleet, for which new lease agreements were concluded in financial year 2024.

Taxonomy-eligibility

These are taxonomy-eligible capital expenditures for the individual measure of leasing vehicles, which can be assigned to taxonomy-eligible Activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles.

Taxonomy-alignment

<u>Substantial contribution</u>

The basis for verifying the substantial contribution to environmental goal (1) is the respective vehicle classes and the associated CO_2 emissions as well as drive technologies. Due to the data basis provided to date, we were unable to fully audit the substantial contribution for the newly leased vehicles in the 2024 financial year.

<u>DNSH</u>

Due to the current data availability of the vehicles, it is not possible to carry out an adequate audit of the DNSH criteria.

<u>Activity 7.3: Installation, maintenance and repair of energy efficiency equipment</u>

In the 2024 financial year, as part of Activity 7.3, we converted most of the lighting in our administrative and production buildings at the Waldenburg, Cologne and Weimar sites to LED and installed water-saving faucets.

Taxonomy-eligibility

These are taxonomy-eligible capital expenditures which, as individual measures, can be assigned by R. STAHL to economic activity 7.3 Installation, maintenance and repair of energy efficiency equipment.

Taxonomy-alignment

<u>Substantial contribution</u>

To meet the substantial contribution criteria of Activity 7.3 for environmental goal (1), the measures implemented must include one of the individual measures listed in Annex I Regulation 2021/2139.

The activities carried out by R. STAHL with regard to LED luminaires are recorded under point (d) Installation and replacement of energy-efficient light sources. In addition, the replaced LEDs must be classified in the two highest energy efficiency classes that include products. Regulation 2017/1369 and complementary regulations define the corresponding energy efficiency classes A to G. Due to a lack of data, it was not possible to assess the energy efficiency class for R. STAHL.

The activities carried out by R. STAHL with regard to water-saving faucets are included under point (f) Installation of water- and energy-saving kitchen and sanitary fittings. The faucets have a maximum water flow rate below the specified values. There is no certification by an existing label in the European Union.

<u>DNSH</u>

Due to the current availability of data regarding the energy efficiency class and the corresponding labeling, it is not possible to carry out a sufficient check of the DNSH criteria.

<u>Activity 7.6: Installation, maintenance and repair of renewable energy technologies</u>

In the 2023 reporting year, we installed a photovoltaic system at our site in Waldenburg and successfully put the system into regular operation. The 4-hectare plant with an annual capacity of approximately 6 gigawatt hours makes an important contribution to covering energy requirements with renewable energies. In addition to continuous energy generation, scheduled maintenance work was carried out in the 2024 reporting year to ensure the efficient and trouble-free operation of the plant.

Taxonomy eligibility

These are taxonomy-eligible operational expenditures which, as individual measures, can be assigned by R. STAHL to economic activity 7.6 Installation, maintenance and repair of renewable energy technologies.

Taxonomy alignment

<u>Substantial contribution</u>

To meet the substantial contribution criteria of Activity 7.6 for environmental goal (1), the measures implemented must include one of the individual measures listed in Annex I Regulation 2021/2139, provided that installation is carried out on site as a technical building system. The activity carried out by R. STAHL falls under point (a) installation, maintenance and repair of photovoltaic systems and related technical equipment and thus fulfills the substantial contribution criterion for activity 7.6 (a) per definition of activity in Annex I Regulation 2021/2139.

DNSH

The activity must fulfill the criteria in Annex A. The climate risk analysis for the Waldenburg site was explained as part of Activity 3.5 Manufacture of energy efficiency equipment for buildings.. Activity 7.6 is therefore classified as taxonomy-aligned.

Activity 7.7: Acquisition and ownership of buildings

Within the scope of Activity 7.7, the R. STAHL Group reports on real estate for which new lease agreements were completed in financial year 2024.

Taxonomy eligibility

These are taxonomy-eligible capital expenditures that can be allocated to activity 7.7 Acquisition and ownership of buildings.

Taxonomy alignment

Substantial contribution

In order to meet the substantial contribution of Activity 7.7 to the environmental objective (1), buildings built before 31 December 2020 must either have a class A energy performance certificate (EPC) or be in the top 15% of the national or regional building stock in terms of primary energy demand, which must be supported by appropriate evidence. These certificates should show the energy efficiency of the property in comparison to the national or regional building stock before the deadline and differentiate between residential and non-residential buildings. For buildings built after 31 December 2020, the criteria set out in activity 7.1 must be met at the time of acquisition. It must also be ensured that large non-residential buildings with a rated output of more than 290 kilowatts for heating and air conditioning systems guarantee their efficient operation by monitoring and evaluating their energy efficiency.

Two new properties were leased in the 2024 financial year. Due to the current availability of data, R. STAHL has refrained from auditing the substantial contribution for the 2024 financial year.

DNSH

Due to the current availability of data, it is not possible to carry out an adequate audit of the DNSH criteria.

Minimum requirements

Verification of compliance with the minimum requirements represents the final step in the alignment review. The minimum requirements include all procedures to ensure that economic activities are carried out in accordance with the following regulations:

- the OECD Guidelines for Multinational Enterprises;
- the United Nations Guiding Principles on Business and Human Rights, including the Declaration on Fundamental Principles and Rights at Work by the International Labor Organization (ILO), the eight ILO core labor standards;
- the International Bill of Human Rights;
- Implementation is based on the principle of avoiding significant impairments from the Sustainable Finance Disclosure Regulation (SFDR).

This risk analysis covers the topics of human rights, taxation, bribery and corruption as well as fair competition. Various processes and training courses are in place in the company for each of these dimensions and we are committed to complying with all relevant requirements. We are also constantly implementing new processes and updates. Regular risk analyses are used to identify, assess and implement measures that prevent, terminate and mitigate negative effects throughout the extended value chain. As a result of the risk analysis, it was determined that there were no violations or reports against any of the minimum protection requirements mentioned above in the 2024 financial year and no significant risks or effects were identified.

Our business relationships with our business partners are based on the Code of Conduct. We review the requirements set out in the Code as part of regular supplier audits. Both existing suppliers and customers are regularly reviewed in line with our processes.

We are currently revising our Supplier Code of Conduct for suppliers, so potential future suppliers are not currently being reviewed. This interruption is temporary, and following the implementation of the revised code, reviews will continue in a timely manner to ensure that all suppliers meet the updated standards. No sustainability risks or violations were identified in the value chain during the financial year.

At the end of our assessment, we conclude that our processes and procedures enable us to meet the minimum protection requirements in the 2024 financial year.

Key performance indicators (KPIs) and accounting policies

Furthermore, the definitions of the ratios on sales, CapEx and OpEx listed in Annex 1 to Regulation (EU) 2021/2178 were analyzed and the data for the respective benchmarks (denominator of the respective ratio) was collected based on our reporting systems. Approaches for collecting the corresponding ratios were then defined for the activities identified as taxonomy-eligible.

Since we do not carry out any of the activities related to natural gas and nuclear energy (activities 4.26 – 4.31), we use only the reporting form "activities in the nuclear energy and fossil gas sectors" introduced by the supplementary Delegated Act for activities in certain energy sectors in the following section.

	Activities in the field of nuclear energy	
1	The company is active in the research, development, demonstration and deployment of innovative power generation plants that generate energy from nuclear processes with minimal waste from the fuel cycle, finances such activities or holds risk positions in connection with these activities.	no
2	The company is active in the construction and safe operation of new nuclear plants for the generation of electricity or process heat – including for district heating or industrial processes such as hydrogen production – and in their safety-related improvement using best available technologies, finances such activities or holds risk positions in connection with these activities.	no
3	The company is active in the safe operation of existing nuclear facilities for the generation of electricity or process heat – including for district heating or industrial processes such as hydrogen production – as well as in their safety-related improvement, finances such activities or holds risk positions in connection with these activities.	no
	Activities in the fossil gas sector	
4	The company is active in the construction or operation of plants for the generation of electricity from fossil gaseous fuels, finances such activities or holds risk positions in connection with these activities.	no
5	The company is engaged in the construction, modernization and operation of fossil gaseous fuel cogeneration plants, finances such activities or holds risk positions related to these activities.	no
6	The company is active in the construction, modernization and operation of plants for heat generation that produce heat/cooling from fossil gaseous fuels, finances such activities or holds risk positions in connection with these activities.	no

Sales reporting

The review of sales for taxonomy eligibility was carried out on the basis of sales revenue as reported in the consolidated financial statements. In accordance with Article 8 of the Delegated Act, net sales, which comply with IFRS, were used as the basis, with sales deductions being negligible. Of this amount, € 2,235 thousand is attributable to Activity 3.2 (2023: € 1,071 thousand), € 51,782 thousand to Activity 3.5 (2023: € 55,539 thousand) and € 1,176 thousand to Activity 3.6 (2023: € 0 thousand). The calculation of sales figures for all activities is based on customer contracts concluded in the 2024 financial year. In the 2024 financial year, no taxonomy-aligned revenue (2023: € 40,136 thousand) could be reported in relation to luminaires with LED technology.

Data collection for Activity 3.2 Manufacture of equipment for the production and use of hydrogen was conducted through Global Sales. For the manufacture of equipment for the production and use of hydrogen, only sales were used for which the customer or the end customer is active in the field of hydrogen and the R. STAHL products are also used for the production or use of hydrogen. Sales where the intended use is unclear, which is the case, for example, when the products are sold via distributors, were allocated to the non-taxonomy-eligible economic activities on a flat-rate basis.

Within Activity 3.5 Manufacture of energy efficiency equipment for buildings, R. STAHL generates revenues from the sale of LED luminaires in its product portfolio as well as from digital lighting solutions based on DALI technology, which customers can optionally purchase additionally when buying LED luminaires. The data was also collected by Group Controlling based on product-type-related system excerpts for LED sales including the associated DALI sales. When determining the taxonomy-eligible sales, the luminaires with LED technology that were produced for explosion protection and can be assigned to energy efficiency class C or D and the luminaires with LED technology that were not produced for explosion protection and can be assigned to energy efficiency class A or B as well as the luminaires produced for emergency lighting were taken into account. Only luminaires with LED technology that were produced for explosion protection with an energy efficiency class C or D at the Weimar and Chennai sites were considered for taxonomy alignment.

As part of Activity 3.6 Manufacture of other low carbon technologies, R. STAHL achieves sales from the sale of control cabinets with lightweight technology for the first time. The data was also collected by Group Controlling. As a result, taxonomy-eligible sales were reported for Activity 3.6 Manufacture of other low carbon technologies for the first time. In view of the currently still insignificant volume of sales generated, no alignment audit was carried out.

SALES TEMPLATE

Financial year 2024

Economic activities (1)	Code (2)	Sales (3)	Proportion of sales, 2024 (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	DNSH criteria ("Do No Significant Harm"): Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) sales, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€ 000	in %	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	0.0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	N	Y	Y	Y	12.1%	E	
Sales of environmentally sustainable activities (taxonomy-aligned) (A.1.)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**N**	**Y**	**Y**	**Y**	**12.1%**		
Thereof enabling activities		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**N**	**Y**	**Y**	**Y**	**12.1%**	**E**	
Thereof transitional activities		**0.0**	**0.0%**	**0.0%**						**Y**	**Y**	**Y**	**N**	**Y**	**Y**	**Y**	**0.0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	2,235	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Manufacture of energy efficiency equipment for buildings	CCM 3.5	51,782	15.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4.7%		
Manufacture of other low carbon technologies	CCM 3.6	1,176	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Sales of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		**55,193**	**16.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**5.0%**		
A. Sales from taxonomy-eligible activities (A.1. + A.2.)		**55,193**	**16.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**17.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Sales of taxonomy-non-eligible activities (B.)		**288,955**	**84.0%**																
TOTAL (A. + B.)		**344,148**	**100.0%**																

CapEx reporting

Capital expenditures in the reporting year as defined by the EU Taxonomy include additions to tangible and intangible fixed assets (accounted for in accordance with IAS 16 and IAS 38) including additions to right of use from leases accounted for in accordance with IFRS 16, before depreciation, amortization, impairment losses and remeasurements. Goodwill is not included in capital expenditure because it is not defined as an intangible asset in accordance with IAS 38.

In financial year 2024, the additions as defined above at R. STAHL consisted of the following

- € 6,153 thousand (2023: € 7,069 thousand). Additions to intangible assets (see notes to the consolidated financial statements Table Intangible assets, line "Additions", excluding the goodwill column)
- € 12,914 thousand (2023: € 13,467 thousand). Additions to property, plant and equipment including right of use (see notes to the consolidated financial statements Property, plant and equipment, table on the development of Property, plant and equipment, line "Additions", column "Total")

In the financial year, the taxonomy-eligible capital expenditures include leases for passenger cars in accordance with IFRS 16, capitalized internally generated intangible assets for lightweight technology and capitalized assets relating to the production of energy-efficient building equipment.

For activity 3.2 Manufacture of equipment for the production and use of hydrogen, on the other hand, no capital expenditures could be taken into account because products for the hydrogen industry are subject to the same manufacturing process as products for other industries or sectors. Due to the magnitude of the identified hydrogen sales in relation to total sales, and in the absence of adequate allocation keys, these expenditures were allocated on a lump-sum basis to non taxonomy-eligible capital expenditures.

For activity 3.5 Manufacture of energy efficiency equipment for buildings, capital expenditures directly attributable to the activity were included. Among these were tools and production-related devices. The taxonomy-aligned additions to property, plant and equipment, which can be allocated to activity 3.5, amounted to € 0 thousand in the 2024 financial year (2023: € 954 thousand). The taxonomy-eligible additions to property, plant and equipment, which can be allocated to activity 3.5, amounted to € 2,325 thousand in the 2024 financial year (2023: € 163 thousand).

Capital expenditures for activity 3.6 Manufacture of other low carbon technologies amounted to € 151 thousand in the 2024 financial year (2023: € 697 thousand). These expenses are directly attributable to the activity and were capitalized as additions to intangible assets as part of the development of lightweight technology.

For activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles, capital expenditures in the 2024 financial year amounted to € 1,495 thousand (2023: € 1,392 thousand) and take into account the rights of use for vehicles acquired in the financial year.

For activity 7.7 Acquisition and ownership of buildings, capital expenditure in the 2024 financial year amounts to € 755 thousand (2023: € 19 thousand) and take into account the rights of use to buildings acquired in the financial year.

CAPEX TEMPLATE

Financial year 2024

				Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")									
Economic activities (1)	**Code (2)**	**CapEx (3)**	**Proportion of CapEx, 2024 (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) CapEx, 2023 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
		€ 000	in %	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	0.0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	N	Y	Y	Y	4.6%	E	
Electricity generation using solar photovoltaic technology	CCM 4.1	0.0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	N	Y	Y	Y	18.5%		
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**N**	**Y**	**Y**	**Y**	**23.1%**		
Thereof enabling		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**N**	**Y**	**Y**	**Y**	**23.1%**	**E**	
Thereof transitional		**0.0**	**0.0%**	**0.0%**						**Y**	**Y**	**Y**	**N**	**Y**	**Y**	**Y**	**0.0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy aligned activities)				**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of energy efficiency equipment for buildings	CCM 3.5	2,325	12.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8%		
Manufacture of other low carbon technologies	CCM 3.6	151	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.4%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1,495	7.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.8%		
Acquisition and ownership of buildings	CCM 7.7	755	4.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		**4,726**	**24.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**11.1%**		
A. CapEx of taxonomy-eligible activities (A.1. + A.2.)		**4,726**	**24.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**34.2%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of not taxonomy-eligible activities (B.)		**14,342**	**75.2%**																
Total (A. + B.)		**19,068**	**100.0%**																

OpEx reporting

The EU Taxonomy definition for determining operating expenses includes direct, non-capitalized expenses for research and development, building renovation, short-term leasing, maintenance and repair and other direct expenses related to the day-to-day maintenance of property, plant and equipment. Total operating expenses for the 2024 reporting year amounted to € 17,756 thousand (2023: € 17,194 thousand).

Total operating expenses for the reporting period thus comprise the following costs:

- All direct, non-capitalized research and development costs recognized as an expense in the consolidated income statement in the reporting period (in accordance with IAS 38.126);
- Non-capitalized lease expenses for short-term leases and low-value leases in accordance with IFRS 16;
- Maintenance and repair costs.

Taxonomy-eligible operating expenses in financial year 2024 primarily include direct, non-capitalized research and development costs related to the manufacture and maintenance of energy efficiency equipment for buildings and the development of lightweight technology.

In the 2024 financial year, taxonomy-aligned operating expenses include the maintenance of renewable energy technologies.

For activity 3.2 Manufacture of equipment for the production and use of hydrogen, on the other hand, no operating expenses could be taken into account because products for the hydrogen industry are subject to the same manufacturing process as products for other industries or sectors. In line with capital expenditures, operating expenses are therefore allocated on a lump-sum basis to not taxonomy-eligible operating expenses.

For the achievement of taxonomy-eligible sales in terms of activity 3.5 "Manufacture of energy efficiency equipment for buildings", the operating expenses directly attributable to the activity were taken into account. These include directly attributable research and development costs in connection with DALI technology and maintenance costs for the LED portfolio. In the 2024 financial year, taxonomy-aligned expenses amounted to € 0 thousand (2023: € 588 thousand). Of this amount, € 0 thousand (2023: € 464 thousand) was attributable to research and development and € 0 thousand (2023: € 124 thousand) to maintenance. In contrast, taxonomy-eligible operating expenses amounted to € 334 thousand in the 2024 financial year (2023: € 0 thousand). Of this amount, € 204 thousand (2023: € 0 thousand) is attributable to research and development and € 130 thousand (2023: € 0 thousand) to maintenance.

For activity 3.6 Manufacture of other low carbon technologies, operating expenses were recognized as part of directly attributable research and development costs. Expenditures in the 2024 financial year amounted to € 209 thousand (2023: € 210 thousand).

For activity 7.3 Installation, maintenance and repair of energy efficiency equipment, all operating expenses were included as part of the individual measures performed for LED lighting replacement in our administrative buildings and production areas as well as water-saving faucets. Expenditures in the 2024 financial year amounted to € 70 thousand (2023: € 189 thousand).

For activity 7.6 Installation, maintenance and repair of renewable energy technologies, all operating expenses relating to the individual measures carried out for the maintenance of the photovoltaic system were taken into account. Taxonomy-aligned expenditures in the 2024 financial year amounted to € 18 thousand (2023: € 0 thousand).

For the financial year, there was no overlap between the operating expenses for our individual measures and the operating expenses directly attributable to the production of energy-efficient building equipment.

OPEX TEMPLATE

Financial year 2024

				Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")									
Economic activities (1)	**Code (2)**	**OpEx (3)**	**Proportion of OpEx, 2024 (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) OpEx, 2023 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
		€ 000	in %	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	N	Y	Y	Y	3.4%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	18	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y							0.0%	E	
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)		**18**	**0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**N**	**Y**	**Y**	**Y**	**3.4%**		
Thereof enabling activities		**18**	**0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Y**	**Y**	**Y**	**N**	**Y**	**Y**	**Y**	**3.4%**	**E**	
Thereof transitional activities		**0**	**0.0%**	**0.0%**						**Y**	**Y**	**Y**	**N**	**Y**	**Y**	**Y**	**0.0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of energy efficiency equipment for buildings	CCM 3.5	334	1.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Manufacture of other low carbon technologies	CCM 3.6	209	1.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.2%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	70	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.1%		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		**613**	**3.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**2.3%**		
A. OpEx of taxonomy-eligible activities (A.1. + A.2.)		**631**	**3.6%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**5.7%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of not taxonomy-eligible activities (B.)		**17,125**	**96.4%**																
TOTAL (A. + B.)		**17,756**	**100.0%**																

Climate change mitigation

Governance

Information on the inclusion of ESG aspects in Executive Board compensation can be found in the section on the Integration of sustainability related performance in incentive schemes.

Strategy and policies relating to climate change mitigation

Transition plan for climate change mitigation

R. STAHL does not yet have a transition plan for climate change mitigation. The development of such a transition plan is planned for 2025.

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

Information on the process for identifying and assessing material impacts, risks and opportunities can be found in the Strategy section. In the course of the analysis, climate-related topics were also considered together with various stakeholder groups. In the context of climate change, three key climate-related transition risks were identified:

Increasing global regulation in the area of greenhouse gas (GHG) emissions can pose supply chain risks for R. STAHL, as a significant proportion of the Group’s total emissions are generated in the upstream value chain. Increased resource expenditures for reporting obligations and the fulfillment of customer requirements as well as taxes and duties incurred can lead to rising operating and production costs for suppliers, which could be passed on to R. STAHL.

The increasing tightening of climate protection criteria on the part of the capital market in relation to the gas, oil and nuclear power sectors can lead to a significant reduction in investments and an associated increase in financing costs for customers. This could result in a decline in customer purchasing power and consequently to falling orders for R. STAHL.

Increases in the cost of energy and raw materials can lead to higher costs in the manufacture of products along R. STAHL’s entire value chain.

The resilience of the corporate strategy and business model in relation to climate change was considered in the context of the climate risk analysis.

R. STAHL has carried out a resilience analysis of its strategy and business model, which assesses physical climate risks along the entire value chain. Physical and transitional risks were considered at a higher level when carrying out the materiality analysis. As part of the EU taxonomy climate risk assessment, climate scenarios were considered that model a future with high greenhouse gas emissions and major economic and social changes. In addition to the frequency of climate hazards, vulnerability was also considered. The assessment of vulnerability, taking into account the extent of potential disruption to economic activity, leads to a decision on a material risk. No significant physical climate risks were identified in the resilience analysis, which indicates that the strategy and business model are sufficiently resilient. Further information on the scope and results of the analysis can be found in the section Disclosures in accordance with the Taxonomy Regulation.

In addition to the risks described above, the following negative impacts on climate change were identified in the course of the materiality analysis:

The procurement of goods for the manufacture of R. STAHL products generates significant indirect GHG emissions that contribute to climate change.

GHG emissions in the context of the company’s activities, which are particularly significant at R. STAHL’s production sites, contribute to climate change.

The use of fossil fuels in all R. STAHL energy generation plants contributes to climate change through the release of GHG emissions.

The main climate-related opportunities in our own operations and within the upstream and downstream value chain are as follows:

Implementing climate protection actions can help to reduce costs through energy efficiency, provide access to new markets and capital and increase the company’s attractiveness as an employer.

By engaging with suppliers and customers in sustainable procurement strategies through synergy building, cooperation and peer learning, R. STAHL could improve supplier relationships and thus reduce costs. This can increase R. STAHL’s competitiveness and profitability.

Policies related to climate change mitigation

The topics of energy and emissions are a focus of R. STAHL's environmental activities. In addition to the use of renewable energies, energy efficiency is also being increased in order to reduce greenhouse gas emissions in the company's own operations and the supply chain, thereby contributing to climate change mitigation. These voluntary commitments are therefore part of the R. STAHL Code of Conduct, the Corporate policy, the Management manual and the Code of Conduct of the ZVEI-VDMA, to which R. STAHL is also commited. The defined requirements relate to the R. STAHL Group's own business area and the upstream value chain and are not limited to specific geographical areas. The Executive Board of R. STAHL AG represents the most senior level in the company's organization, which is responsible for implementing the requirements mentioned above. In principle, R. STAHL intends to define strategic lines of action across the Group for other issue categories as well and to combine them in a comprehensive concept. These will then also contain statements on the achieved and expected reduction in greenhouse gas emissions. Selected concepts are currently being revised within the scope of preparations for ISO 50001 certification of the Waldenburg and Weimar sites.

Actions

R. STAHL has implemented actions at various locations worldwide to increase energy efficiency and reduce emissions across the Group. Unless otherwise described, these are continuous actions with no defined end date.

In the reporting year, electricity from 100% renewable energy sources was purchased for the Waldenburg, Weimar, Cologne and Hengelo sites. A portion of the electricity needed at the production sites is generated through R. STAHL's own photovoltaic systems, which gradually increase our independence from purchased energy sources. The ground-mounted photovoltaic system in Waldenburg feeds electricity into the grid for regional supply. In 2024, a total of almost 3 GWh of electricity was fed into the public grid by this solar installation. Solar power is also generated at the Indian site in Chennai with the photovoltaic system installed on site, which covers around 12% of annual electricity requirements.

R. STAHL implements projects to improve the energy systems and production processes, thus reducing overall energy consumption and indirect emissions. At the largest production site in Waldenburg, the following actions were implemented in 2024 to reduce electricity consumption and thus also CO_2 emissions: Replacement of another injection molding machine, installation of a new compressor for all production lines and replacement of the lighting in the production area (now efficient LED lights). Employees receive regular training on environmental and energy topics. These actions will reduce annual electricity consumption by approximately 173 MWh or 73 tons of CO_2. Appropriate meters and a recording system are used in the implementation to monitor the actual energy savings.

In order to evaluate and improve performance in the area of energy consumption, the energy consumption of the production sites, which are mainly responsible for the Group's total energy consumption, is recorded annually. This is used to define improvement actions for the following year.

In addition, energy audits are carried out at the German locations every four years. R. STAHL is oriented toward the European standard DIN EN 16247, which defines the quality requirements for energy audits, and derives energy-saving actions from the results. Certification of R. STAHL Schaltgeräte GmbH in accordance with the ISO 50001 standard is planned for 2025. ISO 50001 contributes to climate protection through a structured approach to improving and optimizing energy consumption. This can help to reduce greenhouse gas emissions.

Targets

Since the beginning of 2024, the development of measurable, outcome-oriented and time-bound targets in line with the ESRS has been pursued with regard to the main climate-related impacts, opportunities and risks. The process has not yet been completed. Reducing energy consumption and the associated reduction of CO_2 emissions is a strategic objective for all R. STAHL production sites. For this reason, various operational actions were defined and scheduled in the reporting year. These are described in more detail in the previous section. Progress is assessed on the basis of the development of the indicators described. The effectiveness of the actions is monitored using various metrics. In the course of the planned ISO 50001 certification of the Waldenburg and Weimar sites, the definition and implementation of further targets is planned.

Energy consumption and energy mix

Total energy consumption in 2024 was 0.4% lower than in 2023. The share of renewable sources in total energy consumption increased by 2.9% to 39.8%. The solar park in Waldenburg increased the consumption of self-generated renewable energy by 221%.

ENERGY CONSUMPTION AND ENERGY MIX

in MWh / %	**2024**	**2023**
(1) Fuel consumption from coal and coal products (MWh)	0	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	14.0	157.4
(3) Fuel consumption from natural gas (MWh)	7,104.8	6,415.8
(4) Fuel consumption from other fossil sources (MWh)	0	0
(5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	1,449.3	2,445.6
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	8,568.2	9,018.8
Share of fossil sources in total energy consumption (%)	60.2	63.1
(7) Consumption from nuclear sources (MWh)	0	0
Share of consumption from nuclear sources in total energy consumption (%)	0	0
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0
(9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	3,835.4	4,437.7
(10) The consumption of self-generated non-fuel renewable energy (MWh)	1,824.7	825.3
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	5,660.1	5,263.0
Share of renewable sources in total energy consumption (%)	39.8	36.9
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	**14,228.3**	**14,281.8**

ENERGY INTENSITY BASED ON SALES REVENUE

in MWh/€ 000	**2024**	**2023**
Total energy consumption per sales revenue	0.041	0.043

Consumption information was collected at all locations and documented with evidence such as invoices or meter readings. The key figures for the sales locations could not be fully validated internally, which is why only the consumption of the production locations is included in the key figures described above. The key figures were not externally validated.

R. STAHL is assigned to the “Electronics” sector, which is one of the high climate impact sectors according to ESRS. For this reason, all sales revenue is considered revenue activities with high climate impact and is therefore not broken down separately from total net sales. Sales revenue in 2024 amounted to € 344,148 thousand (2023: € 330,564 thousand).

Gross Scope 1 and 2 and total GHG emissions

GHG EMISSIONS AT THE PRODUCTION SITES

in t CO_2e	**2024**	**2023**
Scope 1 gross GHG emissions	2,269.9	2,132.4
Scope 2 gross GHG emissions (location-based)	3,338.1	3,589.7
Total GHG emissions	**5,608.0**	**5,722.1**

The GHG emissions were calculated using the information collected in the Energy consumption and energy mix section and are subject to the limitations described. The calculations include energy-related emissions (electricity, gas, district heating, heating oil, diesel) from the production sites, which account for the majority of R. STAHL's emissions. Emissions from company cars at the German locations, which are also used privately, were also taken into account in the calculation. Other emissions are not yet included in the carbon footprint due to limited data availability. There are no biogenic CO_2 emissions from the combustion or biodegradation of biomass.

On this basis, the Scope 1 and 2 emissions were summarized using the "BWIHK-ecocockpit" accounting tool. The tool is based on the internationally recognized GHG standard and provides emission factors from the GEMIS and Probas databases as well as from the Federal Ministry for Economic Affairs and Climate Action, which were used for the calculations. No market-based Scope 2 emissions or Scope 3 emissions have been calculated to date; reporting on this is planned for 2025. The key figures were not externally validated.

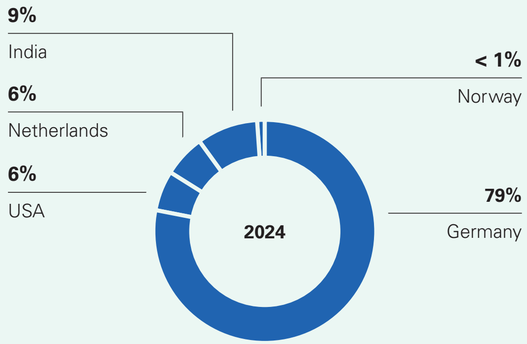
GHG INTENSITY PER NET SALES

in t CO_2e/€ 000	2024	2023
Total GHG emissions (location-based) per sales revenue	0.016	0.017

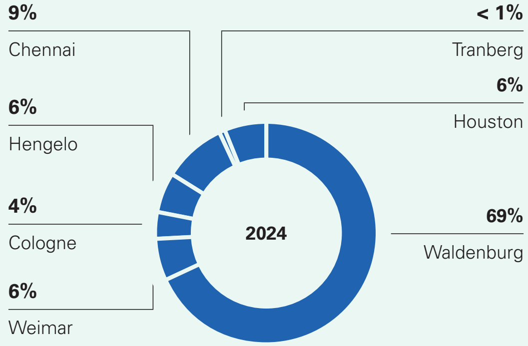
Sales revenue in 2024 amounted to € 344,148 thousand (2023: € € 330,564 thousand).

No purchase, sale or transfer of carbon certificates or greenhouse gas certificates took place. Emissions of CH_4, N_2O, HFC, PFC, SF_6 and NF_3 as well as additional non-CO_2 greenhouse gases were not separately determined or taken into account outside the specifications in the emission factors used.

BREAKDOWN OF ACCUMULATED SCOPE 1 AND 2 EMISSIONS BY COUNTRY



BREAKDOWN OF ACCUMULATED SCOPE 1 AND 2 EMISSIONS BY LOCATION



R. STAHL does not participate in a regulated emissions trading system. There was no removal of greenhouse gases or projects to reduce greenhouse gases that were financed through carbon certificates. It is therefore not possible to provide information on the requirements of the Minimum Disclosure Requirements (MDR) of the ESRS for this aspect. R. STAHL does not currently use any internal carbon pricing schemes. It is therefore not possible to provide information on the requirements of the Minimum Disclosure Requirements (MDR) of the ESRS for this aspect.

Pollution

The materiality analysis for the following section has not yet been fully completed. Therefore, until the materiality analysis is completed, reporting will be in accordance with the German Commercial Code (HGB) as in the previous year.

R. STAHL is committed to the safe handling of hazardous materials and chemicals through proper labeling, safe handling, transportation and storage. This also includes the handling of materials that contain substances of concern or substances of very high concern (SOCs; SVHCs). The Group complies with the laws and regulations on hazardous materials, chemicals and substances that apply to the respective business location and/or market.

These commitments are therefore part of the R. STAHL Code of Conduct, the Corporate policy and the Code of Conduct of the ZVEI-VDMA, to which R. STAHL has also committed itself. The defined requirements relate to the R. STAHL Group's own business area and the upstream value chain and are not limited to specific geographical areas. The certification of the ISO 14001 environmental management system at the production sites in Germany, the Netherlands and India results in further environmental protection requirements at these sites, some of which go beyond local legislation.

R. STAHL regularly assesses the extent of potential environmental impacts such as air, water and soil pollution that could result from the use of critical materials in the products it manufactures. Raw materials are reduced where possible or replaced by harmless materials. If substances with use restrictions are utilized, a corresponding product declaration is made. As part of the monitoring of substance bans and restrictions, R. STAHL manages substance-specific information in data systems, which are also used to certify product conformity. Information is forwarded to our customers by means of statements on the conformity of the products REACH, RoHS, WEEE and other national, European and international regulations and guidelines for the monitoring of raw materials and purchased components regarding forbidden substances and those which must be declared. Further information on this can be found in the section End users.

Resource use and circular economy

The materiality analysis for the following section has not yet been fully completed. Therefore, until the materiality analysis is completed, reporting will be in accordance with the German Commercial Code (HGB) as in the previous year.

R. STAHL pursues an approach to waste avoidance and reduction as well as proper disposal in order to promote a circular economy. The Executive Board is the most senior level in the company's organization and is responsible for implementing the waste concept. These commitments are therefore part of the R. STAHL Code of Conduct and the Code of Conduct of the ZVEI-VDMA, to which R. STAHL has also committed itself. The defined requirements relate to the R. STAHL Group's own business area and the upstream value chain and are not limited to specific geographical areas.

In addition to the procurement and development side, certification of the environmental management system (ISO 14001) at the production sites in Germany, the Netherlands and India is also increasing the focus on the potential for reducing waste and optimizing waste management. The standard encourages companies to introduce waste management practices that focus on waste reduction, recycling and responsible disposal. The order of priority described in the waste hierarchy is taken into account: R. STAHL's initial focus is on avoiding or minimizing waste in its own business area as opposed to waste disposal, which also includes material or energy recovery. Waste collection and separation are continuously optimized in order to recycle as much waste as possible. R. STAHL produces commercial waste (metals, cardboard, foils, wood, plastics), small quantities of hazardous waste (solvents, batteries, chemicals) and office waste. No radioactive waste is produced.

The specific actions taken are location-specific and are implemented globally in the respective business units. This includes, in particular, improving internal waste collection structures, for example the provision of additional collection containers. The actions are regularly evaluated and expanded if necessary.

To monitor waste management, R. STAHL collects the total amount of waste generated by the production companies, which is where the majority of waste is generated. The reported quantities include both waste for disposal and waste for recycling.

The development of measurable, outcome-oriented and time-bound targets has been pursued since the start of 2024. The process has not been completed. Improving the recycling of production waste into suitable cycles is a strategic goal for R. STAHL's production sites. In the context of the waste hierarchy, which in Germany and the Netherlands results from EU Directive 2008/98/EC, the target refers to the "recycling" level of the waste hierarchy. Ecological thresholds and company-specific breakdowns were not taken into account in this process. In the reporting year, various operational actions for the separation of waste were defined and scheduled. These are described in more detail in the previous section. The effectiveness of the actions has been monitored using various metrics since 2023.

The total amount of waste generated at R. STAHL's production sites is 891.3 tons. The data on waste volumes is provided by the relevant waste disposal companies and requested from the production sites using a template. These are actual quantities and not estimates. The recycling rate of non-hazardous waste (commercial waste) is evaluated. The remaining locations are not included in the key figures. The key figures were not externally validated.

NON-HAZARDOUS WASTE (COMMERCIAL WASTE)

	Quantity in t	Share in %
Total quantity	**868.6**	
thereof recycled	772.5	88.9
thereof directed to disposal	96.1	11.1

DANGEROUS WASTE (HAZARDOUS WASTE)

	Quantity in t	Share in %
Total quantity	**22.7**	
thereof recycled	5.9	25.8
thereof directed to disposal	16.9	74.3

SOCIAL INFORMATION

Own workforce

General disclosures

Interests and views of the company's own workforce

R. STAHL believes it is extremely important to integrate the interests, views and rights of its workforce – including respect for their fundamental human rights – into its strategy and business model. As a key interest group, employees play a decisive role in shaping the long-term success of the company. At locations where a works council exists, the perspectives of the company's employees are incorporated through close cooperation with them. The works councils serve as a voice for the workforce and promote dialog between employees and management. The works councils specifically incorporate the concerns, suggestions and feedback of the workforce into strategic decision-making processes. This takes place, for example, through regular joint meetings in various formats, in which topics such as working conditions, occupational safety and personnel development are discussed. Further information on stakeholders can be found in the section Strategy.

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

R. STAHL has potential negative impacts with regard to the sustainability matter "Working conditions". The work steps and processes required to manufacture products at R. STAHL can endanger the safety and health of employees. A significant positive potential impact was identified in the areas of "Social dialog", "Freedom of association" and "Collective bargaining": The majority of employees are covered by collective bargaining agreements, which can help to ensure and promote fair working conditions for employees.

A high degree of diversity in its own workforce can have a positive effect on the corporate culture and represents an opportunity for R. STAHL. This can increase employer attractiveness and employee satisfaction, which can contribute to corporate growth.

The previously mentioned impacts and opportunities are linked to the company's business model and strategy, because they result from the production and work processes of the products manufactured and the policies implemented. The implementation of various actions, such as the promotion of a balanced workload and the continuous improvement of occupational safety actions, drives the ongoing adaptation of the strategy. A detailed description of the actions can be found later in this section.

All types of employees are affected by the material impacts described. R. STAHL's own workforce generally includes tariff and non-tariff employees as well as trainees, interns, vacation workers, members of the Executive Board, authorized signatories and temporary workers. Due to the nature of their work, self-employed persons fall under the definition of workers in the value chain. Due to legal requirements in the German Commercial Code (HGB), only tariff and non-tariff employees are included in the reported key figures in accordance with the Annual Report. In R. STAHL's business model, temporary workers typically play a supporting role in the work organization, are only deployed to a limited extent and are not directly or permanently involved in the company's core strategic processes. The reporting obligations for external employees were not identified as material in this context and are therefore not included in the report.

The impacts described are widespread impacts that are caused by the business model. The previously mentioned impacts are linked to the company's business model and strategy, because they result from the production and work processes of the products manufactured as well as the legal and - where applicable - collective bargaining framework. By implementing various actions, the impacts are adequately addressed and thus also contribute to the adaptation of the strategy. A detailed description of the actions can be found in the sections on Equal treatment and equal opportunities for all and Working conditions.

No significant impacts on the company's own workforce have been identified that may result from transition plans to reduce the negative impact on the environment and to implement more environmentally friendly and climate-neutral activities. In our own business area, there are considerable country risks in the United Arab Emirates for forced labor. There is no evidence of forced labor at the R. STAHL sites located there.

The materiality analysis also looked at people with certain characteristics and those who work in a certain environment, carry out certain activities or may be more at risk. No material impacts were identified that primarily affect a specific group of people.

Policies related to own workforce

R. STAHL is actively committed to the implementation of risk-based due diligence, the promotion of human rights and the provision of remedial actions in the event of identified human rights violations. This commitment covers both the company's own business area at all locations and the entire value chain, regardless of geographical region or type of actor. The strategies described therefore include all significant opportunities, risks and impacts with regard to the company's own workforce and employees in the value chain. Within its own business area, R. STAHL anchors these values both in day-to-day operations and in special projects such as construction projects. R. STAHL has set out its commitments in the area of Human Rights Policy in detail in the Human Rights Policy Statement. The statement was prepared taking into account the results of the risk and materiality analyses as well as the assessments of external human rights experts from the Sustainability & Governance department. The document is publicly accessible via the website.

The policy statement and the human rights due diligence processes within R. STAHL are based in particular, but not exclusively, on the following international human rights reference instruments:

- Principles of the UN Global Compact
- International Bill of Human Rights
- OECD Guidelines for Multinational Enterprises
- Conventions and recommendations of the International Labor Organization (ILO) and the core labor standards included therein
- United Nations Sustainable Development Goals
- UN Guiding Principles on Business and Human Rights
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

The entire workforce is obligated to respect and promote human rights within their sphere of influence. In order to ensure that human rights and environmental standards are respected in our own business operations, various actions have been taken that can have both a preventive and a remedial effect. Unless otherwise mentioned in the following sections, the actions are continuous actions without a defined end date. These are described in the following sections in relation to the identified significant impacts and opportunities. The aim of the actions is to reduce potential negative impacts and strengthen the realization of identified opportunities.

One of these actions is the publication of the Code of Conduct as a binding guideline for all R. STAHL employees. Among other things, this defines the core elements of human rights protection at R. STAHL and obligates all employees to implement these values in their daily actions and in their dealings with business partners. The Code of Conduct also explicitly prohibits child labor, forced labor, slavery or practices similar to slavery. Each employee must confirm that they are aware of and comply with the Code of Conduct at the start of employment and annually after completing training on the Code of Conduct. R. STAHL is also a member of the German Electrical and Digital Manufacturers' Association (ZVEI e.V.) and is committed to complying with the ZVEI-VDMA Code of Conduct. The ISO certifications (including ISO 14001, 45001), which are available for the majority of production sites, help to promote environmental protection and make a positive contribution to occupational safety.

The Executive Board, under the supervision of the Supervisory Board, is responsible for the overall strategic direction of the Group and ultimately decides on the approach to compliance with and monitoring of human rights due diligence obligations, including the procedures and allocation of resources to implement the actions. Local monitoring of the implementation of the strategy is the responsibility of managers at the respective locations. The respective departments, in particular Purchasing, Human Resources and Quality, are responsible for implementing and continuously developing actions as part of the defined strategy. The Governance & Sustainability department is responsible for monitoring risk management in connection with human rights due diligence obligations. The responsibilities and due diligence processes described are managed centrally for all affiliated companies. Personnel and financial resources have been allocated to the relevant departments to implement the actions.

Workers are involved through the local works councils. Details can be found in the section above on Interests and views of the company's own workforce.

If a violation of a human rights or environmental obligation or an impact in its own business area has already occurred or is imminent, R. STAHL immediately takes appropriate remedial action to prevent, end or minimize the extent of the violation. The type and scope of the actions taken depend on the nature of the casual contribution, the ability to exert influence, the nature and extent of R. STAHL's business activities and the severity of the violation.

Occupational health and safety requirements for the prevention of accidents at work are anchored in the Code of Conduct, Corporate policy and Management manual and are therefore binding for all employees worldwide. R. STAHL ensures a safe working environment for its employees by meeting or exceeding the occupational health and safety obligations, legal requirements, regulations or company guidelines applicable under the law of the place of employment with regard to active occupational health and safety. Violations of occupational health and safety regulations are not tolerated. R. STAHL believes that work-related illnesses and accidents at work are generally preventable and actively implements actions to reduce the number and severity of accidents at work and work-related health hazards. In addition, R. STAHL maintains and promotes the physical and mental well-being of its employees. In particular, managers have the task of ensuring that adequate safety standards and protective actions are implemented in the provision and maintenance of the workplace, the workplace and work equipment, as well as actions to prevent excessive physical and mental fatigue through appropriate work organization with regard to working hours and rest breaks. Employees are appropriately trained and instructed in occupational health and safety. R. STAHL is targeting a matrix certification of all production sites in accordance with ISO 45001. The majority of the relevant locations have already been certified, and certification of the remaining locations is currently in preparation.

The Code of Conduct also includes concepts for the elimination of discrimination and the promotion of diversity and equality. R. STAHL is committed to creating a respectful working environment that is free of prejudice and in which diversity is seen as a success factor. Everyone should feel valued, regardless of age, gender, gender identity, ethnic and social origin, nationality, religion, ideology, disability and sexual orientation. Other grounds for discrimination mentioned in ESRS S1-1 (24.) are currently not explicitly described in the Code of Conduct, but are recognized by R. STAHL as equivalent grounds. R. STAHL values multicultural experience and diversity and sees these as strengths in its global organization. R. STAHL respects all employees and strives to create a working environment in which inclusion is actively practiced – an environment that is free from discrimination, intimidation and abuse. Diversity and equal opportunities are therefore promoted at R. STAHL and its employees; there is no room for discrimination. Accordingly, all employees are required to promote the dignity and personal rights of all individuals and all parties with whom the Group is associated through its activities, business relationships and products. These principles apply at all stages of the employment relationship, from recruitment to the provision of opportunities for training and promotion. Equal pay should be paid for work of equal value ("equal pay principle"). Forming, joining and being a member of a trade union must not be used as a reason for unjustified discrimination or retaliation.

The concepts are implemented within the framework of specific procedures based on legal requirements and – where applicable – collective bargaining agreements. Details of the actions taken can be found later in this section.

Process for engaging with own workforce and workers' representatives about impacts

R. STAHL Schaltgeräte GmbH, R. STAHL Services GmbH and R. STAHL AG are represented by the General Works Council. This is made up of the local works councils of those companies. The German locations of the R. STAHL

Group are represented by the Group Works Council of R. STAHL AG, which also includes R. STAHL HMI Systems GmbH, based in Cologne, in addition to the companies represented in the General Works Council. Within the R. STAHL Group, the German site works councils regularly exchange information, also with works councils at the international level as required.

As members elected by the employees, three members of the Waldenburg site works council represent the interests of the employees on the Supervisory Board of R. STAHL AG and are active in the Audit and Administration Committee and the Strategy Committee, among others.

At the German locations where employee representatives exist, they are involved in various corporate decision-making processes through defined processes. The Works Constitution Act (BetrVG) gives works councils a number of participation rights for their tasks, including with regard to information, consultation, hearing, refusal of consent and co-determination, and stipulates trusting cooperation between company management and the works council. The members of the works councils receive regular external training on their rights and obligations. Works council members at the German sites are therefore part of the occupational safety committees (ASA), which meet at least quarterly, negotiate company agreements on an ad hoc basis and are continuously involved in decisions relating to personnel actions. Proposals for actions and processes within the company are developed in the course of various committees, for example for economic, social and environmental matters. The overall responsibility for ensuring the involvement of the works councils lies with the local management or, for the Group Works Council, with the Executive Board of R. STAHL AG. To date, there has been no structural evaluation of the effectiveness of the cooperation.

The high number of works agreements concluded at site and Group level, for example on issues relating to working hours and time off in lieu, as well as the additional inclusion of further sites in collective agreements, is seen as a positive trend. The conclusion of works agreements follows a defined process that involves the works councils, company management, the HR department and the data protection officer.

Collective bargaining agreements contain provisions that promote dialog between companies and employees and enable structural participation. The locations of R. STAHL Schaltgeräte GmbH are bound by the collective agreements of IG Metall Baden-Württemberg through their membership in the employers' association "Verband der Metall- und Elektroindustrie Baden-Württemberg" ("Südwestmetall"). In the reporting year, a forward-looking collective bargaining agreement was concluded with IG Metall Baden-Württemberg for the Waldenburg-based companies R. STAHL AG, R. STAHL Schaltgeräte GmbH and R. STAHL Services GmbH as well as for the Weimar location. The new agreement replaces the existing collective bargaining agreement for the location. It that agreement had expired, the company would have been subject to the regional collective bargaining agreement. In addition to being bound by the collective agreements of IG Metall Baden-Württemberg, the agreement also includes provisions to secure the location and a job guarantee until 2030, the gradual reduction of the working week to 37 hours for Weimar as well as an additional vacation day and a bonus scheme.

As part of the works council, the Youth Apprentice Representation ("JAV") and the Representation for Severely Disabled Employees represent the interests of specific employee groups at selected German locations. The elected representatives of the JAV are also entitled to various rights under the BetrVG, including the right to participate, the right to information and the right to make suggestions. The JAV is available to trainees and dual students in particular as a point of contact for questions relating to vocational training and submits questions and suggestions to the Works Council. The Representative Body for Severely Disabled Employees ("SBV") represents the interests of severely disabled and equivalent employees and promotes their participation in working life. Together with the Works Council, the SBV is committed to the humane organization of work and long-term job security. As with the other members of the Works Council, the aforementioned representatives enjoy special protection against dismissal.

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

If a negative impact on persons in its own workforce has already occurred or is imminent, R. STAHL immediately takes appropriate remedial actions to prevent or end this violation or to minimize the extent of the violation. The type and scope of the actions taken depend on the contribution to causation, the ability to exert influence, the type and scope of R. STAHL's business activities and the severity of the breach. The process of handling information comprises several steps, which are described in the rules of procedure: When a report is received, a confirmation is sent, followed by an examination of the facts, which determines the next steps. The matter is then clarified, a solution is worked out together with the whistleblower and any necessary actions are implemented. Finally, the result is evaluated in order to assess the effectiveness of the process. The satisfaction of the person providing the information is also taken into account. The course of the process and communication with stakeholders is designed to be transparent. Remedial action is provided for in the rules of procedure of the complaints mechanism. To date, there are no structured concepts for evaluating the effectiveness of remedial actions. In the course of sustainability reporting, however, various key figures are collected that allow statements to be made about the effectiveness of actions. This also includes monitoring the number of complaints received.

R. STAHL has set up various communication channels that serve as protected reporting channels for all employees and external third parties. The channels enable reporting on violations of external and internal regulations. This includes human rights and environmental risks as well as violations of human rights or environmental obligations resulting from the business activities of a direct or indirect supplier. Employee-related topics such as working conditions, equal treatment and equal opportunities for all and related topics are also covered. Employees and external third parties have the option of using the implemented EQS Integrity Line whistleblower system at https://rstahl.integrityline.org/ to report information. This system is available in several languages and enables anonymous, confidential, specially encrypted and secure communication with the investigation team of R. STAHL's Compliance department. The Compliance department is also available in person, via e-mail at compliance@r-stahl.com or by post. Any information and complaints received will be treated confidentially and examined carefully. Care is always taken to handle incoming messages discreetly. Further information on the procedure for deriving solutions can be found in the rules of procedure. Information about the communication channels is communicated publicly via the sustainability reporting, the Code of Conduct and the Human Rights Policy Statement, as well as internally to employees as part of annual training sessions in order to increase awareness of and trust in the mechanisms. In 2025, it is also planned to supplement the processes for receiving and reviewing incoming information with an external service provider in order to help create additional trust in the system and further reduce compliance risks at R. STAHL.

At the German locations where a works council is in place, it is also involved in various processes relating to employee matters. The works councils are available for complaints and questions via anonymous internal mailboxes and in person. In the event of a justified complaint, efforts are made together with the persons involved to reach an agreement.

R. STAHL works to ensure that whistleblowers, their relatives and other persons involved in the complaints procedure are not disadvantaged or penalized as a result of their report. Any retaliation based on complaints or information provided will not be tolerated. If the person involved in the complaint procedure is employed by R. STAHL, this includes protection against dismissal, demotion, suspension, threats, harassment or other forms of discrimination in relation to the working or employment conditions of an employee. If, for example, the person involved is employed by a supplier, efforts are made together with the supplier to ensure that the person has a comparable level of protection. In order to ensure that the person involved is not exposed to any discrimination, punishment or similar retaliatory actions, R. STAHL endeavors to maintain contact with the person involved beyond the conclusion of the proceedings. Further information can be found in the section Policies related to own workforce.

Equal treatment and equal opportunities for all

Information on the policies relating to the company's own workforce for managing material impacts can be found in the section General disclosures of the chapter Own workforce.

The Supervisory Board does not pursue an abstract diversity policy with regard to the composition of the Executive Board and Supervisory Board. The Declaration of compliance by the Executive Board and Supervisory Board already states that the Supervisory Board considers the goal of diversity to be important in addition to other goals and also takes this into account when making specific appointment decisions. However, the Supervisory Board does not consider it expedient to define abstract objectives for its composition and an abstract competence profile from the outset for a controlling body for a company of the size of technology-oriented R. STAHL AG. This also applies to diversity. When preparing proposals to the Annual General Meeting, competence and the specific needs in the respective appointment situation must be decisive. In the opinion of the Supervisory Board, the same applies to the composition of the Executive Board.

When appointing members to committees, bodies and management positions, R. STAHL is guided exclusively by the professional suitability and personality of the candidates and the role. If positions are to be filled and suitable candidates are available on the market or internally, they are considered in the same way.

Flexible working models such as part-time, mobile working or flexitime enable employees to better balance their professional and private commitments, which is particularly beneficial for parents, care providers or people with health restrictions. A central principle of promoting diversity is the fair and non-discriminatory treatment of all employees, particularly in terms of salary, training and career development. All employees therefore have equal access to further training opportunities. At locations where regular structured performance appraisals are carried out, these are based on objective, clearly defined criteria. The promotion of diversity is becoming increasingly important, particularly in the context of the shortage of skilled workers, which is why further actions to promote diversity within the Group are to be developed in future.

The target for the Supervisory Board as a whole and the employee and shareholder representatives on the Supervisory Board was set at 33.33% in June 2022 until 30 June 2027. This corresponded to the actual circumstances at the time of determination. The proportion of women at the first level below the Executive Board can be 0.0% until 30 June 2027. A percentage of 33.33% is defined for the second level below the Executive Board. The targets mentioned are relative targets. The targets are set and monitored by the Supervisory Board, which also has employee representation. In this process, findings and opportunities for improvement resulting from the company's performance are also evaluated. So far, progress has been in line with the original plans and there have been no major trends or significant changes in the company's performance with regard to achieving the targets.

GENDER AND AGE DISTRIBUTION OF THE WORKFORCE

Age	Number	Share in %
< 30	196	11.2
30 – 50	948	54.4
> 50	599	34.4
Total	**1,743**	**100.0**

DISTRIBUTION OF EMPLOYEES BY COUNTRY

Country	Number of employees
Germany	1,127
Netherlands	131
USA	67
India	166
Norway	92
Other	160
Total	**1,743**

DISTRIBUTION OF EMPLOYEES BY CONTRACT TYPE

	Female	Male	Total
Number of employees	438	1,305	**1,743**
Number of permanent employees	423	1,275	**1,698**
Number of temporary employees	15	30	**45**

FLUCTUATIONS

	2024
Total number of employees who left the company in the reporting period[1]	176
Employee fluctuation rate in the reporting period[2]	10.0%

[1] Includes all employees who left the company during the reporting period (including reasons such as employee termination, employer termination, retirement, death).
[2] Includes all employees who left the company during the reporting period (including reasons such as employee termination, employer termination, retirement, death). This is the average value of all companies in the scope of consolidation.

The evaluation is based on data from the company's ERP system. The data was also validated on a random basis by means of a direct query to the companies in the scope of consolidation. The key figures relate to the reporting date of 31 December 2024 and include the actual headcount in all associates of R. STAHL. The key figures are calculated in accordance with the definitions used in the notes to the consolidated financial statements. Accordingly, the following groups of people, for example, are not included in the key figures: Interns, trainees, temporary workers and Supervisory Board members. As of 31 December 2024, 149 temporary workers were employed, most of whom were deployed at the Indian site. In addition, R. STAHL was supported by 119 trainees, working students and interns, particularly at the German locations. 87.6% of employees in the R. STAHL Group are employed full-time.

Further information on employees can be found in the sections Strategy and Employees.

GENDER AND AGE DISTRIBUTION OF THE SENIOR MANAGEMENT LEVEL

	Number	Share in %
Age		
< 30		
30– 50	4	50.0
> 50	4	50.0
Gender		
Female	1	12.5
Male	7	87.5
Total	**8**	**100.0**

The senior management level is defined as the Executive Board and the Senior Vice Presidents (SVPs), who together form the management team.

Working conditions

Collective bargaining coverage and social dialogue

Information on the policies relating to the company's own workforce for managing material impacts can be found in the section General disclosures of the chapter Own workforce.

In total, 78.9% of employees are covered by collective bargaining agreements. Close cooperation between R. STAHL, works councils and employees is ensured by the successful promotion of collective bargaining and transparent communication about its benefits. Regular works meetings and mailboxes as well as defined contact persons offer employees the opportunity to actively participate in decision-making processes. Flexible collective agreements, such as individually adapted working time models to improve work-life balance and training opportunities, enable R. STAHL to take the needs of the workforce into account in the best possible way. At the same time, collectively agreed actions such as fair pay and job security ensure a high level of job security and satisfaction.

For the aspect of "Collective bargaining coverage and social dialogue", no measurable outcome-oriented targets have yet been defined in the sense of the ESRS and progress has not been assessed. The effectiveness of the policies and actions in relation to the material sustainability-related impacts, risks and opportunities has nevertheless been tracked since this reporting year using the key figures described below.

	Collective bargaining coverage		Social dialogue
Coverage rate	Employees – EEA (for countries with > 50 employees accounting for > 10% of the total)	Employees – Non-EEA countries (regions with > 50 employees accounting for > 10% of the total)	Representation at the workplace (for countries with > 50 employees who make up > 10 % of the total number)
0–19%			
20–39%			
40–59%			
60–79%	Norway		
80–100%	Germany Netherlands Spain		Germany France India Netherlands Norway Spain

There is no agreement with employees on representation by the European Works Council (EWC), the Works Council of Societas Europaea (SE) or the Works Council of Societas Cooperativa Europaea (SCE).

Health and safety

Information on the policies relating to the company's own workforce for managing material impacts can be found in the section General disclosures of the chapter Own workforce.

For R. STAHL, the topics of occupational health and safety begin with raising the level of awareness among employees and managers through consistent integration as part of regular communication. The majority of production sites are already certified in accordance with the ISO 45001 standard for occupational health and safety. In Germany, R. STAHL AG, R. STAHL Schaltgeräte GmbH, R. STAHL HMI Systems GmbH and, in India, R. STAHL PRIVATE LIMITED and Electromach B.V., based in the Netherlands, are included in the matrix certification. Certification of the remaining production sites in Norway and the USA is planned for the coming years. This means that 71 % of our operating facilities are certified in accordance with ISO 45001. R. STAHL regularly derives actions for continuous improvement at all production sites from the processes implemented there.

With regard to the company's precautionary actions, R. STAHL inspects working conditions, ergonomics and occupational safety together with the Works Council, safety specialists and the company doctor. If necessary, remedial actions are jointly defined and implemented. Personal protective equipment, including custom-made equipment for special applications such as orthopedic hearing protection and aids such as lifting aids, are provided to employees free of charge and in sufficient quantities. The risk assessments carried out for the workplaces are reviewed regularly and on an ad hoc basis to determine requirements. Aspects relating to mental health are also taken into account as part of the risk assessment. At all production sites, employees as well as external workers and visitors are specially instructed on how to move around the site safely. To maintain the general health of employees, new technologies such as orthopedic chairs for ESD areas are also being tested at various locations.

In addition to the actions mentioned above, the comprehensive occupational safety policy also includes fire protection actions such as evacuation plans and the training of fire protection and first aiders. Fire protection and evacuation drills are carried out at the German locations in accordance with legal requirements and recommendations. The fire safety assistants are specially trained in emergency procedures and support evacuations in the event of an emergency. In the event of accidents at the company, the first aiders provide immediate life-saving actions, look after injured persons until professional help arrives and assist with the documentation of incidents. Regular testing of electrical appliances, machines and systems also helps to reduce fire risks and maintain general safety in the company.

In addition, R. STAHL offers employees throughout the Group a whole range of voluntary health prevention actions and a comprehensive program of insurance cover. All new employees at the German locations receive an initial medical check-up and also have the opportunity to make further appointments with the company doctor for preventive medical check-ups.

To monitor continuous improvement, progress is measured using quantitative performance indicators. R. STAHL is pursuing the vision of a zero accident rate at work. The Safety Group meetings held every two weeks in the production areas, which give our safety specialists the opportunity to discuss current topics with their disciplinary managers, are one of the ways in which we aim to achieve this. To ensure that we achieve our targets, occupational safety, committees have been established at our German locations for ongoing monitoring. These committees meet regularly and their meetings are recorded using minutes.

KEY OCCUPATIONAL HEALTH AND SAFETY FIGURES

	2024
Share of employees covered by the company's health and safety management system[1]	100.0%
Share of employees working at ISO 45001-certified sites	81.7%
Number of deaths from work-related injuries	0
Number of reportable accidents at work[2]	7
1,000 man ratio	4.02
Number of days lost due to work-related injuries and fatalities	146
LTIR (Lost Time Injury Rate)[3]	2.67

[1] Refers to requirements in the Group-wide corporate policy and the Code of Conduct for Employees.
[2] In Germany, accidents lasting 3 days or more are considered reportable accidents at work in accordance with legal requirements. At the international locations, accidents are considered from one day of absence. Commuting accidents are not included.
[3] Key figure relates exclusively to production sites. Average value from all production sites.

The indicators that R. STAHL considers most important are the total number of reportable accidents at work, the 1,000 man ratio and the Lost Time Injury (LTI) rate for all production companies. The 1,000 man ratio refers to accidents at work per thousand people within a financial year, while the LTI value refers to hours lost due to accidents at work per 1 million working hours. The key figures are collected monthly at the German locations using a standardized form, while the foreign locations are surveyed every six months. As part of this year's sustainability reporting, the key figures for the sales locations were also recorded for the first time. Therefore, unless stated otherwise, the key figures above also cover the sales locations in addition to the international production locations. The key figures are not externally validated.

Due to the existing reporting structures for work-related illnesses, it is not feasible to record the relevant key figures. In Germany, work-related illnesses are usually diagnosed by external physicians and then managed by the relevant employers' liability insurance association (for R. STAHL: BG ETEM). After consulting BG ETEM, it is not possible for the employers' liability insurance association to evaluate the reports of work-related illnesses for individual companies. No data on work-related illnesses is recorded at the remaining locations either.

The introduction of a software solution is planned for 2025, which will further improve the documentation of training courses and the preparation of key figures in the area of occupational safety and enable the reporting of near misses. The software will initially be introduced at the German locations and then gradually implemented internationally.

To date, no measurable outcome-oriented targets have been defined for the aspect of "Health and safety" as defined by the ESRS. The effectiveness of the policies and actions in relation to the material sustainability-related impacts, risks and opportunities has nevertheless been tracked since this reporting year using the key figures described above. Selected key figures, including the occupational accident rate and the 1,000 man ratio, have already been collected for several years, depending on the location.

Incidents, complaints and severe human rights impacts

Information on the policies related to the company's own workforce for managing material impacts can be found in the section Material impacts, risks and opportunities and their interaction with the strategy and business model of the chapter Own workforce.

Various channels are available for reporting and dealing with incidents and complaints about severe impacts as continuous actions without a defined end date. The channels are largely applicable to the entire value chain, regardless of activities and geography. All information on the grievance channels and the description of the underlying processes can be found in the section on Processes to remediate negative impacts and channels for own workforce to raise concerns. The procedures described are intended to contribute to the implementation of effective mechanisms by observing the effectiveness criteria of the UN Guiding Principles on Business and Human Rights. In the coming reporting year, the channels and associated processes are to be reviewed again with regard to the effectiveness criteria and expanded where necessary. No specific, measurable targets in the sense of the ESRS have been defined for the complaints mechanism. Details on this and the key figures can be found in the section on Whistleblower protection.

In the reporting year, there were no labor-related incidents, complaints, fines or sanctions relating to human rights in connection with the company's own workforce during the reporting period.

Workers in the value chain

General disclosures

Interests and views of stakeholders

R. STAHL believes it is extremely important to integrate the interests, views and rights of workers in the value chain – including respect for their fundamental human rights – into its strategy and business model. The perspective of this group of people is mapped using external sources as part of the processes in the area of risk analysis and management in the supply chain and forms the basis for the human rights strategy in the area of the supply chain. In the course of the materiality analysis, the interests were represented by deputies from the Purchasing and Governance & Sustainability departments. Further information on stakeholders can be found in the section Strategy.

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

R. STAHL has a potential negative impact on workers in the value chain with regard to the sustainability matter "Other labor-related rights". In the supply chains of selected goods required for the manufacture of R. STAHL's products, such as certain minerals and metals, there are country and industry risks for the occurrence of child labor and forced labor.

The previously mentioned impacts are linked to the company's business model and strategy, because they result from the production and work processes of the products manufactured. By implementing various actions in the area of human rights due diligence, the impacts are adequately addressed and thus also contribute to the adaptation of the strategy. A detailed description of the actions can be found later in this section.

All types of workers in the value chain can be affected to varying degrees by the significant potential impacts described above. Workers in the value chain include:

- Workers who work at R. STAHL's locations but are not part of the company's own workforce ("external workers");
- Workers who work for companies in the upstream value chain;
- Workers who are active in the downstream value chain;
- Workers who (within the prior categories or additionally) are particularly vulnerable to negative impacts whether due to their inherent characteristics or to the particular context.

Based on the human rights-related risk analysis carried out, the probability of occurrence and severity of the impact decreases as the stage of the value chain increases. As a result, workers in the upstream value chain, particularly at the origin of the raw materials, are more at risk. In the course of the analysis, no significant effects, risks or opportunities were identified that primarily affect a specific group of people.

The impacts described are systemic effects that are caused by the manufacturing method of the products supplied or their raw materials as well as existing country risks in the sourcing countries. In the supply chain, there are significant country risks in relation to direct suppliers in the United Arab Emirates and Turkey for forced labor and in Brazil, the Philippines and Iraq for child labor. In the upstream supply chain, the Conflict Minerals Reporting Template (CMRT) and Emerging Minerals Reporting Template (EMRT) for the Tier N value chain result in country risks for forced labor in Turkey and Kazakhstan. With regard to child labor, the CMRT and EMRT identified relevant country risks in various South American, Asian and African regions. In principle, there are considerable risks in parts of the supply chains for electronic components in the area of child and forced labor. This applies to forced labor in selected regions in China and Malaysia in particular.

Policies related to value chain workers

The Human Rights Policy Statement communicates expectations to the company's own employees and stakeholders along the entire value chain. R. STAHL expects that the values based on international frameworks are supported and adhered to by all stakeholders of the Group, but in particular by business partners and their business partners. R. STAHL therefore places the same demands on business partners as it does on its own Group of companies and would like to work with them to fulfill them. The requirements apply to the entire value chain regardless of geographical region and apply continuously until revoked. Due to the increased risk exposure, R. STAHL has implemented targeted actions for the upstream value chain in order to ensure that human rights and environmental standards are observed by direct suppliers. Further information on the Human Rights Policy Statement can be found in the section Policies related to own workforce.

To date, no code of conduct for suppliers has been implemented due to existing legal uncertainties resulting in particular from the dynamic regulatory environment in the supply chain. The publication of a code of conduct for suppliers is planned for the 2025 reporting year in order to specify expectations. The code is based on the specifications of the ZVEI e.V. and is based on international standards of the International Labor Organization, human rights conventions and the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz; LkSG). The Code will also explicitly cover the issues of child labor, forced labor and human trafficking.

Child labor may not be used in any phase of production, for services or otherwise in the context of the supply chain. In this respect, all business partners are obliged to comply at least with the ILO conventions on the minimum age for admission to employment (Convention 138 of the ILO) and on the prohibition of child labor (Convention 182 of the ILO). In particular, business partners are not expected to employ children under the age at which compulsory schooling ends according to the law of the place of employment. Under no circumstances may the age of employment be less than 15 years.

Furthermore, no forced or slave labor and no human trafficking may be used. "Forced labor" includes any work or service that is demanded of a person under threat of punishment and for which they have not volunteered, for example as a result of debt bondage or human trafficking. All work must be voluntary and without threat of punishment. Employees must be able to terminate their work or employment relationship at any time. In addition, there must be no unacceptable treatment of workers, such as psychological hardship, sexual and personal harassment and humiliation.

Information on the approach to remediation with regard to the supply chain can be found in the section on Processes to remediate negative impacts and channels for value chain workers to raise concerns.

In the reporting year, there were no cases of non-compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises involving workers in the value chain reported for R. STAHL's upstream or downstream value chain.

Process for engaging with value chain workers about impacts

The perspective of this group of people is mapped using external sources as part of the processes in the area of risk analysis and management in the value chain and forms the basis for the human rights strategy in the area of the supply chain. In addition to this, the perspectives of this group are represented as part of the materiality analysis from the Purchasing and Governance & Sustainability departments. Information received through the complaints channels is also taken into account. A personal exchange with the employees in the value chain therefore takes place in the course of business relationships with suppliers' contact persons and when information is received via the channels. Outside of the whistleblower system, R. STAHL does not currently have a general procedure for cooperating with workers in the value chain. The development of a corresponding policy is planned for the 2025 reporting year.

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

Information on the complaint channels can be found in the section on Processes to remediate negative impacts and channels for own workers to raise concerns. The majority of channels are publicly accessible and therefore also address workers in the value chain. In future, suppliers are to be referred to the channels in the Supplier Code of Conduct. In addition, the Code should contain the obligation to publicize the above procedures to both its employees and its suppliers in an appropriate manner and to encourage potentially affected persons to report violations of the Supplier Code of Conduct.

R. STAHL has established a systematic approach to remedy various human rights and environmental incidents and negative potential and actual impacts, including child and forced labor and human trafficking. If a violation of a human rights or environmental obligation or a potential or actual negative impact has already occurred or is imminent at a direct supplier, R. STAHL will immediately take appropriate remedial actions to prevent or end this violation or to minimize the extent of the violation. If it is not possible to end the violation in the foreseeable future, R. STAHL will develop a scheduled plan to end or minimize the violation. In the event that there is a very serious impact or violation, agreed actions do not remedy the situation and/or R. STAHL's ability to exert influence is insufficient, R. STAHL reserves the right to suspend or, as a last resort, terminate the business relationship. In the event of an identified or imminent violation of human rights at indirect suppliers, R. STAHL will examine the possibilities for remedial action. The type and scope of the actions taken depend on the contribution to causation, the ability to exert influence, the type and scope of R. STAHL's business activities and the severity of the breach. For the downstream value chain, including the workforce in the downstream value chain and end users, a similar procedure is envisaged as for indirect suppliers. The whistleblower process is set out in the Code of Conduct and detailed in the section Processes to remediate negative impacts and channels for own workers to raise concerns. There is currently no mechanism to ensure that value chain workers are aware of and trust these structures or processes as a way to raise their concerns or needs and have them addressed. There is no mechanism to check that processes to provide or enable remedy in the event of material negative impacts are available and effective in their implementation and outcomes.

Child and forced labor

R. STAHL is committed to respecting all internationally recognized human rights and focuses its human rights due diligence processes in particular on human rights issues that have been identified as material for the Group through the risk analysis. In 2023, an initial risk analysis was carried out for the company's own business area and direct suppliers. The analysis also covered the topics of child and forced labor as well as discrimination and was carried out again and expanded in 2024. As part of the analysis, the entire value chain was considered independently of geographical regions. Software was implemented to ensure continuous risk management in the supply chain. The following topics list the prioritized risks of potential negative impacts on human rights that are directly or indirectly related to business activities at all locations and in the global supply and value chains:

- Climate and energy
- Environmental protection and resource utilization
- Employee rights and conditions
- Risks relating to conflict and high-risk minerals

In order to minimize these risks and to prevent or mitigate significant potential negative effects on workers in the value chain, R. STAHL has implemented a wide range of actions in its own business unit and in the respective supply chains.

R. STAHL expects that the values based on international frameworks are supported and adhered to by all stakeholders of the Group, but in particular by business partners and their business partners. R. STAHL therefore places the same demands on business partners as it does on its own Group of companies and would like to work with them to fulfill them. Due to the increased risk exposure, R. STAHL has implemented targeted actions for the upstream value chain in order to ensure that human rights and environmental standards are observed by direct suppliers.

R. STAHL has set up various communication channels that serve as protected reporting channels for all employees and external third parties. The channels enable reporting on violations of external and internal regulations. These includes human rights and environmental risks as well as violations of human rights or environmental obligations resulting from the business activities of a direct or indirect supplier. Accordingly, child and forced labor as well as human trafficking are also covered. Information on the complaint channels and associated processes can be found in the previous section and in the section Processes to remediate negative impacts and channels for own workers to raise concerns.

R. STAHL strives for transparency in the supply chains of selected minerals and metals that may be associated with human rights violations and environmental abuses. These include tin, tantalum, tungsten, gold ("3 TG"), cobalt and mica. R. STAHL unreservedly supports all efforts aimed at the effective and verifiable prevention and containment of armed conflicts and crisis situations in third countries. The CMRT and EMRT templates of the Responsible Minerals Initiative are therefore completed and monitored for the materials mentioned.

The implementation of further processes in the area of human rights and environmental due diligence, particularly in dealing with material sustainability matters, is planned for the coming reporting year. This includes, among other things, the development of actions taking into account the appropriateness criteria, the revision of the Supplier Code of Conduct and the implementation of internal training courses. As part of the further development of the due diligence system, a structured policy for assessing its effectiveness is also to be developed. The Governance & Sustainability department as well as the Purchasing department have human and financial resources at its disposal to implement the existing and planned actions.

No severe human rights incidents and incidents connected to the upstream and downstream value chain were reported.

No measurable outcome-oriented targets in the sense of the ESRS have yet been defined for the workforce in the value chain, as suitable indicators have not yet been identified. Because the final definition of actions is also still pending, the effectiveness of the material sustainability-related potential impacts, risks and opportunities is not yet being tracked. The development of a corresponding policy including associated key figures is planned for the 2025 reporting year.

End users

General disclosures

Interests and views of stakeholders

The perspective of this group of people is mapped using external sources as part of the processes in the area of risk analysis and management in the value chain. In the course of the materiality analysis, the interests were represented by deputies from the Sales, Customer Service and Governance & Sustainability departments. End users with special characteristics or people who use certain products or services who may be exposed to a greater risk of harm were also taken into account. Information received through the complaints channels is also taken into account. At the most senior level, the Executive Board bears operational responsibility for incorporating this group and its interests into the corporate concept.

In principle, R. STAHL is in contact with end users as part of its business relationships. There is also a form on the company website for reporting complaints. The complaints mechanism is publicly accessible and therefore also suitable for the submission of complaints by end users.

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

R. STAHL has identified a material opportunity with regard to the sustainability matter of "Health and safety (end users)". Ensuring health, safety and consumer protection matters in the course of the products and training offered can support the maintenance of safe work processes for customers in the downstream value chain. In this way, R. STAHL can contribute to long-term customer loyalty and benefit from growing markets and business areas.

R. STAHL has implemented and successfully certified an integrated management system (IMS) that combines the three ISO standards for quality management (9001), occupational health and safety (45001) and environmental protection (14001).

R. STAHL supplies products and services that not only comply with legal requirements, but also meet the needs of customers. The highest standards of reliability, functionality and quality are met, as both the lives of people and the safety of operating facilities and systems can depend on this. Ensuring the quality of the products manufactured is therefore one of the company's most important objectives. For R. STAHL, quality means both meeting the requirements of explosion protection and taking into account relevant customer expectations of the product. The company's quality management covers the entire product life cycle. All production sites are certified in accordance with ISO 9001 and IEC EN 80079-34, ensuring uniform quality standards worldwide. These are independent of the production location. In addition, independent monitoring is carried out by international organizations and testing bodies such as UL, CSA, FM and DNV.

R. STAHL is actively involved in various national sector and industry associations, including the ZVEI and VDMA as well as associations in the field of automation technology and digitalization such as the Industrial Digital Twin Association (IDTA), NAMUR and the PROFIBUS user organization. Internationally, the company is involved in UniversalAutomation.org (Belgium), the Open Process Automation Forum (OPAF) and the OPC Foundation in the USA. On the one hand, participation in sector and industry associations provides access to condensed information on new requirements for industrial companies. On the other hand, it enables the exchange of best practices, new security requirements and technological developments. Active cooperation continues to ensure that the requirements of the industry associations, which are to be taken into account in standards and guidelines, are practical and feasible.

In addition, R. STAHL is represented by experts in various international and national standardization committees, such as TC 31 of the International Electrotechnical Commission (IEC), the German Institute for Standardization (DIN) and the German Commission for Electrical, Electronic & Information Technologies (DKE). Participation in standardization committees contributes to the transfer of operational experience from the process industry to the current status of technology and thus to a constant increase in the safety standard for products and processes.

Process for engaging with end users in relation to impacts

The perspective of this group of people is mapped using external sources as part of the processes in the area of risk analysis and management in the value chain and forms the basis for the human rights strategy in the area of the value chain. In this context, groups of people who are potentially exposed to an increased risk of harm were also considered. In addition, the perspectives of this group are represented as part of the materiality analysis from the Sales, Customer Service and Governance & Sustainability departments. Information received through the complaints channels is also taken into account. Examination of the development of a comprehensive policy for involving end users is planned for 2025.

Processes to remediate negative impacts and channels for end users to raise concerns

No significant negative impacts were identified with regard to end users. Information on the procedures for improving negative impacts downstream in the value chain can be found in section Processes to remediate negative impacts and channels for value chain workers to raise concerns.

Personal safety of end users

Various actions were taken to exploit the opportunities identified in connection with end users. The starting point here is to continuously improve the already high safety aspects of the products manufactured by R. STAHL. This principle is also set out in R. STAHL's Management manual. The manual is valid for all locations that are part of the integrated management system and is published on the website. At the most senior level of the organization, the Executive Board is responsible for implementing this policy.

Due to the nature of the products manufactured and their areas of application in ex-zones, the products are subject to strict legal and normative requirements. All products that are used in Ex-zones therefore have the necessary certification for the area of application. Certified products can be used safely in environments with explosive areas, in accordance with the zones for which they are approved. In addition to the specific requirements, other environmental protection and product safety requirements also apply to selected products, such as REACH, RoHS and WEEE, which are implemented by R. STAHL.

Product labeling is a key element for R. STAHL in presenting information transparently. It plays an important role in the highly regulated explosion protection market with its high density of statutory information requirements. The statutory requirements mean that all manufactured products must be labeled. R. STAHL works closely with the industry association ZVEI and other certification bodies to implement the requirements. Here, R. STAHL is represented in several working groups to discuss and ensure the implementation of existing European and non-European directives. The Group is in contact with the relevant specialist departments in order to take the results into account when designing, developing and manufacturing the products. We are also continuously working on further optimizing our labelling system.

In addition to continuously improving product safety, R. STAHL is working on making work safer for people working in Ex-zones. R. STAHL offers various training courses, workshops and customer-specific seminars on various topics in the field of explosion protection. Examples include training for installation and maintenance in ex-zones, risk assessments as the basis for explosion protection documents and basic and in-depth training on explosion protection for hydrogen. R. STAHL Schaltgeräte GmbH is also the first German company to be certified as an "IECEx Recognized Training Provider" and offers preparatory seminars for IECEx personal certification (IECEx Certification of Personal Competencies). Certification is required in some countries and serves as official proof of the qualifications of persons working in Ex-zones.

Since mid-2024, the first R. STAHL products have been marked with a digital nameplate in accordance with IEC 61406-2. The digital version of the classic nameplate enables access to important product information, such as all associated documents and certificates, via a QR code. The details are displayed on the new DigitalTwin platform from R. STAHL. This serves as preparation for the future requirements of the European Sustainable Products Regulation (ESPR) and the resulting Digital Product Passport (DPP). This regulation will replace the Ecodesign Directive. Further product lines will be converted accordingly in 2025. At the same time, R. STAHL is actively working on the relevant standards in the DIN DKE joint committee DPP.

In order to ensure customer satisfaction as well as product and supplier quality in the long term, R. STAHL is working with uniform key figures that are reported on a monthly basis as part of our Group-wide quality management. To ensure product quality and measure the success of quality management from the customer's perspective, R. STAHL has implemented an end-to-end complaints management system. In addition, all incoming complaints are systematically evaluated and incorporated into the continuous improvement process for products and processes. The average complaint rate serves as the key performance indicator in this regard. Through the targeted use of quality methods, interdisciplinary cooperation between all departments and the review of the effectiveness of the defined actions, the causes of errors have been eliminated in the long term, thereby again reducing the complaint rate.

COMPLAINT INDICATORS[1)]

in %	2024	2023
Complaint rate[2)]	0.276	0.38

[1)] The figures reported here refer to R. STAHL Schaltgeräte. To improve the accuracy of the presentation, figures have been rounded to three decimal places since 2024.
[2)] Customer complaints relating to order items.

The actions described in this section are, unless described otherwise, continuous actions without a defined end date that are not specifically limited to a geographical region, activity or stage of the value chain. Personnel and financial resources have been allocated to the relevant departments to implement the actions. There is currently no structured follow-up and evaluation of all the actions described in the sense of the ESRS. The review of the development of a corresponding policy is planned for the 2025 reporting year.

In the context of the material opportunity described above, no measurable outcome-oriented targets in the sense of the ESRS have been defined to date, as no suitable indicators have yet been identified. The effectiveness of the policies and actions in relation to the main sustainability-related opportunities is not currently being tracked. For the 2025 reporting year, the development of a policy for measuring effectiveness and the review of the development of measurable, outcome-oriented targets in line with the ESRS are planned.

GOVERNANCE

Corporate policy

General disclosures

The role of management and supervisory bodies

Information on the composition and responsibilities of the Supervisory Board and Executive Board can be found in the section Governance.

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

The procedure for determining significant impacts, risks and opportunities in connection with corporate governance is described in detail in the Strategy section. In the course of the analysis, all locations, activities, transactions and relevant sectors of R. STAHL were taken into account.

Protection of whistleblowers

R. STAHL has identified potential negative impacts in the context of corporate policy. Insufficient protection for whistleblowers could lead to people refraining from reporting for fear of reprisals and social conflict. This could subsequently contribute to further human rights violations if incidents are not dealt with.

R. STAHL's basic understanding of entrepreneurial activity is based on fair competition – competition that the Group seeks to win through the quality and value of innovative products and services. The Group is committed to strict compliance with all national and international regulations and laws, without exception. This also includes corresponding frameworks for combating corruption and bribery. R. STAHL has installed appropriate regulations as part of our existing compliance management system to prevent breaches of rules and regulations. All R. STAHL units are obligated to introduce an effective and efficient compliance management system in their area of responsibility. The objective of compliance management is to efficiently ensure compliance with laws and external regulations. Internal Audit, which serves as a key component of corporate governance, regularly reviews adherence to compliance requirements in the relevant areas. Compliance processes are also reviewed at regular intervals by the Governance & Sustainability department and adjusted where necessary. In the annual Declaration of compliance with the German Corporate Governance Code, R. STAHL reports on the company's corporate governance strategy.

For information on the compliance management system, including actions such as training or existing whistleblower systems, please refer to the section Policies related to own workforce. The mechanisms mentioned in that section are not limited to ensuring compliance with human rights and employee rights, but serve to fundamentally prevent all violations of rules and laws in accordance with the principles of the corporate policy. All specific information on the complaint channels and associated investigation and reporting processes, whistleblower protection information and related training can be found in the section Processes to remediate negative impacts and channels for own workers to raise concerns. Most channels are publicly accessible, which is why reporting by internal and external stakeholders is taken into account. R. STAHL is subject to the Act for the Better Protection of Whistleblowers (HinSchG), which is the German implementation of the so-called EU Whistleblower Directive (2019/1937), and has therefore implemented the corresponding requirements.

With regard to the identified impacts, no measurable outcome-oriented targets were set in accordance with the ESRS. The effectiveness of the policies and actions has been monitored since the 2021 reporting year based on the number of reports received. Progress is assessed on the basis of the development of the indicators below. A review and further development of the policies for measuring effectiveness is planned for the next reporting year.

INDICATORS FOR INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS VIOLATIONS

		2024	**2023**
Complaints submitted through relevant channels (including complaint mechanisms)	Number	8	3
Total amount of material fines, penalties and compensation as a result of the above incidents and complaints	€	0	0
Severe human rights violations in connection with the company's workforce	Number	0	0
Total amount of fines, penalties and compensation for severe human rights violations	€	0	0

FORECAST

OVERALL ECONOMIC OUTLOOK

Stable global growth, Asia is growth driver

According to the International Monetary Fund (IMF), global growth in 2025 is expected to remain stable but somewhat subdued. The forecast is 3.3% for 2024 and the following year, which is below the historical average of 3.7%. According to the IMF, inflation is expected to decline further to 4.2%. Overall, however, there are differing developments in the economies and an uncertain global growth profile. There are also considerable uncertainties with regard to financial and trade policy as well as political tensions. In the USA, growth is estimated at 2.7%, which is attributable to robust demand, strong labor markets and accelerated investment. Economic output in the eurozone is expected to grow by 1.0% in 2025, while Germany is expected to grow by 0.3%, which is below average compared to other EU countries. The reasons for this include geopolitical tensions, high energy prices, particularly in Germany, and weaker momentum in the manufacturing sector. Growth in the emerging markets is expected to be higher overall at 4.2%. The main growth drivers are China and India, which are expected to grow by 4.6% and 6.5% respectively.

According to the International Monetary Fund, there is a risk of a decline in overall economic demand in the medium term. Global growth is likely to be below the expected average for the period 2025 to 2026 and the five-year forecast of 3.0%. The short-term outlook, on the other hand, is influenced by the different and intensifying developments in the countries. While robust growth is expected to continue in the United States, risks are increasing in other economies due to heightened political uncertainty and economic policy adjustments, particularly in the energy sector in Europe and the real estate sector in China. A tightening of protectionist actions, for example in the form of tariffs, could reduce investment, lower market efficiency and disrupt supply chains once again. Growth could suffer in both the short and medium term, albeit to varying degrees in the individual economies.

FORECAST FOR YEAR-ON-YEAR CHANGE IN GROSS DOMESTIC PRODUCT 2025 COMPARED TO PREVIOUS YEAR[1)]

in %	2025
World	**+3.3**
Industrialized countries	+1.9
USA	+2.7
Euro zone	+1.0
Germany	+0.3
France	+0.8
Italy	+0.7
Spain	+2.3
Japan	+1.1
United Kingdom	+1.6
Canada	+2.0
Emerging markets	+4.2
Asia	+5.1
China	+4.6
India	+6.5
Russia	+1.4
Latin America	+2.5

1) International Monetary Fund (IMF); World Economic Outlook Update January 2025.

INDUSTRY OUTLOOK

Chemical industry association VCI expects stable demand, growth driven primarily by emerging markets

In its December 2024 forecast, the German Chemical Industry Association (VCI) expects the global chemical industry to grow by 2.9% in the coming year. Growth of 2.0% is expected for chemical companies in the USA. By contrast, growth of just 0.5% growth is expected in the European Union in 2025. In Germany, the chemical industry will not overcome its ongoing phase of weakness and is expected to stagnate. Above-average increases in production are expected in China at 5.0% and in India at 3.0%. According to the VCI, both the overall economy and chemical production will cool down in 2025.

Pharmaceutical industry faces challenging year, development largely dependent on USA

According to the data analysis company Statista, sales growth of 8.0% is forecast for the pharmaceutical industry in 2025, following lower growth rates in previous years. How the pharmaceutical industry will develop in 2025 depends to a large extent on developments in the USA as the lead market. The tariff announcements by the US government are likely to put pressure on drug prices and therefore on the margins of pharmaceutical companies. The USA is an important export market for German companies in particular, accounting for almost a quarter of pharmaceutical exports. After a decline in pharmaceutical production in Germany of 1.5% in 2024, the VCI expects slight growth of 0.5% in 2025.

Oil market approaching supply surplus

In its monthly report on the development of the oil market in February 2025, OPEC set out its expectation of a slight year-on-year increase in the worldwide demand for oil. Demand should gradually increase from 104.2 million barrels/day in the first quarter to 106.7 million barrels/day in the final quarter of the year. This corresponds to an average volume of 105.2 million barrels/day over the year as a whole, an increase of 1.4% compared with the previous year. Growth in demand is mainly driven by stronger demand from the USA and China. A supply surplus is expected on the oil market in 2025. In the USA in particular, supply is likely to grow somewhat more strongly again under the new government. OPEC is also planning to ramp up production again. The IMF therefore assumes that oil prices will fall by 11.7% in 2025.

Demand for electrical and electronic products to pick up again in 2025

Following a somewhat mixed performance in 2024, the German Electrical and Electronic Manufacturers' Association (ZVEI) expects demand for electrical and electronic products to rise again in 2025, with global growth of 3.0%. The largest contribution is expected from India, where demand is set to increase by 8.0%. Above-average growth of 4.0% is also expected from other parts of Asia, particularly China, which represents around 60% of the global market. The ZVEI forecasts growth of 2.0% for the European Union, including 2.0% in Germany. Expectations for the USA are also 2.0%.

FORECAST FOR YEAR-ON-YEAR CHANGE IN INDUSTRY-SPECIFIC KEY FIGURES IN 2025[1)]

in %	2025
Oil demand, world[1)]	+1.4
Oil price, world[2)]	-11.7
Chemical industry, world[3)]	+2.9
Chemical production, European Union[3)]	+0.5
Electrical industry, world[4)]	+3.0
Electrical industry, European Union[4)]	+2.0

[1)] OOPEC Monthly Oil Market Report – February 2025.
[2)] International Monetary Fund (IMF); World Economic Outlook Update January 2025.
[3)] VCI, World Chemistry Report, February 2025, VCI, Business Worldwide – The Economic Situation of Global Chemistry in Q3 2024, December 2024.
[4)] ZVEI, The Global Electrical Industry – Facts, Figures and Data September 2024.

Higher demand for LNG and gas expected

Industry forecasts assume that global demand for LNG will increase by more than 50% to up to 685 million tons by 2040, driven by strong industrial demand in China and economic development in other parts of Asia. According to the International Energy Agency (IEA),global demand for LNG will grow by more than 2.5% per year between 2024 and 2035. The increase in demand is likely to come from China and India in particular. Global demand for LNG is also being driven by the need to achieve development and decarbonization targets.

According to the International Energy Agency (IEA), global demand for gas will grow by 0.5% overall in 2024 and therefore at a lower level than demand for LNG. In the USA, demand for gas is expected to increase due to rising demand for AI and data centers and rising LNG exports. Increasing demand is also forecast from China, supported by the expansion of LNG capacities. According to the IMF, gas prices are expected to rise in 2025 due to colder weather conditions and supply disruptions.

OUTLOOK R. STAHL

Demand for explosion protection remains high

Based on the macroeconomic and sector-specific forecasts, the relevant key markets are expected to continue to grow in 2025. The increasingly stable development in the chemical industry, a sound pharmaceutical business and rising demand for oil and gas or liquefied gas should lead to increased demand for products and solutions in the field of explosion protection in the 2025 financial year. Although order backlog at the end of 2024 is at a lower level than in the previous year, R. STAHL started 2025 with a high order intake. Forecast uncertainties exist in particular with regard to unpredictable developments and consequences of geopolitical events and possible emerging trade conflicts. The associated demand shocks can therefore have a direct impact on demand for electrical explosion protection. Indirectly, supply chains can also be disrupted and prices for raw materials can increase.

Slight sales growth expected in a challenging market environment

Based on well-filled order books and a positive demand trend at the start of the 2025 financial year in conjunction with the forecasts for economic development, R. STAHL expects sales of between € 340 million and € 350 million in 2025. As part of R. STAHL's Sales EXcellence strategy, increased demand for electrical explosion protection is expected as a result of the further strengthening our regional expertise and expanding our market presence in selected regions. We also expect major projects from the oil & gas industry again in 2025, which should generate additional sales growth from the second half of the year.

R. STAHL's earnings development in 2025 will likely be similar to development 2024, assuming cost efficiency remains unchanged. We do not foresee any supply-side bottlenecks or further price increases, provided there is no significant escalation of trade conflicts. Against this backdrop, we expect EBITDA pre exceptionals of between € 35 million and € 40 million for the 2025 financial year.

R. STAHL Ag's annual result under commercial law is largely determined by Group allocations, income from investments and profit transfers. For R. STAHL AG, we expect a positive annual result in the low single-digit million euro range for 2025.

The R. STAHL Group's equity ratio amounted to 27.3% as of 31 December 2024. Assuming a constant interest rate level for the measurement of our pension obligations, we expect a slight increase in the equity ratio for financial year 2025.

With regard to free cash flow, we expect a mid single-digit positive million euro amount and a further decrease in net debt. Depending on business development and existing uncertainties, planned investments will be adjusted if necessary to ensure financial stability.

The forecast for 2025 is summarized as follows:

FORECAST 2025

€ million	Forecast 2025	Full year 2024
Sales	**340 – 350**	**344.1**
EBITDA pre exceptionals	**35 – 40**	**34.4**
Free cash flow	mid single-digit positive million euro amount	14.7
Equity ratio	**slight increase**	**27.3%**

This forecast is based on what we consider to be the most likely developments in our markets today. Changes in the underlying conditions due to economic or geopolitical developments may have a negative impact on our markets and thus on our business performance. A comprehensive description of the possible risks that may influence the present forecast can be found in the Risk and opportunity report.

CORPORATE GOVERNANCE

DISCLOSURES REQUIRED BY TAKEOVER LAW PURSUANT TO SECTION 289A (1) HGB AND SECTION 315A (1) HGB

Composition of the subscribed capital, classes of shares, rights and obligations

R. STAHL AG's share capital amounts to € 16,500,000, divided into 6,440,000 no-par value registered shares. Each no-par value share represents € 2.56 of the capital stock.

Every shareholder has economic and administrative rights. In accordance with Section 58 (4) AktG, economic rights are the right to participate in the profits and, according to Section 271 AktG, in the liquidation proceeds, as well as, according to Section 186 AktG, a subscription right to new shares in the case of a capital increase. Administrative rights include the right to attend the Annual General Meeting and the right to speak, ask questions, propose motions and exercise voting rights at the Annual General Meeting. Each no-par share grants one vote at the Annual General Meeting. The Annual General Meeting elects the members of the Supervisory Board representing the investors and the auditor, it decides on the approval of the actions of the Executive Board and Supervisory Board, on amendments to the Articles of Association and corporate actions, on authorization to acquire treasury shares and, if required, on special audits, on the premature removal of Supervisory Board members and on the dissolution of the company.

Voting rights and transfer restrictions

As far as R. STAHL is aware, the consortium of family shareholders of R. STAHL AG had a pre-emptive right regarding the shares in R. STAHL AG held by RSBG SE on the basis of existing agreements until 31 December 2024.

As far as R. STAHL is aware, there is a syndicate agreement in the consortium of family shareholders of R. STAHL AG. With regard to shares of the family shareholders falling within the scope of this syndicate agreement, a voting agreement and restrictions on disposal apply.

Direct or indirect shareholdings in the capital of more than 10% of the voting rights

As of 31 December 2024 (date on which the threshold was reached), the company had received the following notifications regarding direct or indirect shareholdings exceeding 10% of voting rights:

- In notifications dated 15 August 2024, members of the consortium of family shareholders of R. STAHL AG informed the company that this consortium holds a stake in the share capital of R. STAHL AG amounting to 36.07%.
- In a notification dated 28 August 2019, RSBG SE informed the company that it holds a 14.25% stake in R. STAHL AG's share capital.
- In a notification dated 6 January 2025, Mr. Norman Rentrop informed the company that the investment stock corporation for long-term investors TGV, which he controls, holds a 11.82% stake in R. STAHL AG's share capital.

Holders of shares with special rights conferring powers of control

The Company does not have any shares with special rights conferring powers of control.

Voting rights control of employee shares in the event of the indirect exercise of control rights

Employee shares are not and have not been issued by the company.

Statutory provisions and provisions of the Articles of Association on the appointment and dismissal of members of the Executive Board and on amendments to the Articles of Association

The appointment and dismissal of members of the Executive Board are governed by Sections 84 and 85 AktG. This specifies that members of the Executive Board are to be appointed by the Supervisory Board for a maximum of five years. A repeated appointment for a maximum of five years in each case is permissible. In addition, Article 6 of the Articles of Association stipulates that the Executive Board shall consist of one or more persons. The Supervisory Board decides on the number of Executive Board members, appointment and revocation of an appointment and the service contracts. The Supervisory Board is entitled to appoint a member of the Executive Board as chairman and it will also appoint Executive Board deputy members.

Authority of the Executive Board to issue or buy back shares

Authorization to issue new shares within the scope of the utilization of the authorized capital

With a resolution of the Annual General Meeting on 15 July 2021, the Executive Board was authorized, with the approval of the Supervisory Board, to increase share capital on one or more occasions until 14 July 2026 by issuing new no-par value bearer shares against cash and/or non-cash contributions up to a maximum total of € 3,300,000.00 (authorized capital 2021). In principle, shareholders are to be granted subscription rights. This statutory subscription right may also be granted in such a way that the new shares are taken up in whole or in part by a bank or syndicate of banks designated by the Executive Board with the obligation to offer them for subscription to the shareholders of the Company. Furthermore, with a resolution of the Annual General Meeting on 15 July 2021, the Executive Board was authorized, with the approval of the Supervisory Board, to exclude the statutory subscription right of shareholders

- for fractional amounts,
- fin the case of a capital increase against contributions in kind, in particular for the purpose of acquiring companies, parts of companies or interests in companies,
- if capital is increased against cash contributions, the issue price is not significantly lower than the market price of the already listed shares of the same class and features and the pro rata amount of the share capital attributable to the shares issued under exclusion of subscription rights does not exceed 10% of the share capital existing at the time this authorization becomes effective and at the time this authorization is exercised. The aforementioned 10% limit shall take into account:
  a) treasury shares if they are sold during the term of this authorization under exclusion of subscription rights in accordance with Section 186 (3) Sentence 4 AktG,
  b) shares issued or to be issued on the basis of a possible future authorization to service bonds with conversion and option rights or a conversion obligation, insofar as the bonds are issued during the term of this authorization under exclusion of subscription rights in corresponding application of Section 186 (3) Sentence 4 AktG.

Moreover, with a resolution of the Annual General Meeting on 15 July 2021, the Executive Board was authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation, in particular the content of the share rights and the conditions of the share issue, including any profit participation deviating from Section 60 (2) AktG.

Authority to acquire own shares

By resolution of the Annual General Meeting on 30 July 2020, the Executive Board was authorized, with the approval of the Supervisory Board, to acquire up to 10% of the current capital stock on the stock exchange or by means of a public purchase offer to all shareholders or a public invitation to submit offers for sale or by granting tender rights to all shareholders until 29 July 2025. The shares acquired on the basis of this authorization, together with other shares in the Company which the Company has already acquired and still holds or which are attributable to the Company pursuant to Sections 71d and 71e of the German Stock Corporation Act (AktG), may at no time account for more than 10% of the capital stock. The authorization may not be used for trading in treasury shares. The authorization may be exercised in whole or in part, once or several times, in pursuit of one or more purposes.

Furthermore, by resolution of the Annual General Meeting on 30 July 2020,the Executive Board was authorized, with the consent of the Supervisory Board, to sell the acquired shares in whole or in part, on one or more occasions, individually or collectively, to a third party

- to use treasury shares for all legally permissible purposes, in particular to sell treasury shares acquired on the basis of an authorization granted in this or in an earlier Annual General Meeting in accordance with Section 71 (1) No. 8 AktG, also in a way other than via the stock exchange or by offer to all shareholders, if the own shares acquired are sold for cash at a price which is not significantly lower than the stock market price of shares of the Company of the same class at the time of the sale. This authorization shall only apply subject to the condition that the shares sold subject to the exclusion of subscription rights in accordance with Section 186 (3) Sentence 4 AktG may not exceed a total of 10% of the capital stock, either at the time it becomes effective or – if this value is lower – at the time this authorization is exercised. Shares issued during the term of this authorization from authorized capital excluding subscription rights pursuant to Section 186 (3) Sentence 4 AktG shall be counted towards this limit of 10% of the capital stock.

- with the approval of the Supervisory Board, to sell the acquired treasury shares in return for non-cash contributions, in particular also in connection with business combinations or for the (also indirect) acquisition of companies, parts of companies, equity interests or other assets, including receivables from the Company or its Group companies. Shareholders' subscription rights are excluded in the aforementioned cases.
- to cancel the treasury shares with the approval of the Supervisory Board without any further resolution by the Annual General Meeting. The cancellation leads to a reduction in capital. In deviation thereof, the Executive Board may determine that the capital stock shall remain unchanged upon redemption and shall instead increase as a result of the redemption of the shares of the remaining shares in the capital stock of the Company. In this case, the Executive Board is authorized to adjust the number of shares in the Articles of Association.

Significant agreements of the Company that are contingent upon a change of control following a takeover bid

In 2023, the Company entered into a new syndicated loan agreement that includes a change of control clause under which the lenders participating in the syndicated loan have the right to terminate their loan commitments within 15 days of notification of the change of control with 15 days' notice to repay the amounts due and interest.

Furthermore, there are no significant agreements of the Company that are contingent upon a change of control following a takeover bid.

Compensation agreements with members of the Executive Board or with employees in the event of a takeover bid

Compensation agreements with members of the Executive Board or with employees in the event of a takeover bid have not been entered into.

DECLARATION OF CORPORATE GOVERNACE PURSUANT TO SECTION 289F HGB AND SECTION 315D HGB

The corporate governance statement required for listed stock corporations pursuant to Section 289f of the German Commercial Code (HGB) and Section 315d of the German Commercial Code (HGB) has been issued and published on the Company's website at www.r-stahl.com under the heading Corporate/Corporate Governance/Corporate Governance Declaration.

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

1 January to 31 December

€ 000	Note	2024	2023
Sales	[4]	**344,148**	**330,564**
Change in finished and unfinished products		-5,482	5,807
Own work capitalized	[5]	3,861	4,069
Total operating performance		**342,527**	**340,440**
Other operating income	[6]	8,975	9,923
Cost of materials	[7]	-113,944	-116,242
Personnel costs	[8]	-137,466	-134,486
Depreciation and amortization	[10]	-17,974	-17,525
Other operating expenses	[11]	-66,269	-62,993
Earnings before financial result and income taxes (EBIT)		**15,849**	**19,117**
Result from companies consolidated using the equity method	[12]	0	71
Investment result	[13]	0	-10,303
Interest and similar income	[14]	369	132
Interest and similar expense	[14]	-7,842	-7,006
Financial result		**-7,473**	**-17,106**
Earnings before taxes		**8,376**	**2,011**
Income taxes	[15]	-2,534	-1,829
Net profit		**5,842**	**182**
thereof attributable to other shareholders		24	-13
thereof attributable to shareholders of R. STAHL AG		5,818	195
Earnings per share in €	[16]	**0.90**	**0.03**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 December

€ 000	**2024**	**2023**
Net profit/loss	**5,842**	**182**
Gains/losses from currency translations of foreign subsidiaries, recognized in equity	-55	-4,152
Expenses and income recognized directly in equity with subsequent reclassification to the income statement (recycling)	0	3,928
Deferred taxes on gains/losses from currency translations	0	0
Currency translation differences after taxes	**-55**	**-224**
Other comprehensive income with reclassification to profit for the period	**-55**	**-224**
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	-1,716	-5,228
Deferred taxes from pension obligations	534	1,647
Other comprehensive income without reclassification to profit for the period	**-1,182**	**-3,581**
Other comprehensive income (valuation differences recognized directly in equity)	**-1,237**	**-3,805**
thereof attributable to other shareholders	7	-21
thereof attributable to shareholders of R. STAHL AG	-1,244	-3,784
Total comprehensive income after taxes	**4,605**	**-3,623**
thereof attributable to other shareholders	31	-34
thereof attributable to shareholders of R. STAHL AG	4,574	-3,589

CONSOLIDATED BALANCE SHEET

€ 000	Note	31 Dec. 2024	31 Dec. 2023
ASSETS			
Intangible assets	[18]	47,798	48,626
Property, plant and equipment	[19]	78,811	77,048
Other financial assets	[20]	332	90
Other non-current assets	[21]	3,149	3,294
Investment property	[22]	3,877	4,084
Deferred taxes	[15]	5,347	4,742
Non-current assets		**139,314**	**137,884**
Inventories and prepayments	[23]	48,906	63,756
Trade receivables	[24]	48,032	43,387
Contract receivables	[24]	0	17
Income tax claims	[24]	473	1,697
Other receivables and other assets	[24]	12,157	13,103
Cash and cash equivalents	[25]	16,268	11,534
Current assets		**125,836**	**133,494**
Total assets		**265,150**	**271,378**

€ 000	Note	31 Dec. 2024	31 Dec. 2023
EQUITY AND LIABILITIES			
Share capital	[26]	16,500	16,500
Capital reserve	[26]	13,457	13,457
Retained earnings	[26]	63,098	57,280
Accumulated other comprehensive income	[26]	-20,923	-19,679
Equity attributable to shareholders of R. STAHL AG		**72,132**	**67,558**
Non-controlling interests	[26]	191	160
Equity		**72,323**	**67,718**
Pension provisions	[28]	70,254	69,188
Other provisions	[29]	2,640	2,406
Interest-bearing loans	[31]	4,831	3,435
Lease liabilities	[32]	11,900	12,854
Other liabilities	[34]	570	0
Deferred taxes	[15]	5,060	4,584
Non-current liabilities		**95,255**	**92,467**
Other provisions	[29]	7,175	7,777
Trade payables	[30]	17,609	19,451
Interest-bearing liabilities	[31]	40,283	46,903
Lease liabilities	[32]	4,218	3,747
Deferred liabilities	[33]	15,858	17,961
Income tax liabilities		873	1,681
Other liabilities	[34]	11,556	13,673
Current liabilities		**97,572**	**111,193**
Total equity and liabilities		**265,150**	**271,378**

CONSOLIDATED STATEMENT OF CASH FLOWS

1 January to 31 December

€ 000	2024	2023
Net profit/loss	**5,842**	**182**
Result from the disposal of consolidated companies	0	759
Depreciation, amortization and impairment of non-current assets	17,974	27,830
Changes in non-current provisions	-443	-243
Changes in deferred taxes	383	-1,363
Equity valuation	0	1,855
Other income and expenses without cash flow impact	4,851	4,296
Result from the disposal of non-current assets	120	-54
Cash flow	**28,727**	**33,262**
Changes in current provisions	-615	-203
Changes in inventories, trade receivables and other non-capex or non-financial assets	8,711	-30,363
Changes in trade payables and other non-capex or non-financial liabilities not attributable to investing or financing activities	-6,754	11,524
Changes in working capital	**1,342**	**-19,042**
Other cash inflows and outflows from operating activities	-1,505	0
Cash flow from operating activities	**28,564**	**14,220**
Cash outflow for capex on intangible assets	-6,153	-7,068
Cash outflow for capex on property, plant & equipment	-7,614	-6,852
Cash inflow from disposals of property, plant and equipment and investment property	179	41
Cash outflow for capex on non-current financial assets	-243	-60
Increase / decrease in current financial assets	-2	0
Cash flow from investing activities	**-13,833**	**-13,939**
Free cash flow	**14,731**	**281**
Cash outflow for the repayment of lease liabilities	-4,352	-5,675
Cash inflow from interest-bearing liabilities	16,269	7,726
Cash outflow for the payment of interest-bearing financial liabilities	-21,691	-6,429
Cash flow from financing activities	**-9,774**	**-4,378**
Changes in cash and cash equivalents	4,957	-4,097
Foreign exchange and valuation-related changes in cash and cash equivalents	-223	-429
Cash and cash equivalents at the beginning of the period	11,534	16,060
Cash and cash equivalents at the end of the period	**16,268**	**11,534**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January to 31 December

	Equity attributable to shareholders							Non-controlling interests	Equity
				Accumulated other comprehensive income					
€ 000	Share capital	Capital reserve	Retained earnings	Currency translation	Unrealized gains/losses from pensions	Total accumulated other comprehensive income	Total		
January 01, 2023	**16,500**	**13,457**	**57,085**	**-6,130**	**-9,765**	**-15,895**	**71,147**	**194**	**71,341**
Net profit/loss			195				195	-13	182
Accumulated other comprehensive income				-203	-3,581	-3,784	-3,784	-21	-3,805
Total comprehensive income			**195**	**-203**	**-3,581**	**-3,784**	**-3,589**	**-34**	**-3,623**
Dividend distribution							0		0
Changes in the consolidated group							0		0
December 31, 2023	**16,500**	**13,457**	**57,280**	**-6,333**	**-13,346**	**-19,679**	**67,558**	**160**	**67,718**
January 01, 2024	**16,500**	**13,457**	**57,280**	**-6,333**	**-13,346**	**-19,679**	**67,558**	**160**	**67,718**
Net profit/loss			5,818				5,818	24	5,842
Accumulated other comprehensive income				-62	-1,182	-1,244	-1,244	7	-1,237
Total comprehensive income			**5,818**	**-62**	**-1,182**	**-1,244**	**4,574**	**31**	**4,605**
Dividend distribution							0		0
Changes in the consolidated group							0		0
December 31, 2024	**16,500**	**13,457**	**63,098**	**-6,395**	**-14,528**	**-20,923**	**72,132**	**191**	**72,323**

Notes to the Consolidated Financial Statements

GENERAL INFORMATION

1. COMPANY INFORMATION

R. STAHL Aktiengesellschaft (hereinafter R. STAHL AG), registered at Stuttgart District Court, HRB 581087, is an internationally-positioned company based in Germany with its registered office at Am Bahnhof 30, 74638 Waldenburg, Germany. The R. STAHL Group's (hereinafter: R. STAHL) business activity is in the field of electrical explosion protection. R. STAHL AG is the parent company and is also the ultimate parent company of the Group.

The Executive Board of R. STAHL AG approved the 2024 consolidated financial statements and 2024 combined management report for submission to the Supervisory Board on 25 March 2025. It will be presented to the Supervisory Board at its meeting on 8 April 2025.

2. ACCOUNTING METHODS

Basis of preparation

These consolidated financial statements of R. STAHL AG as of 31 December 2024, have been prepared in accordance with International Financial Reporting Standards (IFRS), as applicable in the European Union (EU) and the commercial law provisions pursuant to Section 315e of the German Commercial Code (HGB). Those interpretations of the International Financial Reporting Interpretations Committee (IFRS IC) that are binding for the current year were observed.

The financial year corresponds to the calendar year. Assets and liabilities are recognized in the balance sheet in line with their maturities. The Group classifies assets and liabilities as current if it expects to realize or settle them within twelve months of the reporting date. The consolidated income statement is prepared using the nature of costs method. To improve the readability of the consolidated financial statements, we have summarized individual items of the consolidated income statement and consolidated balance sheet. These items are explained separately in the notes to the consolidated financial statements. The required additional disclosures for individual items are also included in the notes to the consolidated financial statements.

The Group's functional currency is the euro. Unless stated otherwise, all amounts are rounded in thousands of euros (€ thousand), so that adding individual figures does not always result in the exact sum indicated.

R. STAHL AG electronically submits its consolidated financial statements to the operator of the corporate register.

Impact of new or revised standards

The accounting and valuation methods that have been applied basically correspond to the methods that were applied last year with the following exceptions resulting from new or revised standards.

In financial year 2024, the following new standards were mandatory for the first time:

Standard / Interpretation		Mandatory as of	Status
IFRS 16	Lease liability in a sale and leaseback transaction	1 January 2024	amended
IAS 1	Classification of liabilities as current or non-current	1 January 2024	amended
IAS 1	Classification of liabilities as current or non-current	1 January 2024	amended
IAS 1	Non-current liabilities with covenants	1 January 2024	amended
IAS 7; IFRS 7	Supplier agreements	1 January 2024	amended

Standards with mandatory application in the EU for the first time as of 1 January 2024 had no material impact on the consolidated financial statements.

New or revised standards that have not been applied

The IASB and the IFRS Interpretations Committee have adopted the standards, interpretations and amendments listed below, the application of which was not yet mandatory as of 31 December 2024, and some of which had not yet been endorsed by the EU. There are no plans for early application of these new rules. Subsequent future amendments are not expected to have a material impact on R. STAHL AG's consolidated financial statements, with the exception of the amendments to IFRS 18 "Presentation and disclosure in financial statements". The quantitative and qualitative effects of the application of IFRS 18 on the consolidated financial statements cannot yet be reliably estimated.

Standard / Interpretation		Mandatory as of[1]	Endorsed by the EU Commission[2]	Expected impact
IAS 21	Lack of exchangeability	1 January 2025	12 November 2024	none
IFRS 9; IFRS 7	Amendments to IFRS 9 and IFRS 7: Contracts referencing nature-dependent electricity	1 January 2026	pending	none
IFRS 9; IFRS 7	Amendments to IFRS 9 and IFRS 7: Classification and measurement of financial instruments	1 January 2026	pending	not material
Various	Annual improvements to IFRS	1 January 2026	pending	not material
IFRS 19	Subsidiaries without public accountability: Disclosures	1 January 2027	pending	none
IFRS 18	Presentation and disclosure in financial statements	1 January 2027	pending	see text

[1] Mandatory initial application date for R. STAHL AG.
[2] until 31 December 2024.

Principles and methods of consolidated accounting

Scope of consolidation

In addition to the parent company, the consolidated financial statements include 29 (2023: 29) domestic and international subsidiaries over which R. STAHL AG can exercise a direct or indirect controlling influence. According to IFRS 10, control exists if R. STAHL AG has decision-making power over the subsidiary based on voting or other rights, it participates in positive or negative variable returns from the subsidiary and can influence these returns through its decisions.

Due to the loss of material influence in the 2023 financial year, ZAVOD Goreltex Co. Ltd, St. Petersburg, Russian Federation, is no longer included in the consolidated financial statements as an associated company using the equity method, but is reported as an investment under other financial assets. ZAVOD Goreltex Company Limited is a supplier of explosion protection products in Russia.

Domestic and international companies included in the consolidated financial statements (incl. R. STAHL AG) are as follows:

	Domestic 31 Dec. 2024	International 31 Dec. 2024	Total 31 Dec. 2024	Total 31 Dec. 2023
Number of fully-consolidated companies	7	23	30	30
Number of companies consolidated using the equity method	0	0	0	0
Number of non-consolidated companies	1	0	1	1

There were no changes to the scope of consolidation in the financial year.

A list of all companies included in the consolidated financial statements as well as R. STAHL AG's entire shareholdings can be found in note [47] List of shareholdings.

Unconsolidated structured entities

The unconsolidated structured entity in accordance with IFRS 12 of the R. STAHL Group is Abraxas Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz, (hereinafter: Abraxas). R. STAHL AG is a limited partner with a capital share of 49.58% (nominal € 25,564.59) in Abraxas, the share of voting rights is 10%. The other limited partner, DAL Beteiligungsgesellschaft mbH, Mainz, holds an equity interest of 50.42% (nominal € 26,000.00). Management and representation of Abraxas is the responsibility of the general partner Abraxas Grundstücksverwaltungsgesellschaft mbH, Mainz, which does not hold any shares. R. STAHL AG participates in the profit and loss of Abraxas in proportion to its capital share. Liability is limited to its capital contribution.

In 2000, R. STAHL AG and Abraxas concluded a property leasing transaction consisting of a building lease, real estate lease and purchase option agreement for the ground lease to the property entered in the land register of Waldenburg, District Court of Heilbronn – Sheet 2025 – district of Waldenburg plot 2006/14. There followed various contractual arrangements of a notarized and privately documented nature, which are noted in the last notarized collective certificate dated 27 March 2015.

The owner of the leasehold property is R. STAHL AG. On the leasehold property, the lessor has taken over the planning and construction of the administration building and the logistics building. In financial year 2013, the logistics building was extended by R. STAHL AG as the general contractor and in financial year 2014 the administration building was extended with the addition of a company restaurant and a newly built development center.

Abraxas grants R. STAHL AG, as lessee, the right to use the administration and logistics buildings. The lease is included in accordance with IFRS 16.

R. STAHL AG restructured the real estate lease in 2019. The previous lease agreement concluded with Abraxas in 2000 had an original term until 2023 with an option to purchase the building. The real estate lease agreement concluded between R. STAHL AG and Abraxas has a term until 2038.

Abraxas has forfeited its future lease receivables and only the amount of the remaining residual values, secured by mortgages, is financed by debt.

Abraxas' net profit for 2024 amounts to € -1,165 thousand (2023: € -92 thousand) and equity to € -2,580 thousand (2023: € -1,416 thousand).

As of 31 December, the following balances refer to the R. STAHL Group's arrangements with Abraxas:

Carrying amounts in € 000 €	2024	2023
Other financial assets		
Shares held by R. STAHL AG in Abraxas	26	26
Maximum risk of loss	**26**	**26**

Overall, R. STAHL AG does not have control over the relevant activities of the leasing object company. There is no consolidation obligation in accordance with IFRS 10.

Translation of foreign currency items

Transactions in foreign currencies are translated at the exchange rates prevailing on the date of the transaction. In subsequent periods, financial assets and liabilities that are denominated in foreign currencies (cash and cash equivalents, receivables and payables) are measured at the exchange rates prevailing on the reporting date. The translation-related changes in assets and liabilities are recognized in profit or loss and reported in other operating expenses or income and in other financial result.

Translation of financial statements in foreign currency

The modified closing rate method is used for translation into the reporting currency for companies whose functional currency is not the euro but the local currency: Balance sheet items are translated into euros at closing rates on the reporting date, equity is translated at historical rates while expenses and income are translated at the average rate for the year. The difference between equity of the companies translated at historical rates at the time of acquisition or retention and equity translated at closing rates on the balance sheet date is disclosed separately as currency translation in other comprehensive income and only recognized in the income statement on disposal of a company.

The following changes in the exchange rates used for currency translation with a material impact on the consolidated financial statements occurred in relation to one euro:

	Closing rate		Average exchange rate	
in €	31 Dec. 2024	31 Dec. 2023	2024	2023
US dollar	1.0389	1.1050	1.0824	1.0813
British pound	0.8292	0.8691	0.8466	0.8698
Norwegian krone	11.7950	11.2405	11.6290	11.4248
Indian rupee	88.9335	91.9045	90.5563	89.3001
Russian ruble	113.6269	98.5958	100.3996	92.4080

Principles of consolidation

Capital consolidation is conducted at the acquisition date in accordance with the purchase method (IFRS 3). First, all assets, liabilities and additional intangible assets to be capitalized are measured at fair value. The acquisition costs of the investments are then offset against the proportionate share of revalued equity acquired. The resulting positive differences are capitalized as goodwill. Negative differences are reviewed once more and then recognized directly in the income statement.

In the event of staggered acquisition and subsequent assumption of control, the difference between the carrying amount and the fair value of the shares already held at the time of initial full consolidation is recognized in other income and expenses in the income statement.

Changes in the parent company's shareholding in a subsidiary that do not lead to a loss of control are accounted for as equity transactions. Differences from such transactions have to be set off against equity. A subsidiary is deconsolidated at the time the parent company loses control of the subsidiary.

Shares in a subsidiary's equity that are not attributable to the parent company are stated as non-controlling interests.

Intra-group transactions and intra-group profits and losses among the companies included in the consolidation are fully eliminated as part of the consolidation process.

The principles of consolidation are unchanged from the previous year.

Accounting and measurement methods

The following accounting and valuation methods are of material importance to R. STAHL.

Uniform Group methods

The annual financial statements of the consolidated companies have been prepared according to uniform accounting and measurement principles.

We have adjusted the financial statements prepared according to country-specific standards to the uniform group accounting and measurement principles of the R. STAHL Group in the case of any deviation from IFRS.

The reporting date for the separate financial statements of the consolidated companies is the same as the date of the consolidated financial statements as of 31 December, with the exception of the financial statements of R. STAHL PRIVATE LIMITED, Chennai (India). The balance sheet date for the separate financial statements in India is 31 March; to this extent, interim financial statements were prepared for the reporting date of the consolidated financial statements.

Revenue recognition

IFRS 15 specifies whether, in what amount and at what time sales are recognized. IFRS 15 is generally applicable to all contracts with customers.

The business purpose of R. STAHL is essentially the manufacture of products in the business field of explosion protection. Customer contracts primarily include the transfer of products as well as products related such transfers.

In addition to the delivery of products, various services are occasionally provided, including optional training courses, factory acceptance tests (FATs), and extended warranty periods. These services are directly related to the actual products and do not generally represent separate service obligations but are, in fact, agreed service bundles. The extended warranty periods, which are mainly awarded as part of the project business, are considered customary in the industry, which is why they should not generally be regarded as separate performance obligations. Similarly, product deliveries regularly include documentation, whereby this is a necessary formal component of the product (proof of certification). For this reason, the documentation supplied is not a separate performance obligation, but also part of the agreed service bundle.

At R. STAHL, sales are generally recognized when the customer gains control of the asset or when the service has been provided (in the case of services). To a lesser extent, sales are recognized on a time basis – usually always when an alternative use of the service in accordance with IFRS 15.35(c) is no longer possible and R. STAHL has a legal claim to payment for the services already rendered. To appropriately determine the stage of completion, R. STAHL applies the input-oriented method, i.e. based on the costs incurred up to the balance sheet date, as these can be reliably determined.

With regard to the regulations for determining the transaction price as well as the allocation of the transaction price, there are no special features at R. STAHL. Performance obligations are recognized at standalone selling prices. On this basis, only contractual penalties or contractual incentives or discounts have to be determined in practice. Variable transaction components are of minor significance. In the reporting period, there were no sales with a right of return, repurchase agreement, option to purchase additional goods or services, significant financing component or similar features.

Payment terms contractually agreed with the customer at R. STAHL Group average approximately 60 days. For some customer contracts with milestone payments, R. STAHL receives portions of the agreed consideration prior to performance, which in these cases are recognized as advance payments received (reported under [34] Other liabilities) until revenue is recognized. In 2024, there were no significant items with terms of payment of over 12 months.

Contract expenses are of minor significance. If incurred, R. STAHL applies the simplification rule of not capitalizing contract costs in the case of those contracts with terms of less than one year.

Earnings per Share

Earnings per share are calculated according to IAS 33 (Earnings per share).

Basic earnings per share are calculated by dividing consolidated earnings after taxes, attributable to the shareholders of R. STAHL AG, by the average number of common shares outstanding during the financial year.

Because there are no potential common shares and no option or subscription rights outstanding, it was not necessary to calculate diluted earnings per share for the current financial year.

Goodwill

Goodwill is not subject to scheduled amortization, but undergoes an impairment test at least once a year or more frequently if there are indications of impairment. An impairment loss is recognized for goodwill allocated to a group of cash-generating units only if the recoverable amount is less than the total of the relevant carrying amounts for that group. Impairment losses recognized in prior periods are not reversed if the reasons for the impairment no longer apply. Goodwill is carried at cost less accumulated impairment losses.

Research and development expenses

Research costs may not be capitalized under IAS 38.42 et seq. and are immediately recognized as an expense. Development costs are capitalized at manufacturing cost according to the criteria set forth in IAS 38 to the extent that the expense can be clearly allocated and both technical feasibility and marketing are assured. Furthermore, it must be reasonably probable that development activities will generate future economic benefit. Capitalized development costs comprise all directly allocable costs and appropriate shares of development-related overhead. Capitalized development costs are amortized using the straight line method from production start over the expected product life cycle of usually five to seven years. Impairment tests are carried out annually on capitalized development projects, regardless of whether or not there is an indication of impairment.

Other intangible assets

Intangible assets with finite useful lives are recognized at cost less straight-line amortization over their contractual or estimated useful lives. The useful lives are between 3 and 10 years.

Property, plant and equipment

Property, plant and equipment is recognized at cost less cumulative scheduled depreciation and write-downs over the projected useful life. The cost of an item of property, plant and equipment is recognized as an asset if it is probable that a future economic benefit associated with the item will flow to the entity and if the cost of the item can be measured reliably. Acquisition or production costs only include those amounts which can be directly allocated.

Financial expenses are not recognized as part of acquisition or manufacturing cost for reasons of materiality.

Property, plant and equipment is depreciated using the straight-line method.

Valuation is based on the following Group-wide useful lives:

in years	
Buildings	15 to 33 years
Technical equipment and machinery	8 to 20 years
Other plant, operating and office equipment	3 to 15 years

Impairment of tangible and other intangible assets

If there is an indication that property, plant and equipment and intangible assets may be impaired, an impairment test is conducted. Capitalized development costs are subjected to an impairment test, regardless of whether there is any indication of impairment. The carrying amount of the asset is compared with its recoverable amount. The recoverable amount is defined as the higher value of selling price less disposal costs and value in use of the asset. Value in use is the present value of future cash flows to be expected from the continued use of an asset and its sale at the end of its service life. The recoverable amount of an asset is determined individually and, should that not be possible, for the cash-generating unit it has been allocated to. In order to determine the expected cash flows of each cash-generating unit, basic assumptions have to be made for financial plans and the interest rates used for discounting cash flows.

Leases

A lease is an agreement that conveys the right to use an identified asset for a specified period in exchange for consideration.

Transactions in which R. STAHL acts as lessee are accounted for using the right-of-use model in accordance with IFRS 16.22 "Leases", irrespective of the economic (ownership) relationship to the leased asset at the beginning of the lease term. Rights of use over intangible assets are not accounted for by R. STAHL as a lessee in accordance with the right of use model due to the option provided under IFRS 16.4.

As a lessor, R. STAHL lets real estate. The underlying lease agreements were classified as operating leases (see section [22] Investment property).

Further significant policy options and practical expedients are exercised as follows:

- Lease liabilities are presented separately in the balance sheet.
- The development of right-of-use assets is presented in the notes [19] Property, plant and equipment.

For low-value leases and short-term agreements with a term of less than twelve months, the application relief provided by IFRS 16.5 is utilized and the expense is recognized on a systematic basis over the term.

A liability is recognized for the leases in the amount of the present value of the existing payment obligation. It is subsequently measured using the effective interest method. Present value is determined by discounting with an incremental borrowing rate which is equivalent in terms of risk and term if the implicit interest rate cannot be determined. The current portion of the lease liability to be recognized separately in the balance sheet is determined on the basis of the repayment portion of the next twelve months included in the lease payments.

The initial value of the liability is also the starting point for determining the acquisition cost of the right-of-use asset, which is carried as a separate asset class under intangible assets and property, plant and equipment. The cost of the right-of-use asset also includes initial direct costs and expected costs from a dismantling obligation if these do not relate to an item of property, plant and equipment. Prepayments increase and lease incentives received reduce the acquisition value. All rights of use are measured by R. STAHL at amortized cost.

Depreciation is calculated using the straight-line method over the shorter of the lease term and the useful life of the identified asset. An impairment test is carried out in accordance with IAS 36 if events or changed circumstances indicate any impairment.

Accounting for leases is significantly influenced by the assessment of the lease term. In determining the lease term, all facts and circumstances that offer an economic incentive to exercise existing options are considered. The assumed term thus also includes periods covered by extension options if it is assumed with a reasonable degree of certainty that they will be exercised. A change in the term is taken into account if a change occurs with regard to the reasonably certain exercise or non-exercise of an existing option.

R. STAHL acts as a lessee in particular in the field of real estate, vehicle fleet and operating and office equipment. To ensure entrepreneurial flexibility, extension and termination options are agreed for real estate leases in particular. With regard to lease agreements for vehicle fleets and operating and office equipment, the predetermined term ends are considered. All significant cash outflows are therefore taken into account when measuring the lease liability and corresponding right-of-use assets. There are no variable lease payments and R. STAHL does not give residual-value guarantees. No significant lease arrangements have already been contractually agreed whose use has not yet begun.

Financial assets

Financial assets are initially recognized at fair value. Ancillary acquisition costs are included unless the financial asset is measured at fair value in subsequent periods. Financial instruments are recognized for the first time on the settlement date.

Financial assets are classified and measured on the basis of the business model and their cash flow characteristics. At the time of initial recognition, financial assets must be classified in one of the following categories: at amortized cost, at fair value through profit and loss or at fair value through other comprehensive income.

Irrespective of this, a financial asset may be designated as at fair value through profit or loss (fair value option) on initial recognition. This option was not exercised by R. STAHL. A financial asset is allocated to the (measurement) category amortized cost if the business model is “hold to collect contractual cash flows” and if the cash flow criteria is met. Subsequent measurement is at amortized cost using the effective interest method. In the case of R. STAHL, this primarily includes cash and cash equivalents, financial assets, certain trade receivables and contract assets.

A financial asset is allocated to the (measurement) category at fair value through other comprehensive income if the business model is “hold and sell” and if the cash flow criteria is met. At R. STAHL, this mainly includes trade receivables that are subject to a factoring agreement but that had not been sold as of the reporting date.

If the objective of the respective business model is not to hold, or hold and sell, the financial assets, financial assets are recognized in the category fair value through profit or loss. This applies regardless of compliance with the cash flow criterion. These financial assets include those held for trading. A financial asset is held for trading at R. STAHL if it

- was acquired primarily for the purpose of short-term sale/repurchase (e.g. the sale of receivables), or
- meets the characteristics of a derivative.

Derivatives classified as either a financial guarantee or an effective hedging instrument must, however, be excluded.

By contrast, the cash flow criterion is never met for equity instruments. These are recognized at fair value through profit or loss. The OCI option is not utilized. Equity instruments include the shares in ZAVOD Goreltex St. Petersberg, Russia.

Financial assets are derecognized when the contractual rights to payments from the financial assets no longer exist or when the financial assets have been transferred together with all material risks and rewards. If all material opportunities and risks remain with the transferor, the asset cannot be derecognized. If neither all material opportunities and risks of an asset are transferred nor all material risks retained, it must be determined whether the reporting entity has relinquished control of the asset or not. If the entity no longer has control of the asset, it is derecognized. If the entity has retained control of the asset, however, it must continue to recognize the asset.

There are three levels of risk provision provided for under the IFRS 9 general impairment model. There is, however, an option to use a simplified model for certain assets instead of the general model. R. STAHL exercises this option.

If the option is exercised, the respective financial assets must be allocated exclusively to (valuation allowance) levels 2 and 3 and a risk provision in the amount of the lifetime expected loss must be recognized.

The formation of a provision in the amount of expected credit loss is aimed at anticipating expected losses attributable to debtor default. When estimating the expected losses, the discounted expected values must be calculated. Information available to the company must be taken into account. This includes empirical values from the past, information on the current economic status and expected economic developments.

Investment property

Investment property is presented as an asset if it is probable that future economic benefit from such investment property will flow to the company, and the acquisition or manufacturing costs can be measured reliably. Investment property is measured using the cost model.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are established in accordance with IAS 12 (income taxes) using the liability method for all temporary differences between tax and commercial balance sheet values as well as for earnings-impacting consolidation measures. Moreover, deferred tax assets are established for future tax benefits from tax loss carryforwards. Deferred tax assets for all deductible temporary differences and tax loss carryforwards may, however, only be established to the extent that it is probable that future taxable profit will be available against which the temporary differences or unused tax losses can be utilized. Deferred taxes were determined in accordance with IAS 12 based on the respective countries' effective or already enacted effective income tax rates at the time of income realization.

Deferred tax assets are netted against deferred tax liabilities if there is an enforceable right to offset these balance sheet items. This is generally the case for identical tax subjects, tax types and due dates. Deferred tax assets and liabilities are not discounted pursuant to IAS 12. IFRIC 23 supplements the provisions of IAS 12 with regard to the recognition and measurement of current income taxes, deferred tax liabilities and deferred tax assets in cases of uncertainty regarding the income tax treatment. Tax uncertainties are identified based on an ongoing analysis of the tax environment. If case of uncertainties regarding the income tax treatment of, for example, the determination of taxable income or unused tax loss carryforwards, these are accounted for using the best estimate in accordance with IFRIC 23. As in the previous year, there are no significant effects on the consolidated financial statements for the current financial year.

Inventories

Raw materials and supplies, as well as merchandise, are recognized at the lower of average cost or net realizable value.

Unfinished and finished goods are recognized at the lower of manufacturing cost and net realizable value. They comprise all costs directly attributable to the manufacturing process and appropriate shares of production-related overhead. These include production-related depreciation and amortization, pro-rated administrative expense, and pro-rated social insurance costs (total production-related cost approach). Manufacturing costs are determined on a normal capacity utilization basis.

Financing costs are included in manufacturing costs if they relate to qualifying assets.

In addition to the consideration of lower net realizable values, there are write-downs on obsolete inventories and inventories with low turnover rates.

If the reasons that led to the write-down of inventories no longer exist, the resulting write-down is reversed.

Derivative financial instruments and hedging transactions

When accounting for derivative financial instruments according to IFRS 9, R. STAHL continues to exercise the option provided by IFRS 9.7.2.21 and applied the regulations for hedge accounting relationships pursuant to IAS 39. No hedging transactions were recognized in hedge accounting in the 2024 financial year.

R. STAHL only uses derivative financial instruments to hedge currency, interest rate and fair value risks from operating activities, and to reduce the resulting financing risks.

R. STAHL accounts for all derivative financial instruments at fair value. In this regard, changes in the fair value of derivative financial instruments are recognized directly in the income statement in accordance with IFRS 9.

The market values of derivative financial instruments are shown under Other financial assets or Other financial liabilities. In line with the settlement date, short-term and long-term derivatives are classified as current or non-current.

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations comprise R. STAHL's pension obligations from defined benefit pension schemes.

In the case of defined benefit pension schemes (such as direct commitments) direct pension obligations in the form of pension provisions and support funds (indirect pension obligations), the actuarial measurement of the pension provisions is based on the projected unit credit method prescribed by IAS 19 (employee benefits). This approach not only considers pensions and unit credits known on the balance sheet date but also forecast future pension and salary increases. The calculation follows the actuarial tables including biometric calculation principles.

In Germany, the age at the agreed end of the partial retirement employment relationship was taken as the financing end age for partial retirement employees. The earliest possible retirement age of 64 years was used for the remaining group of persons without individual contractual agreements on the retirement age. This corresponds to the average retirement age in the past and coming years within the company.

Actuarial gains and losses arising from changes in actuarial assumptions, or differences between previous actuarial assumptions and actual developments, are recognized directly in equity (Accumulated other comprehensive income) at the time of creation and under consideration of deferred taxes.

Actuarial gains and losses recognized in the equity item Accumulated other comprehensive income and the respective deferred taxes are not reversed through profit or loss in subsequent periods. The actuarial gains and losses recognized in the reporting period and the respective deferred taxes are disclosed separately in the statement of comprehensive income.

The expense of funding pension obligations is recognized under personnel expenses while the interest portion of pension obligations is stated in the interest result.

The amount to be recognized as a liability from defined benefit pension plans is to be subtracted from the plan asset at fair value as at the balance sheet date.

In the case of defined contribution plans, the respective companies do not incur further obligations beyond making contributions to special purpose funds.

Discount factors for determining the present value of defined benefit pension obligations are established on the basis of yields achieved on the balance sheet date with senior, fixed interest-bearing company bonds in the respective market.

Other provisions

Other provisions pursuant to IAS 37 (provisions, contingent liabilities and contingent assets) have been included to the extent that they represent a present obligation based on past events and the amount required is both probable and can be reliably estimated. The probability of occurrence must be above 50%. Provisions are only recognized for legal or de facto obligations to third parties. The provision recognized is the best estimate of the amount required to settle the present obligation at the balance sheet date. In addition, the measurement of other provisions – in particular for warranties and expected losses from pending transactions of already contracted transactions – includes all cost components that are also capitalized in inventories "production-related full costs".

Non-current provisions with residual maturities of more than one year are discounted if the interest effect is material.

Financial liabilities

Financial liabilities are measured at fair value plus directly attributable incidental costs at the time of addition. As a rule, fair value is the acquisition cost.

Financial liabilities are generally measured at amortized cost using the effective interest method. If financial liabilities are derivative financial instruments or contingent purchase price obligations within the scope of acquisitions, they are measured at fair value.

Financial liabilities are derecognized when the contractual obligations are settled, canceled or when they expire.

All receivables denominated in foreign currencies are translated at the closing rate at the end of each reporting period. Changes in value are reported in the income statement under Other operating income or Other operating expenses.

Contingent assets and liabilities

Contingent assets and liabilities are possible assets or liabilities that arise from past events and the existence of which will be confirmed only by the occurrence of one or more uncertain future events but which are outside R. STAHL's control. Furthermore, present obligations may constitute contingent liabilities if the probability of an outflow of resources is not sufficiently probable for a provision to be recognized and/or the amount of the obligation cannot be estimated with a sufficient degree of reliability. The values presented for contingent assets and liabilities correspond to the entitlement or scope of liability existing at the balance sheet date.

Cash flow statement

The cash flow statement shows the cash inflows and outflows of R. STAHL in the reporting period.

In accordance with IAS 7 (statement of cash flows), we distinguish between cash flows from operating, investing and financing activities. Cash flow from operating activities is calculated using the indirect method. Cash flows of subsidiaries reporting in foreign currencies are translated into the Group's functional currency at annual average exchange rates.

Information on interest received and paid, dividends received and income taxes received and paid is presented separately in chapter [39] Reconciliation of movements of debt to cash flows from financing activities.

The effects of acquisitions, divestments and other changes in the scope of consolidation are presented separately in accordance with IAS 7.39 and classified as investing activities.

Cash and cash equivalents shown in the cash flow statement comprise cash on hand, cheques, and credit balances with banks. The item also includes securities with original maturities of up to three months. Liquid funds are unrestricted cash. Cash and cash equivalents as recognized in the balance sheet correspond to liquid funds. For details on the composition of cash and cash equivalents, please refer to the explanations on [25] Cash and cash equivalents.

Segment reporting

The R. STAHL Group bundles its operating business in the single reporting segment Explosion Protection. External reporting in this context is based on the principle of the management approach on the basis of the Group's internal organizational and management structures and internal financial reporting to the Chief Operating Decision Maker (CODM). At R. STAHL, the Executive Board is responsible for assessing and controlling business success and is regarded as the top management body pursuant to IFRS 8. As the CODM, the Executive Board allocates its resources on the basis of consolidated figures; the key performance indicator is EBITDA before special items. Separate financial information per product line is not reported to the Executive Board for the purpose of performance measurement and resource allocation.

The aggregation of business activities in a single segment was based on the aspect of comparability of economic characteristics as well as on the aspects of type of products, production process, customer group and methods of distribution.

The Group develops, manufactures, assembles, and distributes devices and systems for measuring, controlling, distribution of energy, securing and lighting in ex-zones. All product types can be grouped under the general heading of explosion protection solutions, which at the same time represents R. STAHL's core competence.

R. STAHL has defined the product engineering process (PEP) as its core process. This core process is basically the same for all product types. Further, the development process is implemented as a standard process (milestone process) and cross-departmental development conferences are held to exchange ideas and development results across all product types.

R. STAHL supplies products and solutions worldwide for all industries and production sites where there is a risk of explosion. There is no focus on specific industries. Quotation and order processing are therefore standardized to the greatest possible extent and basically comparable for all product types.

R. STAHL meets demand for electrical explosion protection. Sales are geared to the customer's needs as a whole; whether these are for components, products or customer specific solutions. Quotation and order processing procedures are standardized and uniform for all products.

3. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of consolidated financial statements in accordance with IFRS requires judgements, assumptions and estimates to be made that affect the reported amounts of assets and liabilities, income and expenses as well as contingent liabilities. The respective assumptions and estimates are based on premises which represent recent knowledge. The estimates and the underlying assumptions are examined on an ongoing basis. Actual developments may result in amounts differing from these estimates and judgements. Such differences, if impacting on the accounting, are recognized in the period of change where the change affects this period only. If changes in estimates affect both the current period and future periods, these are recognized accordingly in the periods in question.

Significant matters involving judgments, estimates and assumptions are presented below.

Goodwill impairment

The R. STAHL Group tests goodwill for impairment at least once a year. This requires an estimate of the values in use of the cash-generating units to which the goodwill is allocated. Management has to estimate the expected future cash flows of the cash-generating units and furthermore select a suitable discount factor to determine the cash value of these cash flows.

Capitalized development costs

Development costs are capitalized in accordance with the Accounting and measurement methods presented previously. For the impairment test of the capitalized development costs, management makes assumptions about the amount of the expected future cash flows from assets, the interest rates to be applied and the period of time for the influx of expected future cash flows that the assets generate.

Pension provisions

Expenses for defined benefit plans are determined using actuarial calculations based on assumptions with regard to discount factors, expected income from plan assets, future wage and salary increases, mortality and future pension increases. The applied discount factors are based on the yield of first-class, fixed-interest bearing company bonds. The expected long-term interest of the fund assets is determined on the basis of historical long-term yields and the structure of the portfolio. Pursuant to the long-term orientation of these plans, those assumptions are subject to significant uncertainties. The impact of changes in parameters applied as of the balance sheet date on the present value of the defined benefit obligation is presented in section [28] Pension provisions. Any discrepancy between the parameters assumed and the actual conditions on the balance sheet date has no impact on consolidated net profit, as gains and losses resulting from the discrepancies based on the remeasurement of the net defined benefit liability are recognized directly in equity. For further information, please refer to section [28] Pension provisions.

Deferred taxes

Determination of future tax advantages reflected in the balance sheet is based on assumptions and estimates of the development of tax income and tax legislation in those countries where Group companies are located.

Further assumptions

Estimates and assumptions are also used for purchase price allocations, the determination of economic lifetimes of intangible and tangible assets, accounting and valuation of inventories, receivables, provisions and the assessment of legal risks. Individual actual values may deviate from the estimates and assumptions. In accordance with IAS 8, changes are recognized in profit or loss when better knowledge becomes available.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4. SALES

Sales presented in the consolidated income statement includes both sales from contracts with customers and not within the scope of IFRS 15.

A breakdown of sales by source is shown below:

€ 000	2024	2023
Sales from contracts with customers	343,090	329,510
Rental income from investment property	1,058	1,054
Total	**344,148**	**330,564**

A breakdown of sales by time of recognition is shown below:

€ 000	2024	2023
At a specific time	333,731	318,093
Over a specific period	10,417	12,471
Total	**344,148**	**330,564**

Sales are recognized over a specific period with a high probability of occurrence within a period of one to two months.

In future periods, sales of € 95,788 thousand (2023: € 115,092 thousand) will be realized from currently unfulfilled or only partially fulfilled performance obligations. Of this amount, € 95,636 thousand is expected to be recognized as revenue in the 2025 financial year (€ 109,322 thousand in the 2024 financial year).

Reference is also made to the Notes to segment reporting.

5. OWN WORK CAPITALIZED

Own work capitalized in the amount of € 3,861 thousand (2023: € 4,069 thousand) results in particular from the capitalization of development costs in accordance with IAS 38. In the financial year, these amounted to € 3,321 thousand (2023: € 3,711 thousand).

In the financial year, a total of € 22,660 thousand (2023: € 23,507 thousand) was recognized as expenses for research and development.

6. OTHER OPERATING INCOME

Other operating income includes all income that, due to its nature, cannot be allocated to either sales or financing income. These are composed as follows:

€ 000	2024	2023
Income from the reversal of provisions	715	609
Income from the reversal of accruals	1,089	343
Income from the reversal of valuation allowances	426	470
Gains from currency translation	5,184	6,474
Income from the market valuation of derivatives	0	49
Income from deposit disposals	15	16
Other income	1,546	1,962
Total	**8,975**	**9,923**

7. COST OF MATERIALS

The cost of materials comprises the following items:

€ 000	2024	2023
Expenses for raw materials and supplies	-110,080	-112,575
Services received	-3,864	-3,667
Total	**-113,944**	**-116,242**

8. PERSONNEL COSTS

Personnel costs consist of the following:

€ 000	2024	2023
Wages and salaries	-113,878	-112,678
Social insurance contributions, as well as pension and support expense	-23,588	-21,808
thereof for pensions	-2,777	-2,671
Total	**-137,466**	**-134,486**

9. ANNUAL AVERAGE NUMBER OF EMPLOYEES

The average number of employees and trainees of consolidated companies in the year under review as compared to the previous year was as follows:

Number	2024	2023
Employees	1,747	1,707
Apprentices	105	91
Total	**1,852**	**1,798**

10. DEPRECIATION AND AMORTIZATION

Depreciation and amortization of intangible assets and property, plant and equipment amounts to € -17,974 thousand (2023: € -17,525 thousand).

11. OTHER OPERATING EXPENSES

Other operating expenses comprise the following items:

€ 000	**2024**	**2023**
Services	-8,359	-6,913
Temporary work	-6,219	-4,593
Rental expense for premises	-1,206	-1,158
Rent for office and operating equipment	-4,883	-4,347
Advertising and exhibition costs	-1,878	-1,978
Legal, consulting, licensing and inventor fees	-7,862	-6,443
Office, postal and communication costs	-1,531	-1,721
Incidental personnel costs	-4,951	-4,666
Maintenance costs	-6,301	-5,762
Travel and entertainment expenses	-3,727	-3,605
Insurance	-1,763	-1,251
General transport costs	-3,276	-3,291
Expenses from individual valuation allowances of receivables	-1,107	-2,572
Losses from currency translation	-5,616	-7,929
Expenses from market valuation of derivatives	-648	-62
Losses from the disposal of assets	-128	-24
Other	-6,814	-6,678
Total	**-66,269**	**-62,993**

12. RESULT FROM COMPANIES CONSOLIDATED USING THE EQUITY METHOD

The investment in ZAVOD Goreltex, St. Petersburg, Russia, is reported as an investment in other financial assets in the consolidated financial statements for 2023 due to the loss of material influence. The result from companies accounted for using the equity method therefore amounts to € 0 thousand (2023: € 71 thousand).

13. INVESTMENT RESULT

The investment result amounts to € 0 thousand (2023: € -10,303 thousand). In the prior year, this item included the impairment of the investment in ZAVOD Goreltex, St. Petersburg, Russia, amounting to € -10,305 thousand. Income from the non-consolidated structured entity Abraxas amounted to € 0 thousand (2023: € 2 thousand).

14. INTEREST RESULT

The interest result comprises the following items:

€ 000	**2024**	**2023**
Interest and similar income	369	132
Interest and similar expense	-7,842	-7,006
Total	**-7,473**	**-6,874**

The interest result includes € -2,527 thousand (2023: € -2,771 thousand) for the net interest portion of the addition to pension provisions and € -397 thousand (2023: € -421 thousand) for the interest portion of lease liabilities. Financing expenses for loans were incurred in the amount of € -3,030 thousand (2023: € -2,629 thousand).

15. INCOME TAXES

Current taxes comprise corporate income tax including solidarity surcharge and trade tax for domestic Group companies and comparable income-related taxes for international companies. Taxes are calculated according to the respective tax regulations of the various companies.

Deferred taxes are calculated on the basis of applicable tax rates in effect or known to become effective in the respective countries at the time these taxes are due. In Germany, the corporate tax rate is 15.0% with a solidarity surcharge of 5.5%. In addition to corporate tax, a trade tax is payable on profits made in Germany. This varies depending on the municipalities in which the company is represented. Taking into account an average municipal trade tax multiplier of 411.2% (2023: 411.4%) an overall tax rate of 30.2% is calculated for German companies (2023: 30.2%). The profits earned by foreign companies are taxed at the rates applicable in the respective country of their registered office. These are also used to determine deferred taxes, provided that future tax rate adjustments have not yet been resolved. The tax rates for our foreign activities range from 8.3% to 30.0% (2023: 0.0% and 30.4%).

R. STAHL is not affected by the regulations of global minimum taxation in accordance with Pillar 2, which means that IAS 12.88A is not relevant.

Income taxes include the following items:

€ 000	2024	2023
Current taxes	-2,151	-3,192
Deferred taxes	-383	1,363
thereof from temporary differences	-1,092	-1,235
thereof from tax loss carryforwards	709	2,598
Total	**-2,534**	**-1,829**

Current taxes include taxes relating to other periods in the amount of € -194 thousand (2023: € -40 thousand).

The deferred tax expense results from the following changes in recognized deferred taxes:

€ 000	2024	2023
Creation and reversal	-1,235	-271
Write-down	-39	-716
Value adjustment	989	2,554
Tax rate change	-98	-204
Total	**-383**	**1,363**

The inventory of unused tax loss carryforwards is composed as follows:

€ 000	31 Dec. 2024	31 Dec. 2023
Corporate tax	89,675	86,820
Trade tax	63,069	55,502

Taking into account the expected development of future taxable results of the R. STAHL Group, the use of corporate income tax loss carryforwards of € 16,988 thousand (31 December 2023: € 13,711 thousand) and trade tax loss carryforwards of € 9,304 thousand (31 December 2023: € 8,343 thousand) is considered probable. Deferred tax assets of € 4,268 thousand (31 December 2023: € 3,560 thousand) were recognized for these usable tax loss carryforwards. Of this amount, € 2,929 thousand (31 December 2023: € 2,359 thousand) was attributable to corporate tax loss carryforwards and € 1,339 thousand (31 December 2023: € 1,201 thousand) to trade tax loss carryforwards.

No deferred tax assets were recognized for the remaining unused corporate tax loss carryforwards of € 72,687 thousand (31 December 2023: € 73,109 thousand) and trade tax loss carryforwards of € 53,765 thousand (31 December 2023: € 47,159 thousand).

These tax loss carryforwards are mostly unlimited in time. Tax losses cannot be offset with the taxable income of other Group companies.

No deferred tax assets were recognized for deductible temporary differences in the amount of € 1,798 thousand (31 December 2023: € 1,818 thousand), because it is currently not expected that they will be realized.

No deferred taxes were recognized on temporary differences in connection with shares in subsidiaries in the amount of € 751 thousand (2023: € 565 thousand). If retained earnings at subsidiaries remain invested for an indefinite period, no deferred tax liabilities are recognized.

Accumulated deferred tax assets and liabilities were as follows:

€ 000	31 Dec. 2024	31 Dec. 2023
Deferred tax assets, gross		
Tax loss carryforwards	4,268	3,560
Intangible assets	0	1
Property, plant and equipment	24	35
Financial assets	0	25
Inventories	889	991
Receivables and other assets	530	982
Prepaid expenses	0	149
Cash and cash equivalents	0	0
Equity	127	127
Non-current interest-bearing liabilities	2,835	3,888
Other non-current liabilities	173	0
Non-current provisions	8,061	7,945
Current interest-bearing liabilities	769	762
Other current liabilities and debts	491	525
Current provisions	524	588
Total deferred tax assets, gross	**18,690**	**19,578**
Less netting	-13,343	-14,837
Total deferred tax assets	**5,347**	**4,741**

€ 000	31 Dec. 2024	31 Dec. 2023
Deferred tax liabilities, gross		
Intangible assets	10,147	10,017
Property, plant and equipment	7,178	7,158
Financial assets	12	0
Other non-current assets	0	707
Real estate held as a financial investment	151	79
Inventories	20	46
Receivables and other assets	379	11
Non-current provisions	179	188
Other current liabilities and debts	337	1,216
Total deferred tax liabilities, gross	**18,403**	**19,422**
Less netting	-13,343	-14,837
Total deferred tax liabilities according to balance sheet	**5,060**	**4,585**
Net balance of deferred taxes	**287**	**156**

Of the deferred tax assets of € 5,347 thousand (2023: € 4,741 thousand) whose realization depends on future taxable results that are higher than the effects on the result of the reversal of existing taxable temporary differences, € 487 thousand (2023: € 467 thousand) are attributable to companies that had a negative result for the period in the financial year or in the previous year. Recognition of the respective deferred tax assets is based on the positive future results.

The following table shows the reconciliation of the expected tax expense for the respective financial year and the corresponding reported tax expense. The expected tax expense has been calculated by multiplying pre-tax earnings by the applicable total tax rate of 30.2% (2023: 30.2%). The result before income taxes amounts to € 8,376 thousand (2023: € 2,011 thousand).

€ 000	2024	2023
Expected tax expense	**-2,531**	**-608**
Taxation differences between domestic and foreign operations	779	754
Non-tax-deductible expenses	-552	-1,284
Depreciation/amortization of other financial assets (non-deductible)	0	-3,115
Tax-free income	279	7
Change in the realizability of deferred tax assets	-647	1,836
Effect from companies consolidated using the equity method	0	-28
Utilization of tax loss carryforwards	486	871
Taxes for prior years	-194	-40
Other	-154	-221
Reported tax expense	**-2,534**	**-1,828**

Tax effects on income and expense recognized in other comprehensive income are as follows:

€ 000	2024			2023		
	Other Earnings before income taxes	Income taxes	Other earnings after income taxes	Earnings before income taxes	Income taxes	Net Profit
Currency translation differences	-55	0	-55	-224	0	-224
Pension obligations	-1,716	534	-1,182	-5,228	1,647	-3,581
Income and expense recognized directly in equity	**-1,771**	**534**	**-1,237**	**-5,452**	**1,647**	**-3,805**

16. EARNINGS PER SHARE

€ 000	2024	2023
Net profit for the year without non-controlling interests	5,818	195
Number of shares (weighted average)	6,440,000	6,440,000
Earnings per share in €	**0.90**	**0.03**

Basic earnings per share shown above is calculated in accordance with IAS 33 by dividing consolidated net profit attributable to ordinary shareholders of R. STAHL AG by the average number of shares outstanding in the financial year.

So-called potential shares can dilute earnings per share. Because we have no potential common shares and no options or subscription rights outstanding, there was no need to calculate diluted earnings per share in 2023 or 2024.

17. APPROPRIATION OF PROFIT/EQUITY

The annual financial statements of R. STAHL AG as of 31 December 2024 show a net loss. In accordance with statutory regulations, no resolution on the appropriation of profit is therefore to be adopted.

As in the previous year, no dividend was distributed to shareholders in financial year 2024.

NOTES TO THE CONSOLIDATED BALANCE SHEET

18. INTANGIBLE ASSETS

Development as of 31 December 2024 was as follows:

€ 000	Industrial property rights and similar rights	Goodwill	Development costs	Other	Total
Acquisition costs					
1 January 2024	28,868	11,139	79,021	8,041	127,069
Currency differences	-9	-158	-123	-226	-516
Additions	498	0	5,238	417	6,153
Disposals	-2,136	-946	0	-5,356	-8,438
Reclassifications	174	0	0	-174	0
31 December 2024	**27,395**	**10,035**	**84,136**	**2,702**	**124,268**
Cumulative amortization and impairment					
1 January 2024	25,364	1,144	44,123	7,812	78,443
Currency differences	-10	-20	-83	-223	-336
Additions	1,790	0	4,962	52	6,804
Disposals	-2,139	-946	0	-5,356	-8,441
Reclassifications	0	0	0	0	0
31 December 2024	**25,005**	**178**	**49,002**	**2,285**	**76,470**
Carrying amounts					
31 December 2024	**2,390**	**9,857**	**35,134**	**417**	**47,798**

Development as of 31 December 2023 was as follows:

€ 000	Industrial property rights and similar rights	Goodwill	Development costs	Other	Total
Acquisition costs					
1 January 2023	27,569	11,516	73,236	8,867	121,188
Currency differences	-41	-377	-147	-351	-916
Additions	949	0	5,932	188	7,069
Disposals	-272	0	0	0	-272
Reclassifications	663	0	0	-663	0
31 December 2023	**28,868**	**11,139**	**79,021**	**8,041**	**127,069**
Cumulative amortization and impairment					
1 January 2023	23,537	1,171	39,312	8,339	72,359
Currency differences	-41	-27	-87	-348	-503
Additions	1,933	0	4,898	28	6,859
Disposals	-272	0	0	0	-272
Reclassifications	207	0	0	-207	0
31 December 2023	**25,364**	**1,144**	**44,123**	**7,812**	**78,443**
Carrying amounts					
31 December 2023	**3,504**	**9,995**	**34,898**	**229**	**48,626**

Other intangible assets include advance payments of € 417 thousand (2023: € 174 thousand).

Intangible assets mainly comprise purchased licenses for software, capitalized development costs for various internally-created development projects and goodwill. No impairment losses were recognized on intangible assets in 2024, as was also the case in the previous year. As a rule, such impairments are reported under amortization in the income statement.

The recoverable amount of the cash-generating units was determined on the basis of a value-in-use calculation to determine the recoverability of goodwill. In the case of R. STAHL, the individual cash-generating unit corresponds to the legal entity (company) or, in aggregated form, an appropriately defined subgroup. Calculation of the rights of use is based on cash flow projections based on management-approved, three-year financial plans. Goodwill is allocated to the respective legal entity.

Goodwill amounting to € 9,857 thousand (2023: € 9,995 thousand) is allocated to the following significant cash-generating units:

	31 December 2024			31 December 2023		
€ million	Carrying amounts	Average sales growth	Pre-tax discount rates	Carrying amounts	Average sales growth	Pre-tax discount rates
R. STAHL HMI Systems GmbH (Germany)	4.6	1.6%	12.2%	4.6	-1.2%	12.4%
R. STAHL Schaltgeräte GmbH (Germany)	1.0	0.9%	12.4%	1.0	2.7%	12.5%
Sub-group (Norway)	3.4	7.8%	11.8%	3.6	8.7%	11.3%
R. STAHL SOUTH AFRICA (PTY) LTD. (South Africa)	0.9	13.2%	21.8%	0.8	21.4%	19.9%
Total	**9.9**			**10.0**		

The change in goodwill in the financial year results from changes in exchange rates.

The impairment test performed on the cash-generating units using the discounted cash flow method shows that the recoverable amount is higher than the carrying amounts. Accordingly, no write-down was required.

Expected cash flows are based on the planning process, which takes into account both internal company empirical values and externally published data. The detailed planning period is three years. Thereafter, cash flows are extrapolated for a further two years. Cash flows are then extrapolated unchanged at a growth rate of 1.0%. The effects of the Russia-Ukraine conflict and the associated risks were taken into account in the cash flows in the detailed planning period. This reflects increased uncertainty regarding future developments by adjusting sales, material and earnings planning.

The compound annual growth rate (CAGR) in the detailed planning period for the cash-generating units is between -12.0% and 20.8%, depending on the market position and region. Gross profit margins are calculated as part of the bottom-up planning of Group companies using average gross profit margins achieved in the directly preceding financial year and, if necessary, are raised taking into account the expected increase in efficiency.

The forecast price indices are used to determine the price increase in material and personnel costs. Country-specific salary increases are considered for the respective planning period.

Cost of capital is calculated as the weighted average cost of equity and debt before taxes. The beta factor for the calculation of equity costs is determined from capital market data and the capital structure of companies comparable to R. STAHL. Borrowing costs are calculated on the basis of quasi-safe government bonds and an additional mark-up, derived from the rating of comparable companies.

In addition to the impairment test, R. STAHL performed various sensitivity analyses to consider uncertainties that existed regarding the assumptions made in the impairment test. In this regard, management considers a reduction in planned earnings before interest and taxes (EBIT) by 10.0% and an increase in the cost of capital by 1.0% possible. With the exception of the cash-generating unit R. STAHL HMI Systems GmbH, the sensitivity analyses based on the changes in assumptions described above did not result in any need for impairment of goodwill from today’s perspective. For R. STAHL HMI Systems GmbH, an impairment loss of € 0.9 million would result from an EBIT decline of 10.0% and of € 0.7 million from an increase in capital costs of 1.0%.

19. PROPERTY, PLANT AND EQUIPMENT

Development as of 31 December 2024 was as follows:

€ 000	Properties, property-like rights and buildings	Technical equipment and machinery	Other plant as well as operating and office equipment	Rights of use	Pre-payments and plant under construction	Total
Acquisition costs						
1 January 2024	48,599	33,036	69,769	39,056	1,942	192,402
Currency differences	219	-98	148	-53	0	216
Additions	207	1,534	4,264	5,085	1,824	12,914
Disposals	-909	-1,037	-4,045	-3,072	0	-9,063
Reclassifications	0	146	625	0	-771	0
31 December 2024	**48,116**	**33,581**	**70,761**	**41,016**	**2,995**	**196,469**
Cumulative amortization and impairment						
1 January 2024	18,484	26,102	54,647	16,121	0	115,354
Currency differences	102	-96	94	-25	0	75
Additions	1,152	1,538	4,283	3,989	0	10,962
Disposals	-908	-1,016	-3,771	-3,038	0	-8,733
Reclassifications	0	0	0	0	0	0
31 December 2024	**18,830**	**26,528**	**55,253**	**17,047**	**0**	**117,658**
Carrying amounts						
31 December 2024	**29,286**	**7,053**	**15,508**	**23,969**	**2,995**	**78,811**

Development as of 31 December 2023 was as follows:

€ 000	Properties, property-like rights and buildings	Technical equipment and machinery	Other plant as well as operating and office equipment	Right of use	Pre-payments and plant under construction	Total
Acquisition costs						
1 January 2023	48,635	34,471	60,181	38,716	2,039	184,042
Currency differences	-217	-225	-338	-493	0	-1,273
Additions	175	2,125	7,300	2,825	1,042	13,467
Disposals	0	-548	-1,253	-1,992	-41	-3,834
Reclassifications	6	-2,787	3,879	0	-1,098	0
31 December 2023	**48,599**	**33,036**	**69,769**	**39,056**	**1,942**	**192,402**
Cumulative amortization and impairment						
1 January 2023	17,417	27,197	50,531	13,917	0	109,062
Currency differences	-70	-189	-258	-233	0	-750
Additions	1,137	1,462	3,765	4,095	0	10,459
Disposals	0	-535	-1,224	-1,658	0	-3,417
Reclassifications	0	-1,833	1,833	0	0	0
31 December 2023	**18,484**	**26,102**	**54,647**	**16,121**	**0**	**115,354**
Carrying amounts						
31 December 2023	**30,115**	**6,934**	**15,122**	**22,935**	**1,942**	**77,048**

R. STAHL's properties, property-like rights and buildings with a net carrying amount of € 29,286 thousand (2023: € 30,115 thousand) mainly comprise the production and administration buildings in Waldenburg (Germany), Weimar (Germany), Cologne (Germany), Hengelo (Netherlands) and Chennai (India).

Right of use assets for leased property and operating and office equipment amounted to € 23,969 thousand (2023: € 22,935 thousand).

Leases

The following amounts were incurred for lease activities of R. STAHL in financial year 2024:

€ 000	2024	2023
Amortization amount for right of use assets by class of underlying assets – property, plant and equipment	-3,989	-4,096
Interest expense for lease liabilities	-397	-421
Expense for current lease liabilities	-270	-408
Expense for lease liabilities from leases of low-value assets	-745	-597
Total cash outflow for leases	-4,352	-5,675
Addition of right of use assets	5,085	2,823

20. OTHER FINANCIAL ASSETS

Other financial assets totaling € 332 thousand (2023: € 90 thousand) are made up of other investments, loans to companies in which an equity investment is held and securities. Loans to companies in which an equity investment is held relate to a tenant loan granted to Abraxas Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz. The tenant loan amounted to € 302 thousand as of the balance sheet date (2023: € 60 thousand) and will build up to a total of € 5,240 thousand by 2038. R. STAHL AG also holds a 25% stake in the Russian company ZAVOD Goreltex Co. Ltd. in St. Petersburg, Russia. The investment was fully impaired in 2023.

21. OTHER NON-CURRENT ASSETS

Other non-current assets include receivables and other assets as well as prepaid expenses amounting to € 3,149 thousand (2023: € 3,294 thousand). Of the other non-current assets, € 2,230 thousand (2023: € 2,157 thousand) are subject to restrictions on disposals collateral for obligations from partial retirement agreements. There were no longer any non-current derivative financial instruments with a positive market value as of the balance sheet date (2023: € 40 thousand).

22. INVESTMENT PROPERTY

Investment property developed as follows:

2024 € 000	Total
Acquisition costs	
1 January 2024	8,684
Additions	0
Disposals	0
Reclassifications	0
31 December 2024	**8,684**
Cumulative amortization and impairment	
1 January 2024	4,600
Additions	207
Disposals	0
Write-ups	0
31 December 2024	**4,807**
Net carrying amounts	
31 December 2024	**3,877**

2023 € 000	**Total**
Acquisition costs	
1 January 2023	8,684
Additions	0
Disposals	0
Reclassifications	0
31 December 2023	**8,684**
Cumulative amortization and impairment	
1 January 2023	4,392
Additions	208
Disposals	0
Write-ups	0
31 December 2023	**4,600**
Net carrying amounts	
31 December 2023	**4,084**

At R. STAHL, investment property is measured using the cost model and relates to land with buildings.

The buildings are depreciated in scheduled amounts over the economic useful lives for buildings, generally 33 years, using the straight-line method.

As of 31 December 2024, the fair value of real estate amounted to € 5.1 million according to a valuation from March 2022 and is allocated to level 3 of the fair value hierarchy.

An expert assessment was used to determine the values. Values were determined in March 2022 on the basis of discounted cash flow calculations. Fair value amounts were determined using the capitalized earnings of real estate based on standard market rents. Furthermore, appropriate operating costs (loss of rent risk, maintenance and administrative costs) and other value-influencing factors were considered. Property yields of 7.0% and 7.5% as well as an appropriate remaining useful life were used for the calculation.

The following amounts are recognized in the income statement in connection with the investment property:

€ 000	**2024**	**2023**
Rental income	1,059	1,054
Operating expenses directly attributable to rental income	-456	-464
Total	**603**	**590**

The maturities of the future undiscounted lease payments due to R. STAHL are as follows:

€ 000	**2025**	**2026**	**2027**
Lease payments	1,014	1,014	1,014

The lease runs for an indefinite period and can be terminated with 24 months' notice.

23. INVENTORIES AND PREPAYMENTS

Inventories comprise the following:

€ 000	31 Dec. 2024	31 Dec. 2023
Raw materials and supplies	26,247	34,383
Unfinished goods and unfinished services	10,806	13,912
Finished goods and merchandise	11,571	14,755
Prepayments made	282	706
Total	**48,906**	**63,756**

Inventories include write-downs totaling € 10,524 thousand (2023: € 10,298 thousand). In financial year 2024, an amount of € 3,879 thousand (previous year: € 2,870 thousand) was recognized as an expense in the income statement.

24. RECEIVABLES AND OTHER FINANCIAL ASSETS

Receivables and other assets consist of the following items:

	31 December 2024		31 December 2023	
€ 000	Total	Thereof due within one year	Total	Thereof due within one year
Trade receivables	48,032	48,032	43,387	43,387
Contract receivables	0	0	17	17
Income tax claims	473	473	1,697	1,697
Other receivables	15,299	12,150	16,345	13,091
Other financial assets	7	7	13	13
Other non-current assets	0	0	40	0
Total	**63,811**	**60,662**	**61,499**	**58,205**

Of the capitalized total, € 60,662 thousand (2023: € 58,205 thousand) is due within one year and the amount of € 3,149 thousand (2023: € 3,294 thousand) is disclosed under other non-current assets.

Other receivables mainly include prepaid expenses of € 3,550 thousand (2023: € 3,358 thousand), of which € 3,013 thousand (2023: € 2,470 thousand) are due within one year, as well as sales tax receivables of € 2,542 thousand (2023: € 2,423 thousand), receivables from purchase price retentions from factoring of € 1,626 thousand (2023: € 2,276 thousand) and other retentions of € 1,116 thousand (2023: € 466 thousand).

Trade receivables were impaired by € 1,873 thousand (2023: € 1,237 thousand).

The R. STAHL Group sells certain receivables to a factoring company within the scope of factoring agreements. In order to assess the derecognition of receivables, the opportunities and risks associated with the receivables must be considered in accordance with IFRS 9. The most relevant risk here is the credit risk. The maximum loss is limited to the variable purchase price discount or security retention, which is retained by the factoring company verity risk (not credit risk) when the receivables are sold and is reimbursed in the amount of the non-consumed proportion. The credit risk-related payment defaults represent the majority of all risks and opportunities associated with the receivables and are borne by the factoring company.

The maximum risk of loss for R. STAHL resulting from the verity risk from the receivables sold as of 31 December 2024 (nominal volume € 16,664 thousand) amounts to € 1,626 thousand (2023: € 2,433 thousand). The fair value of the expected reimbursement of the variable purchase price discount was capitalized in other liabilities during the derecognition period. As of 31 December 2024, there is a utilization from factoring in the amount of € 13,863 thousand (2023: 19,512 thousand). As of the balance sheet date, receivables not tendered amounted to € 4,791 thousand (2023: € 7,336 thousand). These receivables are classified as “held for trading” and are measured at fair value through profit or loss.

The remaining term of the receivables and other financial assets is – with the exception of the other receivables – less than one year.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents also include short-term deposits with a maximum remaining term of three months, which can be broken down as follows compared with the previous year:

€ 000	31 Dec. 2024	31 Dec. 2023
Cash on hand	7	8
Cheques	134	285
Credit balances with banks, payable on demand	15,358	10,531
Credit balances with banks, payable at 3 months' notice	769	710
Total	**16,268**	**11,534**

The development of cash and cash equivalents, which comprise cash and cash equivalents in accordance with IAS 7, is presented in the Consolidated statement of cash flows.

26. EQUITY

The Consolidated statement of changes in equity shows the development of R. STAHL's equity.

Share capital

The share capital of R. STAHL Aktiengesellschaft amounting to € 16,500,000.00 is divided into 6,440,000 no-par registered shares, each with a prorated notional share of capital of € 2.56. The shares are fully paid.

Authorized capital

The Annual General Meeting of 15 July 2021 authorized the Executive Board for a period ending on 14 July 2026 to increase the capital stock, subject to the consent of the Supervisory Board, by up to € 3,300 thousand against cash and/or non-cash contributions by issuing new no-par value bearer shares on one or more occasions (authorized capital 2021). The Executive Board was also authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in specified cases and under certain conditions.

No use has been made of authorized capital 2021 to date.

Capital reserve

This item mostly comprises shareholders' paid-up premiums net of transaction costs incurred. R. STAHL AG's consolidated financial statements under the German Commercial Code (HGB) rules still openly netted goodwill from capital consolidations against capital reserves until 31 December 2003. When a subsequent write-back of capital reserves rendered the offsetting impossible, the respective amount was netted against profit carryforwards. For all differences that arose from business combinations prior to the opening IFRS balance sheet date on 1 January 2004, HGB accounting was maintained. In connection with the sale of all treasury shares, an amount of € 12,963 thousand was credited to capital reserves in the financial year 2015. Transaction costs of € 440 thousand recognized directly in equity and deferred taxes of € 128 thousand were already deducted from the amount of € 12,963 thousand.

Retained earnings

Retained earnings comprise the retained earnings of consolidated companies from before 1 January 2004. Moreover, value differences from all business combinations made prior to 1 January 2004 were offset against retained earnings. From preparation of the opening IFRS balance sheet, the item also includes negative differences from business combinations formerly shown as a separate item under equity in the HGB financial statements up to 31 December 2003 and currency translation differences reclassified as of 1 January 2004. This item also includes all remaining adjustments without impact on profit or loss recognized in the opening IFRS balance sheet on initial adoption of IFRS as of 1 January 2004 as well as equity generated since 1 January 2004 less dividends to shareholders.

The shareholders have a claim to the balance sheet profit of R. STAHL AG unless such distribution to shareholders is excluded by law or the company's articles, by a resolution adopted by the Annual General Meeting or due to transfer to retained earnings.

Accumulated other comprehensive income

This item comprises differences from currency translation of the financial statements of foreign subsidiaries from 1 January 2004 forward as well as actuarial gains/losses from pension obligations. Reference is also made to the Consolidated statement of changes in equity and to the Consolidated statement of comprehensive income.

Non-controlling interests

Non-controlling interests relate to external shareholders of R. STAHL SOUTH AFRICA (PTY) LTD, Johannesburg (South Africa). The minority interest as of 31 December 2024 amounts to € 191 thousand (31 December 2023: € 160 thousand).

27. CAPITAL MANAGEMENT

The objectives of R. STAHL's capital management is to ensure the company's continued existence, achieve an adequate return on equity, secure the servicing of financial liabilities and maintain an acceptable capital structure.

The capital structure may change as a result of dividend distributions, the purchase of treasury shares, the issue of new shares and the borrowing or repayment of debt, depending on requirements.

Capital is monitored using the ratio of net financial debt to equity. Net financial debt comprises interest-bearing liabilities and lease liabilities less cash and cash equivalents. In this regard, R. STAHL targets a ratio of less than 1.00.

The ratio of net financial debt to equity developed as follows compared with the previous year:

€ 000	31 Dec. 2024	31 Dec. 2023
Interest-bearing liabilities	45,114	50,338
Lease liabilities	16,118	16,601
Cash and cash equivalents	-16,268	-11,534
Net financial debt	**44,964**	**55,405**
Equity	**72,323**	**67,718**
Net gearing ratio	**0.62**	**0.82**

28. PENSION PROVISIONS

Provisions for pensions and similar obligations include the following items:

€ 000	31 Dec. 2024	31 Dec. 2023
Non-current pension provisions	70,254	69,188
Current pension provisions	3,826	3,573
Total	**74,080**	**72,762**

Pension provisions are accrued for obligations arising from pension commitments and from current benefits to eligible active and former employees of R. STAHL companies and their surviving dependents. Depending on legal, economic and tax regulations of the respective countries, pension plans take different forms that are typically based on service duration and compensation of the respective individuals.

Company pension schemes differentiate between defined benefit and defined contribution plans.

In the case of defined contribution plans, the respective company does not commit to any further obligations beyond making contributions to a special-purpose fund. In the reporting period, employer pension contributions for employees in Germany of € 6,451 thousand were paid (2023: € 6,017 thousand).

In the case of defined contribution plans, the company's obligation is to fulfill the promised benefits to active and former employees, whereby a distinction is made between provision-financed and fund-financed pension schemes.

Pension commitments at R. STAHL are primarily financed by allocations to provisions. In Germany, there are defined benefit pension schemes for the management and employees. There are individual contractual arrangements concerning pension, disability and widow's, widower's and orphan's pensions for (former) Executive Board members and (former) executives. Pension schemes for entitled employees provide for the granting of old-age and disability pensions, as well as widow's, widower's and orphan's pensions, after a certain vesting period. The pension amount depends on the respective salary and service years.

In Switzerland, there are defined benefit pension obligations for employees and managers that are financed by employee and employer contributions to pension funds. The contributions depend on salary and age. In order to implement the pension plan, the employer must have its own pension and/or join a pension fund (foundation/ collective foundation/joint foundation/cooperative/institution under public law).

R. STAHL Schweiz AG has joined the Swiss Life collective foundation for the implementation of occupational benefits.

In 2024, pension obligations were calculated on the basis of the 2018 G mortality tables published by Prof. Dr. Klaus Heubeck. The pension obligation amount (defined benefit obligation = DBO) was determined using actuarial methods including estimates for relevant impact factors. In addition to the assumptions regarding life expectancy, the following assumptions were made concerning the parameters to be applied for the actuarial calculations in the expert opinions:

	Germany		Other countries	
in %	2024	2023	2024	2023
Interest rate	3.43 – 3.58	3.49 – 3.57	1.00	1.50
Salary trend	2.75	2.75	1.50	1.50
Pension trend	2.00	2.00	0.00	0.00

The salary trend encompasses anticipated future salary increases that are estimated on an annual basis depending on inflation and service duration.

Increases and decreases in the present value of defined benefit obligations can result in actuarial gains or losses due to, among other factors, changes in calculation parameters and estimates of the pension obligations' risk development. These are recognized in equity in the period of their creation after consideration of deferred taxes.

Sensitivity analyses

Changes of 0.25 percentage points to the above mentioned assumptions used to calculate the DBO as of 31 December 2024 would increase or decrease the DBO as follows:

€ 000	Increase	Decrease
Interest rate	-2,300	+2,424
Salary trend	+310	-484
Pension trend	+2,051	-1,969

To determine the sensitivity of longevity, it was assumed that the life expectancy for all beneficiaries increased by one year. The DBO as of 31 December 2024 would increase by € 3,114 thousand with a life expectancy of one more year.

The effects for the previous year are as follows. Changes of 0.25 percentage points to the above-mentioned assumptions used to calculate the DBO as of 31 December 2023 would increase or decrease the DBO as follows:

€ 000	Increase	Decrease
Interest rate	-2,313	+2,441
Salary trend	+346	-338
Pension trend	+2,028	-1,946

The DBO as of 31 December 2023 would have Increased by € 3,018 thousand with a life expectancy of one more year.

These sensitivity analyses consider changes to one assumption, whereby all other assumptions remain unchanged from their original calculation.

Defined benefit obligations

The following amounts from defined benefit pension plans are recognized in the balance sheet:

€ 000	31 Dec. 2024	31 Dec. 2023
Present values of fund-financed pension claims	803	754
Fund assets at market values	-711	-711
Financing status (net)	**92**	**43**
Present values of provision-based pension claims	73,988	72,719
Balance sheet value as of 31 December	**74,080**	**72,762**

Of the pension provisions totaling € 74,080 thousand (2023: € 72,762 thousand), € 73,988 thousand (2023: € 72,719 thousand) is attributable to German Group companies. Fund assets amounting to € 711 thousand (2023: € 711 thousand) is attributable to foreign companies. The projected benefit obligations developed as follows:

€ 000	2024	2023
Projected benefit obligations as of 1 January	**73,473**	**68,571**
+ Current service cost	+706	+636
+ Interest expense	+2,527	+2,771
+/- Actuarial gains (-) and losses (+) from changes in demographic assumptions	+43	+65
+/- Actuarial gains (-) and losses (+) from changes in financial assumptions	+309	+5,566
+/- Actuarial gains (-)and losses (+) from changes based on experience adjustments	+1,361	-345
- Pension payments made	-3,604	-3,536
+/- Past service cost	0	0
+/- Currency differences	-10	+47
+/- Other	-14	-303
= Projected benefit obligation as of 31 December	**74,791**	**73,473**

The present value of defined benefit pension obligations is divided between the following members of the plan:

€ 000	2024	2023
Beneficiaries in active employment	24,595	26,151
Beneficiaries no longer with the company	3,213	3,735
Pensioners	46,983	43,587
= Projected benefit obligation as of 31 December	**74,791**	**73,473**

The defined benefit obligation shows the following maturity profile for the next 10 years:

€ 000	
Due in financial year 2025	3,792
Due in financial years 2026 – 2029	16,037
Due in financial years 2030 – 2034	21,522

From the current perspective, the average weighted term over which the defined benefit pension obligation will exist amounts to 13.1 years for R. STAHL (2023: 13.0 years).

In the previous year, the defined benefit obligation showed the following maturity profile for the next 10 years:

€ 000	
Due in financial year 2024	3,601
Due in financial years 2025 – 2028	15,275
Due in financial years 2029 – 2033	20,885

Reconciliation to the fair value of fund assets was as follows:

€ 000	2024	2023
Fund assets as of 1 January	**711**	**874**
+ Expected income from fund assets	+10	+17
+ Employer's pension contributions	+17	+20
+ Employee's pension contribution	+13	+15
- Administrative expenses	0	0
+/- Pension payments made and refunds	-27	-318
+/- Other	-3	+58
+/- Currency differences	-10	+45
= Fund assets as of 31 December	**711**	**711**

Expected income from fund assets is considered when calculating the fair value of fund assets as of the balance sheet date. This expected income is based on historic and future average earnings expectations of the respective investment categories. In the following financial year, employer contributions to fund assets of € 18 thousand (2023: € 17 thousand) are expected.

The breakdown of fund assets according to categories is as follows:

€ 000	31 Dec. 2024	31 Dec. 2023
Quoted market price in an active market		
Cash and cash equivalents	3	4
Shares	99	81
Fixed interest-bearing securities	417	428
Real estate	175	169
Other	17	29
Total quoted market price in an active market	**711**	**711**
Cash and cash equivalents	0	0
Shares	0	0
Fixed interest-bearing securities	0	0
Real estate	0	0
Total no quoted market price in an active market	**0**	**0**
Total	**711**	**711**

In the reporting period, the following balance resulted from amounts recognized in profit or loss for pension obligations:

€ 000	2024	2023
Current service cost	706	636
+/- Past service cost	0	0
+ Net interest expense	2,517	2,754
+/- Other	0	0
= **Balance of amounts recognized in profit or loss for pension obligations**	**3,223**	**3,390**

Net interest expense consists of the interest expense from the defined benefit obligation and the expected income from plan assets.

In the reporting period, the following balance resulted from amounts recognized in equity for pension obligations:

€ 000	2024	2023
+/- Actuarial gains (-) and losses (+) from changes in demographic assumptions	+43	+65
+/- Actuarial gains (-) and losses (+) from changes in financial assumptions	+309	+5,566
+/- Actuarial gains (-) and losses (+) from changes based on experience adjustments	+1,361	-345
+ Income from plan assets without interest	+3	-58
+/- Other	0	0
= **Balance of amounts recognized in equity for pension obligations**	**1,716**	**5,228**

Pension provisions changed as follows:

€ 000	2024	2023
Pension provisions as of 1 January	**72,762**	**67,697**
+/- Amounts recognized in profit or loss for pension obligations	+3,223	+3,390
+/- Amounts recognized in equity for pension obligations	+1,716	+5,228
- Pension payments made	-3,604	-3,536
- Employer contributions	-17	-20
+/- Currency differences	0	+3
= **Pension provisions as of 31 December**	**74,080**	**72,762**

The risks associated with defined benefit pension obligations refer firstly to the actuarial risks such as longevity, and secondly to the financial risks such as market price risks which influence the interest rate used. There are also inflation risks which may impact the salary or pension trend. These risks are not hedged.

29. OTHER PROVISIONS

Other provisions comprise the following items:

	31 December 2024		31 December 2023	
€ 000	**Total**	**Thereof due within one year**	**Total**	**Thereof due within one year**
Personnel provisions	3,986	1,346	3,954	1,548
Warranty obligations	1,019	1,019	1,126	1,126
Other provisions	984	984	1,529	1,529
Total	**5,989**	**3,349**	**6,609**	**4,203**

Of the amount recognized as a liability, € 3,349 thousand (2023: € 4,203 thousand) is due within one year; the remaining amount of € 2,640 thousand (2023: € 2,406 thousand) relates to personnel provisions (partial retirement and anniversary obligations) and is reported in other provisions under non-current liabilities.

Warranty obligations mainly relate to sold products.

Current provisions disclosed in the balance sheet comprise the following items:

€ 000	31 Dec. 2024	31 Dec. 2023
Current pension provisions	3,826	3,574
Other current provisions	3,349	4,203
Total	**7,175**	**7,777**

Other current and non-current provisions developed as follows:

€ 000	1 Jan. 2024	Currency change	Addtion	Interest expense	Utilization	Reversal	31 Dec. 2024
Personnel provisions	3,954	0	1,709	68	-1,722	-23	3,986
Warranty obligations	1,126	1	619	0	-271	-456	1,019
Impending loss	63	0	29	0	-36	-28	28
Other provisions	1,466	13	743	0	-1,057	-209	956
Total	**6,609**	**14**	**3,100**	**68**	**-3,086**	**-716**	**5,989**

€ 000	1 Jan. 2023	Currency change	Addtion	Interest expense	Utilization	Reversal	31 Dec. 2023
Personnel provisions	3,911	-1	1,803	6	-1,765	0	3,954
Warranty obligations	1,349	-1	527	0	-440	-309	1,126
Impending loss	351	0	64	0	-127	-225	63
Other provisions	1,272	7	1,080	0	-818	-75	1,466
Total	**6,883**	**5**	**3,474**	**6**	**-3,150**	**-609**	**6,609**

Other provisions include tax provisions in the amount of € 88 thousand (2023: € 171 thousand).

The individual guarantee provisions are insignificant.

30. TRADE PAYABLES

As of the balance sheet date, there are trade payables of € 17,609 thousand (2023: € 19,451 thousand) which are due within one year.

31. INTEREST-BEARING LIABILITIES

Interest-bearing financial liabilities (variable and fixed interest rates) of € 45,114 thousand (2023: € 50,338 thousand) mainly include liabilities to banks in the amount of € 41,314 thousand (2023: € 46,344 thousand) as well as liabilities to the lease-purchaser for the photovoltaic system recognized in property, plant and equipment in the amount of € 3,236 thousand(2023: € 3,382 thousand) and liabilities to a factoring company in the amount of € 185 thousand (2023: € 359 thousand).

Of the amount recognized as a liability, € 40,283 thousand (2023: € 46,903 thousand) is due within one year. The remaining amount of € 4,831 thousand (2023: € 3,435 thousand) is reported under interest-bearing liabilities in non-current liabilities.

R. STAHL is subject to certain financial covenants from loan agreements at Group level. These primarily concern maintaining an appropriate ratio of net debt to profitability on the one hand and equity capitalization on the other.

As of 31 December 2024, interest-bearing liabilities had the following maturities:

€ 000	31 Dec. 2024	31 Dec. 2023
Interest-bearing liabilities		
Due within one year	40,283	46,903
Due between one and five years	2,323	767
Due after more than five years	2,508	2,668
= Current and non-current interest-bearing financial liabilities	**45,114**	**50,338**

Liabilities to banks with residual maturities of more than one year amounted € 1,423 thousand (2023: € 0 thousand).

32. LEASE LIABILITIES

As of 31 December 2024, total lease liabilities had the following maturities:

€ 000	31 Dec. 2024	31 Dec. 2023
Lease liabilities		
Due within one year	4,218	3,747
Due between one and five years	7,360	6,482
Due after more than five years	4,540	6,372
= Current and non-current lease liabilities	**16,118**	**16,601**

Only the payments due "within one year" are shown in the maturity period. The discounting effects are allocated to the maturity periods of one year or more.

The maturity profile (undiscounted cash flows) of lease liabilities with remaining contractual maturities is presented in the following table:

€ 000	Carrying Amount 31 Dec. 2024	Cash flows 2025	Cash flows 2026–2029	Cash flows from 2030
Lease liabilities	16,118	3,722	7,772	5,906

33. DEFERRED LIABILITIES

Deferred liabilities break down as follows:

	31 December 2024		31 December 2023	
€ 000	Total	Thereof due within one year	Total	Thereof due within one year
Employer's liability insurance premiums	532	532	494	494
Bonuses	7,972	7,972	8,626	8,626
Holiday entitlement	1,951	1,951	2,441	2,441
Time unit credits	2,901	2,901	3,012	3,012
Missing supplier invoices	1,066	1,066	1,092	1,092
Other deferred liabilities	1,436	1,436	2,296	2,296
Total	**15,858**	**15,858**	**17,961**	**17,961**

34. OTHER LIABILITIES

Other liabilities are comprised of the following items:

€ 000	31 December 2024 Total	31 December 2024 Thereof due within one year	31 December 2023 Total	31 December 2023 Thereof due within one year
Prepayments received	5,093	5,093	3,921	3,921
Other liabilities	6,434	6,434	9,752	9,752
Other financial liabilities (derivative financial instruments)	599	29	0	0
Total	**12,126**	**11,556**	**13,673**	**13,673**

Of the amount recognized as a liability, € 11,556 thousand (2023: € 13,673 thousand) is due within one year. Prepayments relate to customer payments in connection with IFRS 15. Other liabilities mainly include contract liabilities of € 68 thousand (2023: € 217 thousand), sales tax liabilities and other tax liabilities of € 3,812 thousand (2023: € 3,838 thousand).

35. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities

No provisions were formed for the following contingent liabilities stated at nominal value as the probability of their occurrence is regarded as low:

€ 000	31 Dec. 2024	31 Dec. 2023
Sureties	3,671	4,277
Guarantees	1,085	1,236
Other obligations	260	641
Total	**5,016**	**6,154**

There were no contingent assets as of 31 December 2024.

Other financial obligations

Other financial obligations include future payments from off-balance sheet material contractual obligations. They are composed as follows:

€ 000	31 Dec. 2024	31 Dec. 2023
Order commitments – property, plant and equipment	1,806	94
Obligations from rental agreements for software and licenses	0	0
Obligations from rental agreements for office and operating equipment	830	351
Obligations from rental agreements for real estate	2,219	2,401
Other payment obligations	0	47
Total	**4,855**	**2,893**

There were no contingent lease payments or subleases as of 31 December 2024.

36. DERIVATIVE FINANCIAL INSTRUMENTS

As a Group that is active throughout the world, R. STAHL conducts business in various currencies. The company strives to limit the foreign exchange risk inherent in the underlying transactions. We use derivative financial instruments to hedge foreign exchange risks from bank balances, receivables, liabilities, debt, pending transactions and anticipated transactions. In the reporting year, derivative financial instruments were used exclusively to hedge foreign currency liabilities and planned transactions.

To hedge currency risks and interest rate risks, derivative financial instruments for the currency US dollar and interest rate derivatives were held in the form of forward foreign exchange contracts on 31 December 2024.

The maturities of these currency derivatives usually relate to cash flows in the respective current and subsequent financial years. If necessary, they can be prolonged correspondingly to ensure the best possible coverage of forecast cash flows until their actual occurrence.

Conditions, the persons responsible, financial reporting, and control mechanisms for financial instruments are defined uniformly throughout the Group. Part of this is a clear separation of functions between trade and settlement.

R. STAHL AG, R. STAHL Schaltgeräte GmbH and R. STAHL HMI Systems GmbH in particular enter into the respective contracts with banks that have an outstanding credit rating.

The fair value of derivative financial instruments was determined on the basis of the following methods and assumptions. The fair values of forward exchange transactions were determined as the present value of the cash flows, based on the respective contractually agreed forward rates and the forward rate at the balance sheet date. The fair value of the interest rate derivative is determined from the expected discounted future cash flows, based on current market parameters.

Changes in the market value of derivative financial instruments in the reporting period are recognized in the income statement.

Hedges are recognized as assets or liabilities under Other financial assets or Other financial liabilities at their corresponding market values.

The following hedging transactions existed on the balance sheet date, whereby a currency derivative with a nominal volume of € 4,089 thousand as well as an interest rate derivative with a nominal volume of € 32,000 thousand have a term of 1 to 5 years:

	Nominal volume		Market value	
€ 000	**31 Dec. 2024**	**31 Dec. 2023**	**31 Dec. 2024**	**31 Dec. 2023**
Positive market values				
Currency derivatives without hedging relationship	0	4,493	0	49
Total	**0**	**4,493**	**0**	**49**
Negative market values				
Currency derivatives without hedging relationship	6,117	0	200	0
Interest rate derivatives without hedging relationship	32,000	0	399	0
Total	**38,117**	**0**	**599**	**0**

R. STAHL AG enters into derivative transactions in accordance with the German master agreement for financial futures. However, these agreements do not meet the criteria for offsetting in the consolidated balance sheet in accordance with IAS 32.42, as it only grants the right to offset in the case of future events, such as the default or insolvency of R. STAHL AG or the counterparties.

The following table shows the carrying amounts of the recognized derivative financial instruments which are subject to the described agreement and shows the potential financial impact of a netting in accordance with the existing global netting agreements.

€ 000	Gross and net amounts of financial instruments in the consolidated balance sheet	Amounts from global netting agreements	Net amounts
31 December 2024			
Other financial assets (derivatives)	0	0	0
Other financial liabilities (derivatives)	599	0	599
31 December 2023			
Other financial assets (derivatives)	49	0	49
Other financial liabilities (derivatives)	0	0	0

37. MANAGEMENT OF FINANCIAL RISKS

Principles of financial risks

R. STAHL's assets, liabilities and planned transactions are subject to exchange rate and interest rate risks as well as default and liquidity risks.

The aim of risk management is to limit these risks by means of ongoing operating and finance-oriented activities.

Depending on the assessment of the respective risk, derivative financial instruments are used to hedge existing underlying transactions, pending transactions or planned transactions.

Risk categories under IFRS 7

Default risk (credit risk)

R. STAHL is exposed to the risk of counterparty default from its operating business.

In the operating business, accounts receivable are monitored decentrally and on an ongoing basis. Specific valuation allowances are recognized to take account of the default risk.

The maximum default risk is mostly defined by the carrying amounts of financial assets as recognized in the balance sheet, including derivative financial instruments with positive market values.

As of the reporting date, there are no significant agreements that reduce the maximum default risk (such as netting agreements) other than the factoring agreements described under receivables and other assets.

The credit quality of financial assets is shown in the following table:

€ 000	Gross carrying amount 31 Dec. 2024	Not due	Up to 30 days overdue	31 to 90 days overdue	91 to 180 days overdue	More than 180 days overdue
Trade receivables	49,905	31,214	6,566	3,673	2,898	5,554
Contract receivables	0	0	0	0	0	0
Total	**49,905**	**31,214**	**6,566**	**3,673**	**2,898**	**5,554**

€ 000	Gross carrying amount 31 Dec. 2023	Not due	Up to 30 days overdue	31 to 90 days overdue	91 to 180 days overdue	More than 180 days overdue
Trade receivables	44,625	30,570	7,745	2,888	1,045	2,377
Contract receivables	17	17	0	0	0	0
Total	**44,642**	**30,587**	**7,745**	**2,888**	**1,045**	**2,377**

The overwhelming majority of financial assets that are overdue but have not been value-adjusted have been overdue for a short time – mostly as a result of customers' invoice processing and payment procedures. It was not necessary to change contract terms to avoid financial instruments becoming overdue.

R. STAHL applied an impairment matrix for the measurement of expected credit defaults on trade receivables (risk provision). Risk provisions take into account historical value adjustments, the current situation and future estimates. An average default rate was determined for risk provisions. Valuation allowances are formed if the customer is insolvent or facing a liquidity bottleneck or does not respond to reminders.

The impairment matrix for determining risk provisions is composed as follows:

€ 000	Gross carrying amount 31 Dec. 2024	Not due	Up to 30 days overdue	31 to 90 days overdue	91 to 180 days overdue	More than 180 days overdue
Trade receivables (gross)	49,905	31,214	6,566	3,673	2,898	5,554
Contract receivables (gross)	0	0	0	0	0	0
- Sales tax or other taxes and duties	-4,479	-3,210	-448	-267	-272	-282
+ Netted prepayments received	0	0	0	0	0	0
Calculation basis (I)	**45,426**	**28,004**	**6,118**	**3,406**	**2,626**	**5,272**
Valuation allowance	1,762	0	2	72	277	1,411
Calculation basis (II)	**43,664**	**28,004**	**6,116**	**3,334**	**2,349**	**3,861**
Average default rate in %	0.3	0.3	0.6	0.0	0.0	0.0
Risk provision	111	74	37	0	0	0

€ 000	Gross carrying amount 31 Dec. 2023	Not due	Up to 30 days overdue	31 to 90 days overdue	91 to 180 days overdue	More than 180 days overdue
Trade receivables (gross)	44,642	30,570	7,745	2,888	1,045	2,377
Contract receivables (gross)	17	17	0	0	0	0
- Sales tax or other taxes and duties	-3,189	-2,395	-514	-154	-77	-49
+ Netted prepayments received	0	0	0	0	0	0
Calculation basis (I)	**41,453**	**28,192**	**7,231**	**2,734**	**968**	**2,328**
Valuation allowance	-1,124	-28	-8	-258	-258	-572
Calculation basis (II)	**40,329**	**28,164**	**7,223**	**2,476**	**710**	**1,756**
Average default rate in %	0.3	0.3	0.5	0.0	0.0	0.0
Risk provision	113	78	35	0	0	0

Allowances for trade receivables developed as follows:

€ 000	Total	Valuation allowance	Risk provision
1 January 2024	**1,237**	**1,124**	**113**
Currency difference	-8	-8	1
Amounts written off	-35	-35	0
Reversed amounts	-539	-426	-113
Increase in credit losses recognized through profit or loss	1,217	1,107	110
31 December 2024	**1,872**	**1,762**	**111**

€ 000	Total	Valuation allowance	Risk provision
1 January 2023	**1,270**	**1,167**	**103**
Currency difference	-19	-17	-3
Amounts written off	-175	-175	0
Reversed amounts	-547	-470	-77
Increase in credit losses recognized through profit or loss	708	618	90
31 December 2023	**1,237**	**1,124**	**113**

Liquidity risk

To ensure that R. STAHL is always able to pay its debts and has the necessary financial flexibility for business operations, the liquidity trend is regularly monitored.

The following table provides a breakdown of financial liabilities (non-discounted cash flows) with residual contract maturities: The maturity analysis with regard to lease liabilities can be found in note [32] Lease liabilities.

€ 000	Carrying Amount 31 Dec. 2024	Cash flows 2025	Cash flows 2026–2029	Cash flows from 2030
Trade payables	17,609	17,609	0	0
Interest-bearing liabilities	41,314	39,891	1,423	0
Other loans	3,800	392	900	2,508

€ 000	Carrying Amount 31 Dec. 2023	Cash flows 2024	Cash flows 2025–2028	Cash flows from 2029
Trade payables	19,451	19,451	0	0
Interest-bearing liabilities	46,344	46,053	291	0
Other loans	3,994	559	767	2,668

With regard to the liquidity risk, we also refer to the Risk and opportunity report as part of the combined management report in the section on Financial risks.

At the end of the period, the Group had access to € 74,860 thousand (2023: € 68,685 thousand) in undrawn credit lines (cash lines).

Market price risk

In terms of market price risks, R. STAHL is exposed to currency risks, interest rate risks and other price-related risks.

Currency risks

R. STAHL's exposure to currency risks results primarily from its operating business activity. Risks from foreign currencies are hedged insofar as they have a significant impact on the Group's cash flows.

Foreign exchange rate risks in operating activities mainly arise from forecast transactions denominated in currencies other than the Group's functional currency (transaction risk).

To hedge against foreign currency risks, R. STAHL generally uses forward foreign exchange contracts.

Interest rate risks

R. STAHL is mainly financed through a syndicated loan at concluded at standard, variable market conditions. Interest rate risks may arise from changes in market interest rates and from the violation of agreed contractual terms.

Other price risks

IFRS 7 also requires disclosures on the impact of hypothetical changes in other price risk variables on the prices of financial instruments. The main risk variables in this regard are stock market prices and indices.

As of 31 December 2024 and 31 December 2023, R. STAHL had no material financial instruments in its portfolio that were subject to other price risks.

Sensitivity analyses

Pursuant to IFRS 7, R. STAHL prepares sensitivity analyses for market price risks to determine the effects on earnings and equity of hypothetical changes in relevant risk variables. Periodic effects are determined by calculating hypothetical changes in risk variables on the portfolio of financial instruments back to the balance sheet date. In this process, we assume that the portfolio on the balance sheet date is representative for the year as a whole.

Our sensitivity analyses for foreign exchange rate developments are based on the following assumptions:

- Material primary financial instruments (securities, receivables, liquidity and debt) are either denominated directly in our functional currency or have been transferred into the functional currency using derivatives. Changes in foreign exchange rates thus have no effect on our earnings or equity.
- Interest income and expense from financial instruments are likewise either directly recognized in the functional currency or have been transferred to the functional currency using derivatives. For this reason, there are also no effects on our earnings and equity.
- Foreign exchange rate-related changes in the fair values of currency derivatives that are neither in a hedging relation pursuant to IAS 39 nor in a hedging relation with balance-sheet-impacting underlying transactions (natural hedges) may impact our currency translation income/expense and thus are included in our earnings-related sensitivity analysis.

If the euro had appreciated by 10% against all currencies relevant to the company as of 31 December 2024, earnings before income tax would have been € 2,280 thousand higher (31 December 2023: € 363 thousand).

If the euro had devalued by 10% against all currencies relevant to the company as of 31 December 2024, earnings before income tax would have been € 649 thousand lower (31 December 2023: € 362 thousand).

The interest rate sensitivity analyses are based on the following assumptions:

- Changes in market interest rates of primary financial instruments with a fixed interest rate only have an effect on earnings when they are calculated at their fair value. Accordingly, all fixed-interest financial instruments measured at amortized cost are not subject to interest rate risks as defined by IFRS 7.
- Changes in market interest rates affect the interest income of the primary financial instruments whose interest payments are not designated as hedged items in cash flow hedges against changes in interest rates and are therefore taken into account in the earnings-related sensitivity calculations.
- Interest-rate-related changes in the market values of interest derivatives that are not part of a hedging relationship as defined by IAS 39 or a natural hedge have an impact on interest income and are therefore included in the earnings-related sensitivity analysis.

If the market interest rate level had been higher by 100 basis points on 31 December 2024, earnings before income taxes would have been € 432 thousand lower (31 December 2023: € 434 thousand). The market value of the interest rate derivative would then have been € 458 thousand higher.

If the market interest rate level had been lower by 100 basis points on 31 December 2024, earnings before income taxes would have been € 432 thousand higher (31 December 2023: € 434 thousand). The market value of the interest rate derivative would then have been € 446 thousand lower.

38. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS STATED IN THE BALANCE SHEET

Carrying amounts and fair values of financial instruments

The following table shows a reconciliation of the carrying amounts and fair values of balance sheet items to their individual categories:

€ 000	Carrying amount 31 Dec. 2024	Carrying amounts of financial instruments: Measured at amortized cost	Fair value (recognized in profit or loss)	Fair value (recognized directly in equity)
Non-current assets				
Other financial Assets	307	307	0	0
Other non-current assets	2,073	2,073	0	0
Current assets				
Trade receivables	48,032	42,976	5,056	0
Contract receivables, other receivables and other assets	5,238	2,458	2,780	0
Cash and cash equivalents	16,268	16,268	0	0
Non-current liabilities				
Interest-bearing liabilities	4,831	4,831	0	0
Other liabilities	570	0	570	0
Current liabilities				
Trade payables	17,609	17,609	0	0
Interest-bearing liabilities	40,283	40,283	0	0
Other liabilities	1,798	1,769	29	0
Thereof aggregated by measurement category in accordance with IFRS 9				
Financial assets (hold to collect) – at amortized cost	64,082	64,082	0	0
Financial assets (held for trading) – fair value through profit and loss	7,836	0	7,836	0
Financial liabilities – at amortized cost	64,492	64,492	0	0
Financial liabilities – fair value	599	0	599	0

In the previous year, the reconciliation table showing the carrying amounts and fair values of balance sheet items to their individual categories was as follows:

		Carrying amounts of financial instruments		
€ 000	Carrying amount 31 Dec. 2023	Measured at amortized cost	Fair value (recognized in profit or loss)	Fair value (recognized directly in equity)
Non-current assets				
Other financial Assets	65	65	0	0
Other non-current assets	206	166	40	0
Current assets				
Trade receivables	43,387	36,051	7,336	0
Contract receivables, other receivables and other assets	5,503	3,061	2,442	0
Cash and cash equivalents	11,534	11,534	0	0
Non-current liabilities				
Interest-bearing liabilities	3,435	3,435	0	0
Other liabilities	0	0	0	0
Current liabilities				
Trade payables	19,451	19,451	0	0
Interest-bearing liabilities	46,903	46,903	0	0
Other liabilities	13,674	3,571	0	0
Thereof aggregated by measurement category in accordance with IFRS 9				
Financial assets (hold to collect) – at amortized cost	50,877	50,877	0	0
Financial assets (held for trading) – fair value through profit and loss	9,818	0	9,818	0
Financial liabilities – at amortized cost	73,410	73,410	0	0
Financial liabilities – fair value	0	0	0	0

The consolidated financial statements have been prepared using the cost principle. One exception is the recognition of derivative financial instruments and receivables not tendered as part of factoring, which are recognized at fair value. As of the balance sheet date, there were only negative market values from derivative financial instruments amounting to € 599 thousand (2023: € 49 thousand non-current assets), of which € 570 thousand (2023: € 40 thousand non-current assets) are non-current liabilities.

The carrying amounts of cash and cash equivalents, as well as current account loans closely approximate their fair values given the short maturity of these financial instruments. The carrying amounts of receivables and liabilities are based on historical costs, subject to usual trade credit terms, and also closely approximate their fair values.

The fair value of non-current liabilities is based on currently available interest rates for borrowing with the same maturity and credit rating profiles. The fair values of external liabilities does not currently deviate from the carrying amounts.

To present the reliability of the valuation of financial instruments at fair value in a comparable manner, IFRS introduced a fair-value-hierarchy with the following three levels:

- Valuation on the basis of exchange price or market price for identical assets or liabilities (Level 1)
- Valuation on the basis of exchange price or market price for similar instruments or on the basis of assessment models that are based on market observable input parameters (Level 2)
- Valuation on the basis of assessment models with significant input parameters that are not observable on the market (Level 3)

Financial instruments measured at fair value of R. STAHL are measured in accordance with the fair value hierarchy Levels 1, 2 and 3.

In financial year 2024, there were no reclassifications among the various fair value hierarchies.

The following total proceeds and total expenses arose from valuation at fair value of the derivative financial instruments of Level 2 held on 31 December 2024:

€ 000	**2024**	**2023**
Recognized in the income statement		
Derivatives	-648	-13
Recognized in equity		
Derivatives in a hedging relationship	0	0

NOTES TO THE CASH FLOW STATEMENT

The cash flow statement shows the cash inflows and outflows of R. STAHL in the reporting period.

The cash flows are classified according to their nature as cash flows from operating, investing, and financing activities.

Using the indirect method, the relevant changes in balance sheet items are adjusted for consolidation effects. This approach causes differences in the changes of the respective balance sheet items as shown in the published consolidated balance sheet.

Cash flow from operating activities includes the following items:

€ 000	**2024**	**2023**
Interest received	358	114
Interest paid	-4,664	-3,466
Dividends received	0	1,236
Income tax refunds/credits	2	47
Income tax payments	-2,036	-2,174

39. RECONCILIATION OF MOVEMENTS OF DEBT TO CASH FLOWS FROM FINANCING ACTIVITIES

Development of interest-bearing liabilities in the 2024 financial year and the reconciliation to cash flow from financing activities are shown below:

	Liabilities		Equity	
€ 000	**Interest-bearing liabilities**	**Lease liabilities**	**Non-controlling interests**	**Total**
1 January 2024	**50,338**	**16,601**	**160**	**67,099**
Payments for the acquisition of non-controlling interests	0	0	0	0
Cash outflow for the payment of lease liabilities	0	-4,352	0	-4,352
Cash inflow from interest-bearing financial debt	16,269	0	0	16,269
Cash outflow for the payment of interest-bearing financial liabilities	-21,691	0	0	-21,691
Cash flow from financing activities	**-5,422**	**-4,352**	**0**	**-9,774**
Changes in exchange rates	-18	-54	7	-65
Additions to lease liabilities	0	3,552	0	3,552
Disposal of lease liabilities	0	-26	0	-26
Additions to lease-purchase obligations	216	0	0	216
Interest expense	3,030	397	0	3,427
Interest paid	-3,030	0	0	-3,030
Other changes related to equity	0	0	24	24
Total reconciliation balance sheet	**198**	**3,869**	**31**	**4,098**
31 December 2024	**45,114**	**16,118**	**191**	**61,423**

	Liabilities		Equity	
€ 000	**Interest-bearing liabilities**	**Lease liabilities**	**Non-controlling interests**	**Total**
1 January 2023	**45,247**	**19,694**	**194**	**65,135**
Payments for the acquisition of non-controlling interests	0	0	0	0
Cash outflow for the payment of lease liabilities	0	-5,675	0	-5,675
Cash inflow from interest-bearing financial debt	7,726	0	0	7,726
Cash outflow for the payment of interest-bearing financial liabilities	-6,428	0	0	-6,428
Cash flow from financing activities	**1,298**	**-5,675**	**0**	**-4,378**
Changes in exchange rates	3	-267	-21	-285
Additions to lease liabilities	0	3,694	0	3,694
Disposal of lease liabilities	0	1,266	0	-1,266
Additions to lease-purchase obligations	3,790	0	0	3,791
Interest expense	2,629	421	0	3,050
Interest paid	-2,629	0	0	-2,629
Other changes related to equity	0	0	-13	-13
Total reconciliation balance sheet	**3,793**	**2,583**	**-34**	**6,343**
31 December 2023	**50,338**	**16,601**	**160**	**67,100**

NOTES TO SEGMENT REPORTING

According to IFRS 8, companies must disclose individual financial data on business segments. IFRS 8 adopts the so-called "management approach", according to which segment reporting only discloses financial information used by the company's decision-makers for internal control of the company. The internal reporting and organizational structure is decisive here as well as such financial values as are used for decision-making in regard to the allocation of resources and evaluation of profitability.

R. STAHL AG serves as the holding company for the different subsidiaries. The subsidiaries submit a monthly income statement and balance sheet. Monthly consolidated financial statements are then created at Group level which are used to manage the Group's overall development.

The key performance indicator for R. STAHL is earnings before interest, taxes, depreciation and amortization (EBITDA) before special items. Internal reporting corresponds to external IFRS reporting. A reconciliation statement is therefore not necessary. Furthermore, the Executive Board regularly monitors the following financial and economic parameters: sales, order intake and order backlog, as well as earnings before taxes (EBT).

The following table provides a breakdown by region:

2024 € 000	**Germany**	**Central region without Germany**	**America**	**Asia/ Pacific**	**Total**
Revenue from sales to external customers	79,714	162,824	40,198	61,412	344,148
Carrying amounts of non-current assets	100,071	21,287	692	8,435	130,485

2023 € 000	**Germany**	**Central region without Germany**	**America**	**Asia/ Pacific**	**Total**
Revenue from sales to external customers	83,523	146,848	34,303	65,890	330,564
Carrying amounts of non-current assets	99,592	22,435	1,183	6,547	129,757

In the regional analysis, sales are allocated based on the location of the customer. Assets of R. STAHL are assigned based on the location of the respective subsidiary that carries this asset in its balance sheet. In accordance with IFRS 8.33, assets comprise all non-current Group assets with the exception of financial instruments, deferred tax assets, post-service benefits and rights from insurance agreements.

The following table provides a breakdown by product area:

2024 € 000	**Compo-nents**	**Systems**	**Services and rents**	**Total**
Revenue from sales to external customers	202,028	136,517	5,603	344,148
	(58.7%)	(39.7%)	(1.6%)	(100.0%)

2023 € 000	**Compo-nents**	**Systems**	**Services and rents**	**Total**
Revenue from sales to external customers	191,503	133,133	5,928	330,564
	(57.9%)	(40.3%)	(1.8%)	(100.0%)

In the reporting period and in the previous year, no individual external customer accounted for more than 10% of total sales.

In the reporting period, no individual country (with the exception of Germany and Norway) and in the previous year (with the exception of Germany), accounted for more than 10% of total sales.

OTHER DISCLOSURES

40. EXECUTIVE BOARD AND SUPERVISORY BOARD

Members of the Supervisory Board

Peter Leischner, Frankfurt a. M.
- Chairman
- Independent Management Consultant, Frankfurt

Prof. Dr. Peter Hofmann, Straubing
- Deputy Chairman
- Self-employed technology consultant

Dennis Alexander Stahl, Munich
- Founder and Managing Director, OnePurpose Network GmbH, Munich

Andreas Müller, Rösrath
- Global Head of Controlling at KHD Humboldt Wedag International AG, Cologne
- Member of the Executive Board of KHD Humboldt Wedag Vermögensverwaltungs-AG, Cologne

Dr. Renate Neumann-Schäfer, Überlingen
- Independent Management Consultant, Überlingen
- Member of the Supervisory Board, Chairwoman of the Audit Committee of Sto SE and Sto SE & Co. KGaA, Stühlingen (until 19 June 2024)
- Deputy Chairwoman of the Supervisory Board of Goldhofer AG, Memmingen
- Deputy Chairwoman of the Foundation Board of the Finance Committee of the Samaritan Foundation, Nürtingen
- President of the German Rose Association e.V., Baden-Baden

Harald Rönn, Berlin
- Managing Partner, ACapital Beteiligungsberatung GmbH, Frankfurt a. M.
- Managing Director, Paulista GmbH, Berlin
- Managing Partner, Alpha Beteiligungsberatung GmbH & Co. KG, Frankfurt a. M.
- Chairman of the Executive Committee Stiftung Labor, Bernau am Chiemsee

Klaus Erker, Dörzbach[1)]
- Chairman of the Works Council of the Waldenburg site
- Deputy Chairman of the joint Works Council of R. STAHL Schaltgeräte GmbH, Waldenburg
- Chairman of the Group Works Council

Bettina Beer, Krautheim[1)]
- Order management clerk at R. STAHL Schaltgeräte GmbH, Waldenburg

Nikolaus Simeonidis, Bretzfeld[1)]
- Deputy Chairman of the Works Council at the Waldenburg site
- Chairman of the joint Works Council at R. STAHL Schaltgeräte GmbH, Waldenburg
- Deputy Chairman of the Group Works Council

Members of the Executive Board

Dr. Mathias Hallmann, Karlsruhe
- Chief Executive Officer, CEO
- Responsible for Operations & Supply Chain Management, Human Resources, Finance, Quality Management, Governance & Sustainability, Corporate Communication

Tobias Popp, Michelfeld
- Chief Commercial Officer, CCO (since 1 September 2024)
- Responsible for Sales & Marketing, Technology & Portfolio as well as IT & Digitalization

[1)] Employee representative

41. EXECUTIVE BOARD AND SUPERVISORY BOARD COMPENSATION

Compensation for management in key positions of the R. STAHL Group that must be disclosed in accordance with IAS 24 includes the compensation for the active Executive Board and Supervisory Board.

The compensation report is prepared in accordance with Section 162 (1) AktG and is made publicly available on R. STAHL's website in accordance with the provisions of Section 162 (4) AktG.

Executive Board and Supervisory Board compensation

Tobias Popp was appointed to the Executive Board with effect from 1 September 2024. His compensation for the period from 1 September 2024 to 31 December 2024 has therefore been included on a pro rata basis.

The total compensation of the Executive Board in the reporting year is as follows:

€ 000	2024	2023
Annual basic salary	550	428
Short-term variable compensation[1]	204	178
Long-term variable compensation[1]	250	196
Special bonus	0	0
Subsidy for health, long-term care and pension insurance[2]	19	12
Compensation in kind	29	14
Total	**1,052**	**827**

[1] The amounts of the short-term and long-term variable compensation relate to the payment in 2024 for the 2023 financial year.
[2] Subsidy for health, long-term care and pension insurance in the amount which the employer would incur if the Executive Board member had the status of an employee.

Annual basic salary for the Executive Board amounted to € 550 thousand in the reporting period (2023: € 428 thousand). Short-term variable compensation amounted to € 204 thousand (2023: € 178 thousand) and the long-term variable compensation amounted to € 250 thousand (2023: € 196 thousand). The company grants a subsidy for the health, long-term care and pension insurance to the Executive Board member in the amount which the employer would incur if the Executive Board member had the status of an employee. In the reporting period, this subsidy amounted to € 19 thousand (2023: € 12 thousand). The Executive Board received benefits in kind worth € 29 thousand (2023: € 14 thousand). These relate to the costs of the leased cars that are provided.

Pension provisions are not provided for active members of the Executive Board.

The compensation of the members of the Supervisory Board amounted to € 465 thousand in the reporting year (2023: € 425 thousand). This includes fixed compensation of € 300 thousand (2023: € 300 thousand) and compensation for committee work of € 165 thousand (2023: € 125 thousand).

No advances or loans were granted or waived to members of the Executive Board or Supervisory Board in 2024.

Total compensation of former Executive Board members and former Managing Directors

Former members of the Executive Board, as well as former Managing Directors and their survivors received a total of € 622 thousand in financial year 2024 (2023: € 564 thousand).

As of 31 December 2024, the present value of pension obligations for former members of the Executive Board as well as former Managing Directors and their survivors amounted to € 7,329 thousand (2023: € 7,280 thousand).

Shares in R. STAHL AG held by members of the Executive Board and Supervisory Board

As of the balance sheet date, 15,550 shares of the company were held by the Executive Board. 148,008 shares in the company were held by members of the Supervisory Board.

R. STAHL AG does not have any stock option plans or similar securities-based incentive systems for members of the Executive Board or Supervisory Board.

42. RELATED PARTY DISCLOSURES

Pursuant to IAS 24 (Related party disclosures), persons or entities that control or are controlled by the R. STAHL Group must be disclosed unless they are already included in R. STAHL's consolidated financial statements as a consolidated entity. A controlling influence is deemed to exist if a shareholder holds more than half of the voting rights in R. STAHL AG or has the option pursuant to the Articles of Association or contractual provisions to control the financial or business policy of R. STAHL's management.

Moreover, the disclosure requirement according to IAS 24 also pertains to transactions with associates and transactions with related natural persons that have a substantial influence on the financial and business policy of R. STAHL including close relatives or intermediary companies. Significant influence on R. STAHL's financial and operating policies may be based on a shareholding in R. STAHL AG of 20% or more, a seat on the Executive Board or Supervisory Board of R. STAHL AG or any other key management position.

In financial year 2024, R. STAHL was affected by disclosure requirements of IAS 24 exclusively with regard to business relationships with members of the Executive Board and Supervisory Board. Total compensation of the Supervisory Board amounted to € 465 thousand in the reporting period (2023: € 425 thousand). These amounts do not include the statutory compensation for worker representatives. In this context, we refer to the compensation report which is made available on R. STAHL's website.

43. DECLARATION PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG) CONCERNING COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

We complied with the code of conduct recommended by the German Government Commission on the German Corporate Governance Code in the past financial year with a few individual exceptions. We will continue to comply with the majority of its recommendations in future. We have made a corresponding declaration of compliance which is accessible to the public on our website www.r-stahl.com in the section Corporate/Corporate Governance/Corporate Governance Declartion/Declaration of Compliance.

44. AUDITOR FEES

The following table shows the fees of BDO AG Wirtschaftsprüfungsgesellschaft and the companies of the worldwide BDO group recognized as expenses for the services rendered to R. STAHL Group and to the consolidated subsidiary.

€ 000	2024	2023
Financial statement audits	480	474
thereof BDO AG Wirtschaftsprüfungsgesellschaft	352	334
Other certification and valuation services	15	0
thereof BDO AG Wirtschaftsprüfungsgesellschaft	15	0
Tax consultancy services	0	3
thereof BDO AG Wirtschaftsprüfungsgesellschaft	0	0
Other services	0	2
thereof BDO AG Wirtschaftsprüfungsgesellschaft	0	2
Total	**495**	**479**

Other services in the previous year amounting to € 2 thousand relate to the review of covenants as part of loan agreements.

45. OTHER NOTES AND DISCLOSURES

A domination agreement exists between R. STAHL AG and the following companies:

- GGF – Gesellschaft für Grundstücksvermietung und Finanzierungsvermittlung mbH, Waldenburg
- R. STAHL LECTIO GmbH, Waldenburg
- R. STAHL Schaltgeräte GmbH, Waldenburg
- R. STAHL HMI Systems GmbH, Cologne
- R. STAHL Services GmbH, Waldenburg
- R. STAHL SUPERA GmbH, Waldenburg

There is also a profit transfer agreement between R. STAHL AG and the following subsidiaries:

- R. STAHL Schaltgeräte GmbH, Waldenburg
- R. STAHL HMI Systems GmbH, Cologne
- GGF – Gesellschaft für Grundstücksvermietung und Finanzierungsvermittlung mbH, Waldenburg
- R. STAHL LECTIO GmbH, Waldenburg
- R. STAHL SUPERA GmbH, Waldenburg
- R. STAHL Schaltgeräte GmbH, Waldenburg

R. STAHL HMI Systems GmbH, Cologne, GGF – Gesellschaft für Grundstücksvermietung und Finanzierungsvermittlung mbH, Waldenburg, and R. STAHL Services GmbH, Waldenburg fulfilled the requirements of Section 264 (3) HGB and have thus made use of the exemption clause with regard to the preparation of notes to the annual financial statements and a management report as well as the disclosure of their annual financial statements for financial year 2024.

With reference to Section 264 (3) HGB, use is made of the exemption clause with regard to the preparation of notes and the disclosure of annual financial statements for financial year 2024 of R. STAHL LECTIO GmbH, Waldenburg, R. STAHL SUPERA GmbH, Waldenburg. The necessary prerequisites pursuant to Section 264 (3) HGB are met.

46. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

47. LIST OF SHAREHOLDINGS

The following table shows R. STAHL Group's shareholdings pursuant to Section 313 (2) HGB.

Name and registered offices of the company	Consolidation status	Capital stake in %
Domestic companies		
GGF – Gesellschaft für Grundstücksvermietung und Finanzierungsvermittlung mbH, Waldenburg	F; c	100.00
R. STAHL HMI Systems GmbH, Cologne	F; c	100.00
R. STAHL Schaltgeräte GmbH, Waldenburg	F; c	100.00
R. STAHL Services GmbH, Waldenburg	F; c	100.00
Abraxas Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	I; n. c.	49.58
R. STAHL LECTIO GmbH, Waldenburg	F; c	100.00
R. STAHL SUPERA GmbH, Waldenburg	F; c	100.00
Foreign companies		
R. STAHL Gulf FZCO, Dubai (United Arab Emirates)	F; c	100.00
R. STAHL AUSTRALIA PTY LTD, Sutherland (Australia)	F; c	100.00
Stahl N.V., Dendermonde (Belgium)	F; c	100.00
R. STAHL do Brasil Ltda, Sao Caetano (Brazil)	F; c	100.00
R. STAHL, LTD., Edmonton (Canada)	F; c	100.00
R. STAHL Schweiz AG, Unterentfelden (Switzerland)	F; c	100.00
R. STAHL (HONGKONG) CO., LIMTED, Hong Kong (China)	F; c	100.00
R. STAHL EX-PROOF (SHANGHAI) CO., LTD., Shanghai (China)	F; c	100.00
R. STAHL France S.A.S., Avignon (France)	F; c	100.00
R. STAHL Limited, Birmingham (UK)	F; c	100.00
R. STAHL PRIVATE LIMITED, Chennai (India)	F; c	100.00
R. STAHL S.r.l., Peschiera Borromea (Italy)	F; c	100.00
R. STAHL JAPAN Kabushiki Kaisha, Tokyo (Japan)	F; c	100.00
R. STAHL CO., LTD, Seoul (Korea)	F; c	100.00
Electromach B.V., Hengelo (Netherlands)	F; c	100.00
R. STAHL NORGE AS, Stavanger (Norway)	F; c	100.00
R. STAHL TRANBERG AS, Stavanger (Norway)	F; c	100.00
R. STAHL NORGE AS, Stavanger (Norway)	F; c	100.00
OOO R. STAHL, Moscow (Russia)	F; c	100.00
ZAVOD Goreltex Co. Ltd., Saint Petersburg (Russia)	I; n. c.	25.00
R. STAHL PTE LTD, Singapore (Singapore)	F; c	100.00
INDUSTRIAS STAHL, S.A., Madrid (Spain)	F; c	100.00
R. STAHL SOUTH AFRICA (PTY) LTD, Johannesburg (South Africa)	F; c	70.00
R. STAHL, INC., Houston/Texas (USA)	F; c	100.00

The companies are identified by their respective Group-relevant status as either fully consolidated enterprise (F), associated enterprise (A) or other investment (I) stating whether it is consolidated (c) or not consolidated (n.c.).

Waldenburg, 25 March 2025

R. STAHL Aktiengesellschaft

Dr. Mathias Hallmann
Chief Executive Officer / CEO

Tobias Popp
Chief Commercial Officer / CCO

Responsibility Statement

We attest – to the best of our knowledge – that the Consolidated Financial Statements in accordance with applicable reporting principles give a true and fair view of the Group's income, financial, and asset position, and that the Group Management Report, which is combined with the Management Report of R. STAHL Aktiengesellschaft, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Waldenburg, 25 March 2025

R. STAHL Aktiengesellschaft

Dr. Mathias Hallmann
Chief Executive Officer / CEO

Tobias Popp
Chief Commercial Officer / CCO

Audit Opinion of the Independent Auditor

to R. STAHL Aktiengesellschaft, Waldenburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of R. STAHL Aktiengesellschaft, Waldenburg, Germany and its subsidiaries (the Group) – consisting of the consolidated balance sheet as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2024 to 31 December 2024, as well as the notes to the consolidated financial statements, including of material information on accounting methods.

We have also audited the combined management report (report on the position of the company and the Group) of R. STAHL Aktiengeselschaft for the financial year from 1 January 2024 to 31 December 2024. In accordance with German legal requirements, we have not audited the contents of the components of the combined management report referred to under "Other information".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS accounting standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS accounting standards") as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January 2024 to 31 December 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with the German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not extend to the contents of the components of the combined management report referred to under "Other information".

Pursuant to Section 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German generally accepted accounting standards established by the German Institute of Certified Public Accountants (Institut der Wirtschaftsprüfer, IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our audit opinion. In accordance with the requirements of European law and German commercial and professional law, we are independent of the group entities and have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, and in accordance with Article 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2024 to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our auditor's opinion thereon; we do not provide a separate audit opinion on these matters.

We have determined the following matter to be the key audit matter to be communicated in our auditor's report:

Impairment of Goodwill

Description of issue

Goodwill of € 9.9 million, corresponding to 3.7% of the consolidated balance sheet total, is disclosed in the consolidated financial statements of R. STAHL Aktiengesellschaft under the balance sheet item "Intangible assets". Goodwill was allocated to cash-generating units.

The Company tests its cash-generating units (CGU) with goodwill for impairment at least once a year, and additionally if there is any indication of impairment, using a so-called impairment test. The basis for measurement is a valuation model using the so-called discounted cash flow method. If the carrying amount of a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized in the amount of the difference.

An assessment of the recoverability of goodwill is complex and requires the legal representatives to make numerous estimates and discretionary decisions, in particular with regard to the amount of future cash flows, the growth rate used for forecasting cash flows beyond the detailed planning period, and the discount rate to be used. Due to the significant uncertainties associated with measurement, the impairment test for goodwill required our special attention and was therefore identified as a key audit matter.

The disclosures of R. STAHL Aktiengesellschaft regarding goodwill impairment are included in Sections 2. Accounting methods and 18. Intangible assets of the notes to the consolidated financial statements.

Auditor's response

In the course of our audit, we assessed the appropriateness of the key assumptions and discretionary parameters, as well as the calculation methods used in the impairment tests. We gained an understanding of the planning system and planning process, as well as the significant assumptions made by the legal representatives during planning. We checked the forecast of future cash flows in the detailed planning period with the planning approved by the Supervisory Board and reviewed the planning accuracy of the companies on the basis of an analysis of actual and planned deviations in the past and in the current financial year. We checked the underlying assumptions for the planning and the growth rates assumed in forecasting the cash flows beyond the detailed planning period by comparing them with past developments and current industry-specific market expectations. In the case of significant goodwill whose CGUs showed a low degree of planning accuracy, the assumed revenue growth and expected cost structures in particular were critically examined with regard to accuracy. As even small changes in the discount rate used can have a significant effect on the calculated size of the recoverable amount of the respective CGU, we checked the discount rate with our measurement specialists, who assessed the appropriateness of the parameters used, including market risk premiums and beta factors, with the aid of market data. Our audit also included the sensitivity analyses performed by R. STAHL Aktiengesellschaft, in particular with regard to the effects of possible changes in the cost of capital, the assumed sales growth rates and the expected cost structure.

OTHER INFORMATION

The legal representatives or the Supervisory Board are responsible for the other information. The other information includes:

- the information contained in the section "Non-financial Group statement" of the combined management Declaration
- the separately published declaration on corporate governance referred to in the section "Corporate governance declaration in accordance with section 289f hgb and section 315d HGB" of the combined management report
- the information contained in the combined management report that is not part of the management report and is marked as not audited. These include the section "Effectiveness of the monitoring systems"
- the other parts of the combined management report, with the exception of the audited consolidated financial statements and combined management report, as well as our audit opinion

Our audit opinions on the consolidated financial statements and the combined management report do not cover the other information and we do not therefore express an opinion or any other form of audit conclusion on this information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, the combined management report or our knowledge obtained during the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The legal representatives are responsible for the preparation of consolidated financial statements which comply, in all material respects, with those IFRS accounting standards adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the financial position and performance of the Group. In addition, the legal representatives are responsible for such internal controls as they have deemed necessary to enable the preparation of consolidated financial statements which is free from material misstatement due to fraud or error (i.e., manipulation of the financial statements and misappropriation of assets).

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility to disclose, if applicable, matters related to continuing as a going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or discontinue operations, or there is no realistic alternative.

The legal representatives are also responsible for preparation of the combined management report which, as a whole, provides an accurate picture of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) which they deem necessary to enable the preparation of a combined management report in accordance with the applicable German legal requirements, and to enable the provision of sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the combined management report.

RESPONSIBILITY OF THE AUDITOR FOR THE AUDITING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an accurate picture of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained during the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an audit opinion which includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance but no guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and pursuant to German generally accepted accounting standards as established by the German Institute of Certified Public Accountants (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are deemed material if, individually or as a whole, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the engagement. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and the combined management report, plan and perform audit procedures as a response to these risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for our audit opinions. The risk that a material misstatement resulting from fraud will not be detected is higher than the risk that a material misstatement resulting from errors will not be detected, as fraud may involve collusion, forgery, intentional omissions, misleading representations or the circumvention of internal controls.
- obtain an understanding of the internal controls of relevance to the audit of the consolidated financial statements and of the relevant provisions and measures for the auditing of the combined management report in order to plan audit procedures which are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls or on the effectiveness of these arrangements and measures.
- evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and the related disclosures;
- make conclusions about the appropriateness of the going concern basis of accounting used by the legal representatives and, based on the audit evidence obtained, about whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's opinion to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are not appropriate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's opinion. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements give a true and fair picture of the Group's financial position and performance in compliance with those IFRS accounting standards adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB.
- plan and perform the audit of the consolidated financial statements to obtain adequate appropriate audit evidence regarding the financial information of the entities or business segments within the Group to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the audit activities performed for the purpose of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- assess the consistency of the combined management report with the consolidated financial statements, its compliance with the legal provisions and the view it gives of the Group's position.
- perform procedures on the prospective information presented by the legal representatives in the combined management report. In particular, we obtain sufficient appropriate audit evidence to evaluate the underlying significant assumptions used by the legal representatives for forward-looking

statements and evaluate the proper derivation of the forward-looking statements from these assumptions. We do not express a separate opinion on the forward-looking statements nor on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal controls which we identify during our audit.

We issue a statement to those charged with governance that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters which may reasonably be assumed to have a bearing on our independence and the safeguards put in place and, where relevant, the actions or protective measures taken to eliminate any threats to independence. Of the matters discussed with those charged with governance, we determine which matters were of most significance for the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit opinion unless laws or other regulations preclude public disclosure of the matter.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT PREPARED FOR DISCLOSURE PURPOSES IN ACCORDANCE WITH SECTION 317 (3A) OF THE GERMAN COMMERCIAL CODE (HGB)

Audit opinion

In accordance with Section 317 (3a) of the German Commercial Code (HGB), we have performed a reasonable assurance review to determine whether the reproductions of the consolidated financial statements and the combined management report (hereinafter also referred to as the "ESEF documents") contained in the file "RSTAHLAG-2024-12-31-en.zip" and prepared for disclosure purposes comply in all material respects with the requirements of Section 328 (1) of the German Commercial Code regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the transfer of the information in the consolidated financial statements and the combined management report into the ESEF format and therefore not to the information contained in these reproductions nor to any other information contained in the abovementioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned file and prepared for the purpose of disclosure comply in all material respects with the requirements of Section 328 (1) of the German Commercial Code (HGB) concerning the electronic reporting format. Other than this opinion and our opinions on the accompanying Consolidated financial statements and on the accompanying combined management report for the financial year from 1 January 2024 to 31 December 2024 included in the preceding "Report on the audit of the consolidated financial statements and the combined management report", we do not express any opinion on the information included in these reproductions or on the other information included in the above-mentioned file.

Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and the IDW Auditing Standard: Audit of electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022). Our responsibility is further described in the section "Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF documents". Our auditing practice applied the requirements of the IDW Quality Management Standards, which implement the IAASB's International Standards on Quality Management.

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The company's legal representatives are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the combined management report in accordance with Section 328 (1) Sentence 4 No. 1 HGB and for the certification of the consolidated financial statements in accordance with Section 328 (1) Sentence 4 No. 2 HGB.

Furthermore, the company's legal representatives are responsible for the internal controls they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of Section 328 (1) HGB.

The Supervisory Board is responsible for overseeing the preparation process of the ESEF documents as part of the financial reporting process.

Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also

- identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal controls relevant to the audit of ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- we assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation complies with the requirements of the Delegated Regulation (EU) 2019/815, as amended at the reporting date, regarding the technical specification for the file.
- we assess whether the ESEF documentation provides a consistent XHTML representation of the audited consolidated financial statements and the audited combined management report.
- we evaluate whether the labeling of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the delegated regulation (EU) 2019/815 as applicable on the reporting date allows for an adequate and complete machine-readable XBRL copy of the XHTML rendering.

OTHER DISCLOSURES IN ACCORDANCE WITH ARTICLE 10 EU APRVO

We were elected as auditors by the Annual General Meeting on 27 June 2024. We were commissioned by the Supervisory Board on 10 December 2024. We have been the Group auditor of the consolidated financial statements of R. STAHL Aktiengesellschaft without interruption since financial year 2017.

We declare that the opinions expressed in this audit opinion are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (audit report).

OTHER ISSUES – USE OF THE AUDITORS' REPORT

Our audit opinion always has to be read in combination with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted to ESEF format – including the versions to be published in the corporate register – are simply electronic reproductions of the audited consolidated financial statements and the audited combined management report and are not intended to replace them. The ESEF opinion and our audit opinion contained therein can only be used in combination with the audited ESEF documents provided in electronic form.

AUDITOR RESPONSIBLE

The auditor responsible for the audit is Andreas Schuster.

Stuttgart, 25 March 2025

BDO AG
Wirtschaftsprüfungsgesellschaft

Andreas Gebert	**Andreas Schuster**
Auditor	Auditor

Glossary

IMPORTANT COMPANY-RELEVANT TERMS

Certification
An accredited body reviews, evaluates and confirms in writing (certificate) that products, services, systems, processes, companies or persons comply with a certain fixed set of criteria.

EPC (Engineering, Procurement and Construction)
Refers to the common form of project execution in plant construction and the corresponding contract forms in which the contractor is the general contractor who commits to supplying a turnkey plant.

Explosion protection
Special field that deals with protection against explosions and their effects. It is part of safety technology and serves as prevention against damage caused by explosions.

HMI (Human Machine Interface)
Equipment technology for operating and monitoring of processes.

IECEx
System of the International Electrotechnical Commission for certifying equipment used in an explosive atmosphere.

Management team
The most senior management body at R. STAHL, consisting of the Executive Board and all department heads.

NEC
National Electrical Code of the USA for certifying electrical installations.

OEM (Original Equipment Manufacturer)
Company that produces parts and equipment that may be marketed by another manufacturer.

Upstream – Midstream – Downstream
Terms used to describe various production stages in the oil and gas industry. Exploration and production (upstream), storage and transport, (midstream), conversion and delivery to the end customer (downstream).

IMPORTANT FINANCIAL AND ECONOMIC TERMS

CapEx
CapEx (capital expenditures) is a metric from the EU Taxonomy Regulation covering certain investments made in a financial year.

Corporate Governance
Responsible company management and control focused on long-term value creation.

CSRD
The Corporate Sustainability Reporting Directive (CSRD) is a European Union directive requiring companies to report comprehensively on their sustainability performance. It expands on the previous requirements of the Non-Financial Reporting Directive (NFRD) and stipulates the application of the European Sustainability Reporting Standards (ESRS) with the aim of improving transparency and comparability.

Digital Product Passport
The DPP (Digital Product Passport) is a central, mandatory element of the Ecodesign for Sustainable Products Regulation (ESPR) and provides comprehensive information about a product’s materials, manufacture, environmental footprint and recycling in a digital and accessible way. The DPP is accessible through a digital nameplate, e.g. using a QR code.

DNSH
The “Do No Significant Harm” principle, which is part of the EU Taxonomy, states that an economic activity can only be considered sustainable if it Do No Significant harm the achievement of other EU environmental objectives.

EBIT (Earnings Before Interest and Taxes)
Generally used for the assessment of the earnings situation of companies, especially within the scope of an international comparison.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)
Another common metric used to assess the earnings situation of companies in an international comparison.

EBITDA pre exceptionals
EBITDA before exceptional items, i.e. one-time, non-recurring costs and income, in particular restructuring expenses, impairment losses, expenses for the design and implementation of IT projects, M&A expenses, gains and losses from deconsolidation transactions as well as gains and losses from the disposal of fixed assets not required for operations.

ESG (Environmental, Social, Governance)
The three central dimensions (environmental, social and governance) for describing sustainability.

ESPR (Ecodesign for Sustainable Product Regulation)
The ESPR, which took effect on 18 July 2024, replaces the Ecodesign Directive and strengthens the sustainability of almost all products in the EU single market. It stipulates minimum requirements for durability, reparability, recyclability and energy efficiency. As part of the European Green Deal, the ESPR aims to achieve a resource-efficient circular economy.

ESRS (European Sustainability Reporting Standards)
The European Sustainability Reporting Standards (ESRS) are a set of rules developed by the EU for standardized sustainability reporting by companies within the framework of the Corporate Sustainability Reporting Directive (CSRD).

EU Taxonomy
The EU Taxonomy is a central component of the EU Action Plan on Financing Sustainable Growth, the objectives of which are to redirect the flow of capital into sustainable investments, to integrate sustainability into risk management and to promote transparency and a long-term approach in financial and economic activity.

Freefloat
Number of a company's shares owned by public Investors and can be freely traded in the capital market.

GCGC (German Corporate Governance Code)
Lays out essential requirements for the management and supervision of listed companies in Germany, provides recommendations on standards for good and responsible corporate governance.

IFRS (International Financial Reporting Standards)
Internationally applicable accounting standards that ensure international comparability of consolidated financial statements and meet the information requirements of investors and other users of financial statements through greater transparency.

Manager's Transactions
Security transactions by members of the Executive or Supervisory Board of a listed stock corporation and associated persons or companies with securities of their own company.

Market capitalization
Corresponds to the market price of a listed company. It is calculated based on the market value of a single share multiplied by the number of shares outstanding.

Materiality analysis
The materiality analysis is a central component of the ESRS that requires companies to identify material sustainability topics for their business activities. Both financial materiality and the company's impact on the environment and society must be taken into account.

Minimum Safeguards
The minimum safeguards are an EU Taxonomy concept that ensure companies meet basic social and governance standards. They are based on international guidelines such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

NACE
The Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE (for the French term "Nomenclature statistique des activités économiques dans la Communauté européenne") is a industry standard classification system.

OpEx
OpEx (operating expenses) is a metric from the EU Taxonomy Regulation covering certain expenses incurred in a financial year.

P/E ratio (price-earnings ratio)
Share price divided by earnings per share.

Production Sites and Sales Locations

● Production
● Sales

Our distributors and partners are also active in other countries and regions. You will find additional information at
→ **www.r-stahl.com**

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Financial Calendar 2025

6 May
Quarterly Statement Q1 2025

3 June
32nd Annual General Meeting

7 Aug
Interim Report H1 2025

4 Nov
Quarterly Statement Q3 2025

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This report is available in German and English. Both versions can also be found online on our corporate website **www.r-stahl.com** in the section ↗ Corporate/Investor Relations/Financial Reports. It contains forward-looking statements based on assumptions and estimates of R. STAHL's management. Although we assume that the expectations of these forward-looking statements are realistic, we cannot guarantee that these expectations will prove to be correct. The assumptions may involve risks and uncertainties that could cause the actual results to differ materially from the forward-looking statements. Factors that may cause such discrepancies include: changes in the macro-economic and business environment, exchange rate and interest rate fluctuations, the roll-out of competing products, a lack of acceptance of new products or services, and changes in business strategy. R. STAHL does not plan to update these forward-looking statements nor does it accept any obligation to do so.