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Supervisory Board Report

Ladies and Gentlemen,

The commitment made in recent years with regard to the strategic focus is beginning to yield results. In addition to order intake and sales, the company's profitability has also improved significantly. It is extremely pleasing to note that progress has been made by all Group companies. This is due to the structured and strategically focused work in the R. STAHL Group, which is bringing about both sustainable and positive substantive improvements. The EXcellence strategy was expanded last year to include digitalization and internationalization components and further developed into the EXcellence 2030 strategy to ensure that this development does not lose momentum.

R. STAHL has put the problems of the crisis years – marked as they were by Covid-19, supply chain issues and energy shortages – behind it. A record order intake of € 342.5 million was recorded in the past financial year. Group sales have been showing upward development for the better part of the past four quarters. Full order books and new strategic approaches in the area of Operations & Supply Chain helped achieve sales of € 330.6 million, a figure never before achieved in the company's history. These figures are a testament to the company's targeted approach to its resurgent sales markets.

There were also encouraging signs on the earnings side: EBITDA pre exceptionals of € 38.6 million shows that R. STAHL is clearly back in the profit zone and on a sustainably stable footing. The optimization of structures and processes introduced as part of the Group strategy, as well as new impetus from the management team are responsible for the improved profitability.

The development of cash flow in 2023 was not yet satisfactory. Due to the dynamic order intake, inventories had to be expanded and further investments made in working capital. Management expectations of achieving a positive free cash flow during the year were therefore postponed to the

fourth quarter. Free cash flow has not yet reached the level that was envisaged, but it is moving in the right direction.

It is extremely regrettable that the excellent annual result was offset by Russia's war of aggression. Current developments in Russia forced the company to recognize a full impairment loss on its 25% stake in ZAVOD Goreltex Co. Ltd. This one-time item is directly reflected in the financial result, amounting to € -17.1 million.

The reporting year started with an exceptionally strong order intake. The upward trend was, however, weakened in subsequent quarters due to the reluctance of the German and European chemical industry to make new and





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replacement investments. Incoming orders were also negatively impacted by customers reducing their inventories from the higher levels reached during periods in which supply chains were disrupted. Overall, the company still managed to achieve a pleasingly strong and manageable level of growth. The first few days of the current year confirm this trend and give us good reason to look to the current financial year with confidence.

Last year, as is also the case this year, the focus on megatrends is generating a substantial amount of potential. Automation solutions are increasingly in demand in both the pharmaceutical and chemical industries. The oil and gas industry is also responding to the trend toward processes that are independent of humans and require explosion-proof automation technologies. The envisaged energy transition as well as electromobility also provide R. STAHL with a wide range of opportunities: from the production of lightweight specialty plastics and the precursors for the required batteries to the transportation and use of liquid natural gas (LNG). Large orders for LED luminaires were generated even in the nuclear industry, a sector that was previously not relevant to R. STAHL.

In mid-2023, R. STAHL was able to secure the company's financing for another three years through a new syndicated loan with very good conditions. This financial facility provides the Group with the necessary liquidity for further organic and non-organic growth.

In the reporting year, R. STAHL launched the far-reaching project "EXcelerate – together towards data-driven corporate EXcellence", which will commence the implementation phase in 2024. The project will make management of the Group significantly more transparent and efficient in almost all business units and in companies throughout the Group. This will also further optimize the Supervisory Board's activities by providing even deeper insights and analysis options.

In 2023, R. STAHL once again made considerable progress towards becoming a sustainable company. In the middle of the year, the ground-mounted photovoltaic solar park in Waldenburg was connected to the power grid and is now supplying green electricity. The company's commitment to sustainable and responsible action is emphasized not least by the appointment of a Sustainability Manager. Environmental protection, occupational safety and quality management have been managed through an integrated management system since last year. The German production sites have already been successfully certified by TÜV, and further sites are set to follow. The EXcelerate

project, which will significantly increase the necessary measurability and therefore also the controllability of the environmental footprint, is also delivering additional momentum.

After another pleasing year, we are convinced that R. STAHL is structurally well positioned to continue its growth course continuously and profitably. The Supervisory Board would like to thank the Executive Board for the positive development of the company in the past financial year and pledges to continue providing advice and support the Executive Board and management team in the future but will also critically monitor and discuss and review proposals and decisions in the interests of the company.

Changes to the Supervisory Board and Executive Board

The shareholder representatives on the Supervisory Board were reelected as scheduled at the Annual General Meeting on June 29, 2023. Mr. Dennis Stahl was newly-elected to the Supervisory Board. Ms. Heike Dannenbauer, a long-standing member of the committee and Deputy Chairwoman of the Supervisory Board, stepped down from the Supervisory Board at the end of the Annual General Meeting and did not stand for re-election. The election of employee representatives was conducted prior to the Annual General Meeting in accordance with the provisions of the German One-Third Participation Act. Ms. Bettina Beer was newly-elected to the Supervisory Board by the employees, while Ms. Nadine Ernstberger left the Supervisory Board at the end of the Annual General Meeting. The composition of the Supervisory Board was otherwise unchanged as a result of the 2023 elections, as shown in the overview below. The Supervisory Board would like to thank the departing members for their many years of service and commitment to R. STAHL and wishes them all the best for the future.

At the inaugural meeting on 29 June 2023, the Supervisory Board re-elected Peter Leischner as Chairman and Prof. Dr. Peter Hofmann as Deputy Chairman of the Supervisory Board. The composition of the Supervisory Board committees is also shown in the overview on page 13.

The Executive Board was unchanged in the 2023 financial year.



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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 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. During personal meetings, as well as in verbal and written reports, the Executive Board regularly informed the Chair of the Supervisory Board about the company's development and discussed current issues with them.

Meetings of the Supervisory Board

The Supervisory Board held five ordinary meetings and one extraordinary inaugural meeting following the Annual General Meeting in June 2023. The five face-to-face sessions in March, April, June, September and December were partly held as hybrid meetings (face-to-face and 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 six 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. The March meeting was held at the Hengelo site in the Netherlands. All other face-to-face meetings 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. In all meetings of 2023, 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.

On 7 March 2023, the Supervisory Board dealt, among other things, with the preliminary annual financial statements, 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 2022 and the approval of the EU taxonomy report were discussed in detail. The CSR report was adopted immediately afterwards in circulation on 9 March 2023. Another focus of this meeting, which was held at the Electromach B.V. plant in Hengelo in the Netherlands, was the successful business turnaround of this company and its closer integration into the R. STAHL Group's internationalization strategy.

At the balance sheet meeting on 25 April 2023, 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 2022 and approved the consolidated financial statements for 2022. 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 2022 financial year was also approved. The discussion also dealt with the approval of the compensation report in accordance with Section 162 of the German Stock Corporation Act (AktG).

Other topics discussed at the meeting included voting on the agenda for the 2023 Annual General Meeting. This also included the upcoming election of shareholder representatives to the Supervisory Board at the Annual General Meeting and the recommendation of the Administrative Committee in its function as Nomination Committee. The final resolution on the 2023 Annual General Meeting and its agenda was passed by circular resolution on 8 May 2023.

The meeting on 28 June 2023 dealt with preparations for the Annual General Meeting. The committee also dealt with the business situation and the current status of the minority shareholding in ZAVOD Goreltex Co. Ltd. in Russia. The renewal of the syndicated loan agreement was also discussed; a corre-



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sponding circular resolution was passed on 11 August 2023 for the conclusion of the syndicated loan agreement.

Directly following the Annual General Meeting on 29 June 2023, the newly-elected Supervisory Board was constituted and the Supervisory Board committees were appointed as shown in the list below.

The ordinary meeting on 26 September 2023 focused on the successful conclusion of the syndicated loan and further growth financing in the R. STAHL Group against the backdrop of the strong order development. The meeting also dealt with options for the (partial) use of the existing authorized capital 2021 in accordance with Article 4 (2) of the company's Articles of Association – if necessary excluding shareholders' subscription rights. As a result of this discussion, basic resolutions from the previous year were adopted by the Supervisory Board as anticipatory resolutions without reference to a specific capital increase that may be pending at that time; implementation was not planned in the 2023 financial year. Other focal points included an update on the situation in Russia and technological cooperation in Germany. The focus was also on the EXcelerate Group project, the objective of which is to deepen the finance and controlling functions in the Group as a whole, including the simultaneous further development of Group processes and international integration as a key component of the successful growth strategy. Another topic was the legal separation of the business divisions in Norway, which was successfully implemented in the 2023 financial year, and related management issues. A circular resolution on the management of the company in Norway was passed in November 2023.

On 7 December 2023, the committee held its regular meeting to discuss the corporate and financial planning for 2024, medium-term planning and other financial topics in detail. In addition, the individual targets and the target total compensation for the Executive Board for 2024 were discussed and resolved. The corporate governance declaration including the updated declaration of compliance pursuant to Section 161 AktG was also adopted and the form and procedure for the audit of the CSR report for 2023 were discussed and approved. The meeting also dealt with long-term succession planning for the Executive Board and Executive Board appointments in line with Recommendation B.2 of the German Corporate Governance Code.

In addition, the committee participated in an internal training course on the topic of digitalization and artificial intelligence and the resulting requirements for the Supervisory Board function.

Meetings of the committees

The Audit Committee convened three regular meetings in the reporting year on 6 March, 24 April and 25 September 2023, 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 2022 and the compensation report in accordance with Section 162 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 held three meetings in 2023, 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 longterm succession planning. The chairs of the committees regularly informed the Supervisory Board about the work of their committees in the subsequent meetings.

The overview below shows the attendance at the meetings of the Supervisory Board and its committees in the financial year 2023, taking into account the new elections to the Supervisory Board in the reporting year:



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MEETINGS OF THE SUPERVISORY BOARD 2023

			7 March 2023	25 April 2023	28 June 2023	29 June 2023	26 Sept. 2023	7 Dec. 2023
			Regular meeting	Regular meeting	Regular meeting	Constit. meeting	Regular meeting	Regular meeting
			Hengelo/NL	Waldenburg	Waldenburg	Pfedelbach	Waldenburg	Waldenburg
	Meeting attendance	%	1	2	3	4	5	6
Peter Leischner (Chairman)	6/6	100	presence	presence	presence	presence	presence	presence
Bettina Beer (from 29 June 2023)	3/3	100				presence	presence	presence
Heike Dannenbauer (Deputy Chairman until 29 June 2023)	3/3	100	video	presence	presence			
Klaus Erker	5/6	83	video	–	presence	presence	presence	presence
Nadine Ernstberger (until 29 June 2023)	2/3	67	–	presence	presence			
Prof. Dr. Peter Hofmann	5/6	83	–	presence	presence	presence	presence	presence
Andreas Müller	6/6	100	presence	presence	presence	presence	presence	presence
Dr Renate Neumann-Schäfer	6/6	100	presence	presence	presence	presence	presence	presence
Dennis Stahl (from 29 June 2023)	3/3	100				presence	presence	presence
Harald Rönn	4/6	67	presence	–	presence	presence	–	presence
Nikolaus Simeonidis	6/6	100	video	presence	presence	presence	presence	presence

– not present
 not yet or no longer member of the Supervisory Board

MEETINGS OF THE AUDIT COMMITTEE 2023

			6 March 2023	24 April 2023	25 Sept. 2023
			Regular meeting	Regular meeting	Regular meeting
			Hengelo/NL	Waldenburg	Waldenburg
	Meeting attendance	%	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	video	presence	presence



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MEETINGS OF THE ADMINISTRATION COMMITTEE 2023

			27 Feb. 2023	12 April 2023	6 Dec. 2023
			Regular meeting	Regular meeting	Regular meeting
			Waldenburg	Waldenburg	Waldenburg
	Meeting attendance	%	1	2	3
Peter Leischner (Chairman)	3/3	100	presence	video	presence
Heike Dannenbauer (until 29 June 2023)	2/2	100	presence	video	
Klaus Erker	3/3	100	presence	video	presence
Prof. Dr. Peter Hofmann (from 29 June 2023)	1/1	100			presence
Harald Rönn	3/3	100	presence	video	presence

■ not yet or no longer member of the Administration Committee

Auditing of the annual and consolidated financial statements

The annual financial statements of R. STAHL AG as of 31 December 2023, as well as the consolidated financial statements were audited by the auditing firm selected by the Annual General Meeting on 29 June 2023 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 319a (1) sentence 4 HGB 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 2023, and confirmed this in the unqualified audit opinions. The compensation report was also formally audited by the auditor in accordance with Section 162 AktG. The annual financial statements of the company and the Group, the 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 remuneration 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 16 April 2024, 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 2023, together with the management reports as prepared by the Executive Board. The company's annual financial statements for fiscal year 2023 are thus adopted in accordance with Section 172 AktG. A dividend for financial year 2023 cannot be distributed due to the accumulated loss resulting from the loss situation in previous financial years.



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At its meeting on 5 March 2024, 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 at its balance sheet meeting on 16 April 2024. 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 of in 2008 and became Chairman in August 2018.